KTB
KONSORTIUM TRANSNASIONAL BERHAD

ANNUAL REPORT 2007

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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fourth Annual General Meeting of the Company will be held at the Ball Room, Level 1, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Tuesday, 24 June 2008 at 10.00 a.m. for the purpose of transacting the following business:

AGENDA

As Ordinary Business

1.	To receive and adopt the Audited Financial Statements for the year ended 31 December 2007 and the Reports of the Directors and Auditors thereon.	**Resolution 1**
2.	To re-elect YM Tengku Mohd Hasmadi Tengku Hashim who retires in accordance with Article 128 of the Company's Article of Association.	**Resolution 2**
3.	To approve Directors' fees of RM91,000 for the year ended 31 December 2007.	**Resolution 3**
4.	To re-appoint Messrs. Ernst & Young as Auditors and to authorise the Directors to fix their remuneration.	**Resolution 4**

As Special Business

To consider and if thought fit, pass the following Ordinary Resolutions:-

5.	**Proposed Ratification of Recurrent Related Party Transactions of a Revenue or Trading Nature** "THAT pursuant to paragraph 10.09 of the Listing Requirements of Bursa Malaysia Securities Berhad, the specified recurrent transactions of a revenue or trading nature as stated in the Circular to Shareholders dated 2 June 2008 which were necessary for the Company and/or its subsidiaries for the day-to-day operations of the Group and which were on terms not more favourable to the related party than those generally available to the public and not detrimental to the minority shareholders of the Company and the execution of any documents related therein, entered into by the Company and/or its subsidiaries from 15 June 2007 to the date of this resolution be and are hereby approved, affirmed and ratified. AND THAT the Directors of the Company or any one of them be and are hereby authorized to complete and do all such acts and things as they may consider expedient or necessary in the interest of the Company and/or its subsidiaries to give effect to the Proposed Ratification as described in the Circular and/or this Resolution."	**Resolution 5**

6.	**Proposed General Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature** "THAT pursuant to paragraph 10.09 of the 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 2.3 of the Circular to Shareholders dated 2 June 2008 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) revoked or varies by resolution passed by the shareholders of the Company in a general meeting; whichever is the earlier; AND THAT the Directors of the Company or any one of them be and are hereby authorized 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 authorized by this Ordinary Resolution."	**Resolution 6**
7.	"THAT pursuant to Section 132D of the Companies, Act 1965, the Directors be and are hereby authorized to issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors may, in their absolute discretion, deem fit provided that the aggregate amount of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up share capital of the Company for the time being, subject always to the approval of the relevant regulatory authorities AND THAT the Directors be and are hereby also empowered to obtain approval from Bursa Malaysia Securities Berhad for the listing of and quotation for the additional shares to be issued AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."	**Resolution 7**
8.	To transact any other business for which due notice shall have been given.	

By Order of the Board

TIFLA HAIRI TAIB (LS 0008017)
RAHANAWATI ALI DAWAM (BC/R/504)
Company Secretaries

Kuala Lumpur
2 June 2008

Notes:

(i) 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.

(ii) 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.

(iii) Where a member of the Company appoint two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy.

(iv) 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.

Explanatory Notes on Special Business

(i) Resolution pertaining to the Proposed Ratification of Recurrent Related Party Transactions of a Revenue or Trading Nature and Proposed Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature, for proposed Ordinary Resolutions 5 and 6, further information on the Recurrent Related Party Transactions are set out in the Circular to Shareholders of the Company dated 2 June 2006 which is dispatched together with the Company's 2007 Annual Report.

(ii) The proposed Resolution 7, if passed, will give the Directors of the Company, from the date of the forthcoming Annual General Meeting, authority to issue and allot ordinary shares for such purposes as the Directors in their absolute discretion consider to be in the interest of the Company without having to convene a general meeting. This authority will, unless revoked or varied by the Company in a general meeting, expire and at the conclusion of the next Annual General Meeting.

STATEMENT ACCOMPANYING NOTICE OF THE FOURTH ANNUAL GENERAL MEETING

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

1. Name of Director who is standing for re-election/re-appointment

The details of YM Tengku Mohd Hasmadi Tengku Hashim, the Director who is standing for re-election/re-appointment are set out in the Directors' Profile (page 12 of the Annual Report).

2. Details of Attendance of Directors at Board Meeting

Eight (8) board meetings were held during the financial year ended 31 December 2007.

Attendance of the Directors holding office at the end of the financial year 2007 is shown below:-

No.	Directors	Attendance
1.	YBhg Dato' Mohd Nadzmi Mohd Salleh	7 out of 8 meetings
2.	YBhg Datuk Sulaiman Daud	7 out of 8 meetings
3.	YM Tengku Mohd Hasmadi Tengku Hashim	7 out of 8 meetings
4.	Encik Zainal Abidin Jamal	7 out of 8 meetings
5.	Encik Muhammad Adib Ariffin	6 out of 8 meetings

3. Date, time and place of Annual General Meeting

The Fourth Annual General Meeting of the Company will be held on Tuesday, 24 June 2008 at 10.00 a.m. at the Ballroom, Level 1, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Name	Nationality	Status
YBhg Dato' Mohd Nadzmi Mohd Salleh	Malaysian	Chairman / Managing Director
YBhg Datuk Sulaiman Daud	Malaysian	Independent Non-Executive Director
YM Tengku Mohd Hasmadi Tengku Hashim	Malaysian	Executive Director
Encik Zainal Abidin Jamal	Malaysian	Independent Non-Executive Director
Encik Muhammad Adib Ariffin	Malaysian	Independent Non-Executive Director

COMPANY SECRETARIES

Tifla Hairi Taib (LS 0008017)
Rahanawati Ali Dawam (BC/R/504)

REGISTERED OFFICE

No. 38, Jalan Chow Kit
50350 Kuala Lumpur
Tel: 03-40477878
Fax: 03-40445516

AUDITOR

Ernst & Young

STOCK EXCHANGE LISTING

Main Board of Bursa Malaysia

PRINCIPAL BANKERS

Malayan Banking Berhad
CIMB Bank Berhad

PRINCIPAL SOLICITORS

Zul Rafique & Partners
Lee & May

REGISTRAR

Symphony Share Registrars Sdn Bhd
Level 26, Menara Multi-Purpose
Capital Square, No. 8
Jalan Munshi Abdullah
50100 Kuala Lumpur
Tel: 03-27212222
Fax: 03-27212530

SENIOR MANAGEMENT

YM Tengku Mohd Hasmadi Tengku Hashim
Executive Director

Mr. Kong Hon Khien
General Manager, Finance & Corporate Affairs

Major (R) Randhir Singh
Head, Transnasional Express Division

Encik Noor Azmi Nordin
Sales Operations Manager, Nice Executive Coach Operations

Encik Rosli Md Dali
Sales Operations Manager, Plusliner Express Operations

Major (R) Mohd Noor Busu
Head, Cityliner Stage Bus Division

Encik Basri Baharom
Regional General Manager, Cityliner – Selangor & Kelantan Operations

Encik Alaudhin Assanar
Head, Group Human Resources & Corporate Services

Encik Mohd Azlan Tambi Husen
Senior Manager, Operations Services

Puan Noor Aliza Ghazali
Manager, Group Information Technology

YM Tengku Ismith Tengku Ilham
Manager, Systems & Reporting

KTB
KONSORTIUM TRANSNASIONAL BERHAD

- **PARK MAY BERHAD - 100%**
  - PLUSLINER SDN BHD - 100% (E)
  - PLUSLINER TRAVEL TOURS SDN BHD - 100% (T)
  - SIANA CORPORATION SDN BHD - 100% (D)
  - JURUBAS SDN BHD - 100% (D)
  - LANDVEST SDN BHD - 100% (P)
  - YEE YOW COACH BUILDERS SDN BHD - 100% (D)
  - TULUS HEBAT SDN BHD - 100% (H)
  - CITY PROFILE SDN BHD - 100% (D)
  - NIKRA SDN BHD - 95% (H)
  - THE KL KLANG & PORT SWETTENHAM OMNIBUS CO BHD - 100% (S)
  - MIN SENG HOLDINGS - 67% (H)
  - JELEBU HOLDINGS SDN BHD - 83.2% (H)
  - ULUNG PERKASA SDN BHD - 100% (H)
- TRANSNASIONAL EXPRESS SDN BHD - 100% (E)
- KENDERAAN KLANG BANTING BHD - 100% (S)
- KENDERAAN LABU SENDAYAN SDN BHD - 100% (E)
- KENDERAAN LANGKASUKA SDN BHD - 100% (S)
- SYARIKAT REMBAU TAMPIN SDN BHD - 100% (E/S)
- STARISE SDN BHD - 100% (S)
- TANJONG KERAMAT TEMERLOH UTARA OMN BHD - 100% (E/S)
- SYARIKAT KENDERAAN MELAYU KELANTAN BHD - 100% (E/S)
  - SKMK INDAH SDN BHD - 100% (D)
  - SKMK STAR SDN BHD - 100% (D)

CORPORATE STRUCTURE

- RAYA EKSPRESS SDN BHD - 100% (D)
- PENGANGKUTAN SRI (PERAK) SDN BHD - 90.5% (E)
- SYARIKAT EBBAN SDN BHD - 61.6% (E)
- BACIUS PTE LTD - 100% (E)
- CITY LINER SDN BHD - 100% (S)
- LEN CHEE OMN COMPANY SDN BHD - 85.4% (S)
- FOREFRONT ACHIEVEMENT SDN BHD - 100% (H)

36.5%

- CENTRAL PROVINCE WELLESLEY TRANSPORT CO SDN BHD - 95% (S)
- TG KARANG TRANSPORTATION SDN BHD- 70% (S)
- KUALA SELANGOR OMNIBUS CO BHD - 90.4% (S)

9.2%

- SAM LIAN OMNIBUS SDN BHD - 41.9% (S)
- SAM LIAN ENTERPRISE SDN BHD - 67.3% (P)
- MIN SEN OMNIBUS CO SDN BHD - 67.3% (S)
- KENDERAAN BAS P.DICKSON SDN BHD - 92.66% (S)
- KEND BAS LINGGI SDN BHD - 73% (S)
- AIRPORT COACH SDN BHD - 39.1% (E)
- KEND BAS JELEBU SDN BHD - 83% (S)
- KEND BAS SEREMBAN SDN BHD - 57% (S)

4.5%

- KUALA TERENGGANU KUANTAN EXPRESS COMPANY SDN BHD - 81.4% (D)
- LENG HUAT OMNIBUS COMPANY SDN BHD - 96.8% (D)
- SYARIKAT EXPRESS KUALA TERENGGANU-KUALA LUMPUR SDN BHD - 99.9% (D)
- THE KUANTAN-KUALA LUMPUR EXPRESS OMNIBUS COMPANY SDN BHD - 95.1% (E)

LEGEND

(D) - Dormant
(E) - Express Bus Service
(H) - Investment Holding
(P) - Property
(S) - Stage Bus Services
(T) - Travel & Tours

BOARD OF DIRECTORS

KTB
KONSORTIUM TRANSNASIONAL BERHAD

From left to right:

1. **Encik Zainal Abidin Jamal**
   Independent Non-Executive Director

2. **YBhg Datuk Sulaiman Daud**
   Independent Non-Executive Director

3. **YBhg Dato' Mohd Nadzmi Mohd Salleh**
   Chairman/Managing Director

4. **Encik Muhammad Adib Ariffin**
   Independent Non-Executive Director

5. **YM Tengku Mohd Hasmadi Tengku Hashim**
   Executive Director

DIRECTORS' PROFILES

YBhg Dato' Mohd Nadzmi Mohd Salleh was appointed as Chairman and Managing Director of the Company on 27 September 2005. He is also the Chairman of the Nomination and Remuneration Committees. He holds a Bachelor of Arts in Economic and Bachelor of Science in Chemistry and Mathematics from Ohio University, USA. He also holds a Master of Arts in Economic and Statistics from Miami University, USA. Upon graduation, he joined Universiti Pertanian Malaysia as a lecturer in the Faculty of Economic Resources and Agriculture. Subsequently, he joined the private sector where he reached the pinnacle of his professional career as the Managing Director of Perusahaan Otomobil Nasional Berhad ("PROTON"). After leaving PROTON, he became an entrepreneur and is currently the Executive Chairman of Nadicorp Holdings Sdn Bhd, Express Rail Link Sdn Bhd and Trisilco Folec Sdn Bhd. He is the Chairman of J.T. International Berhad, director of V.S. Industry Berhad Ranhill Utilities Berhad and Transocean Holdings Bhd. He also chairs and is a board member of several private companies.

YBhg Dato' Mohd Nadzmi has direct holdings of 3,906,600 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 convicted of any offences in the past 10 years.

YBhg Dato'
Mohd Nadzmi Mohd Salleh

Chairman /
Managing Director

YBhg Datuk Sulaiman Daud

Non-Executive Director

YBhg Datuk Sulaiman Daud, 62, was appointed to the Board on 27 September 2005 as Independent Non-Executive Director. He is the Chairman of the Audit Committee and member of the Nomination and Remuneration Committee. He holds a Diploma in Agriculture from Universiti Putra Malaysia, a Masters in Business Administration from IMC, Buckingham, United Kingdom and a graduate of the Stanford-Insead Advanced Management Programme at Fontainbleau, France. He has over 30 years of working experience in various fields in and outside Malaysia. He is also a director of Pharmaniaga Bhd, Malaysia Packaging Bhd and Silverlake Axis Ltd, as well as Chairman and director of several private companies in Malaysia and Thailand. He is also the Chairman of the Malaysia/Syria Business Council.

YBhg Datuk Sulaiman has direct holdings of 350,000 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 convicted of any offences in the past 10 years.

YM Tengku Mohd Hasmadi Tengku Hashim

Executive Director

YM Tengku Mohd Hasmadi Tengku Hashim, 44, was appointed as the Executive Director of the Company on 27 September 2005. He is an engineer by profession, and holds a Bachelor of Science degree in Engineering (Industrial) from Western Michigan University, USA, as well as Certified in Production and Inventory Management (CPIM). He has vast experience in the engineering and operations management field in many reputable companies before he joined PROTON in 1994. He had an illustrious career in PROTON where he held several leading positions in the company, locally and abroad. In 1999, he was appointed as director, Customer Acquisition and Retention of Proton Cars UK Ltd., which was a wholly owned automotive distributor for PROTON in the United Kingdom. Concurrently, he also held the position as the director of Proton Finance Ltd. and Proton Direct Ltd. In 2001, he was appointed as the Commercial Director of Lotus Cars Ltd. and Vice President of Lotus Cars USA. Upon his return from the United Kingdom in 2003, he joined Nadicorp Holdings Sdn Bhd as General Manager, Corporate Services. He was also appointed as Executive Director of Park May Berhad and had taken over the day to day operations of Park May Berhad from the majority shareholder, United Engineers (Malaysia) Berhad.

YM Tengku Mohd Hasmadi has direct holdings of 350,000 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 convicted of any offences in the past 10 years.

Encik Zainal Abidin Jamal

Independent Non-Executive Director

Encik Zainal Abidin Jamal, 54, was appointed to the Board on 2 April 2007 as Independent Non-Executive Director. He is also a member of the Audit, Nomination and Remuneration Committees. Encik Zainal, an Advocate and Solicitor of the High Court of Malaya is the founder and senior partner of Messrs. Zainal Abidin & Co., an established law firm in Kuala Lumpur. He read law at the University of Singapore where he graduated with LLB (Hons) in 1979. He was enrolled as an Advocate & Solicitor of the Supreme Court of Singapore in 1980 and the High Court of Brunei in 1982 and had served as a First Class Magistrate in the Judicial Department, Brunei between 1980 and 1983. He has also held the position of Company Secretary of Harrison Malaysian Plantations Berhad.

He is a non-executive director of several private and public companies including Lam Soon (M) Berhad, Island & Peninsular Berhad and Kesas Holdings Berhad. He has extensive experience in corporate matters and is a member of the Rating Review Committee of Malaysian Rating Corporation Berhad since October 1996.

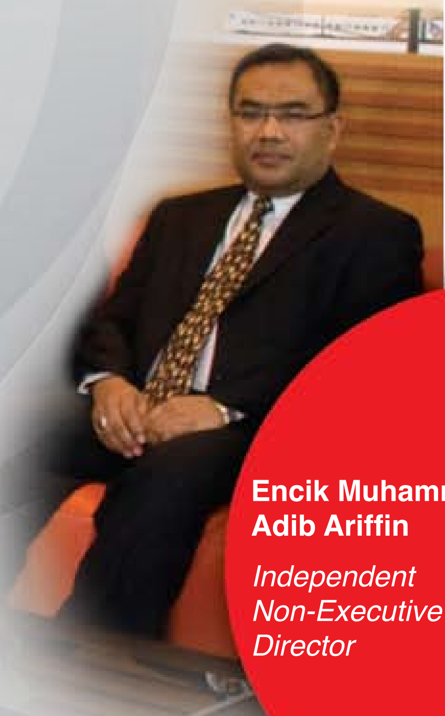
Encik Zainal has direct holdings of 350,000 ordinary shares in the Company. He does not have any family relationship with any other director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted of any offences in the past 10 years.

Encik Muhammad Adib Ariffin, 45, was appointed to the Board on 2 April 2007 as Independent Non-Executive Director. He is also a member of the Audit Committee. He holds a Bachelor in Economic (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 Managing Director of Fortitude Assets Management Sdn Bhd. He is also the Executive Director of Pelita Diwangsa Sdn Bhd. Apart from these, Encik Muhammad Adib is a board member of IIUM Holdings Sdn Bhd and Chairman of IIUM Resorts Sdn Bhd.

Encik Muhammad Adib has direct holdings of 185,100 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 convicted of any offences in the past 10 years.



Encik Muhammad Adib Ariffin

Independent Non-Executive Director

Dear Shareholders,

On behalf of the Board of Directors, I present to you Konsortium Transnasional Berhad's ("KTB" or "Group") annual report and audited financial statements for the year ended 31 December 2007.

As you are aware, KTB was incorporated for the sole purpose of facilitating the restructuring scheme of Park May Berhad such that KTB become the new holding company of Park May Group which was then admitted to the Official List of Bursa Malaysia Securities Berhad on 15 June 2007, assuming the listing status of Park May Berhad.

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 and command the largest market share.

CHAIRMAN'S STATEMENTS

YBhg Dato'
Mohd Nadzmi Mohd Salleh

OVERALL BUSINESS OVERVIEW

In 2007, Malaysia turned 50 and it marked another milestone in its economic development. It is a broad-based and diversified economy and it is the 19th largest trading nation in the world, with trade in excess of RM1 trillion. The country continues to enjoy political stability with a diverse population. Per capita income has also increased 26 times to RM20,841 and the incidence of poverty has also been reduced to less than 6.0%.

The Malaysian economy continued its strong growth momentum, expanding by 6.3% in 2007. Growth was driven by robust domestic demand despite a weaker external environment which led to moderation in export growth. Private consumption and investment activities expanded strongly during the year. Private consumption recorded the highest growth rate since 2000, buoyed by rising disposable income following high commodity prices, salary increments in both public and private sectors, as well as favourable labour market and conditions. Strong investment in the manufacturing, services, construction and oil and gas industries, combined with positive business sentiment, supported expansion in private investment. This was further reinforced by large inflows of foreign direct investment.

While the contribution of the manufacturing sector remains substantial, of significance is the shift in the economic structure in the recent few years towards the services sector, which has become the main driver of growth. The services sector led growth in 2007 was supported by domestic demand activities and new growth areas in finance, business services and communications.

The Government continued to play a prominent role in supporting and encouraging private sector activities. In the Budget 2007, the Government reduced the corporate tax rate by two percentage points over two years, to 27% and 26% in 2007 and 2008 respectively. This helped to reduce further the cost of doing business and accorded companies with greater capacity to expand capital spending.

INDUSTRY OVERVIEW

KTB continued to operate in a challenging business environment in 2007. The Malaysia economy, as a whole, has had to contend with an unprecedented rise in oil prices. As a business entity principally involved with the provision of public bus transportation services in Peninsular Malaysia, we had to incur huge operating costs in diesel consumption. Since 2005, the price of diesel has increased by 123% without the corresponding increase in fares.

Against the backdrop of external factors and industry restrictions, our business grew by 14 % in 2007. During the year, KTB has also expanded its routes, offering high level of services despite the stagnant fare regulated by the government.

For the year under review, several major corporate and business activities took place in KTB. In March 2007, KTB embarked full-scale on its Compressed Natural Gas (CNG) initiative with the launching and signing of agreements between the subsidiary of Nadicorp Holdings Sdn. Bhd., Nadi CNG Pte Ltd and Samsung C & T Corporation. In this regulated industry, bus operators are severely exposed to escalating costs that are beyond their control. Therefore, for us, we have to be innovative to keep the company afloat. Thanks to the CNG programme, we have been able to mitigate to some extent the escalating diesel costs. By using the CNG buses, we experience fuel savings of up to 24%.

Our foray into this technology was backed by our belief in the industry and the viability of the CNG programme in the country. Undoubtedly, there is huge potential in CNG utilization in the country as the Federal Government is also committed via several incentives introduced.

On 15 June 2007, we saw another feather in the cap for the company with its listing on the Main Board of Bursa Malaysia Securities Berhad under Trading/Service Sector. With the consolidation of eight (8) companies together with Park May Berhad under one single banner of KTB, we have been able to offer a broad range of products to cater to various customer segments i.e Transnasional, Cityliner, Plusliner and Nice buses.

In 2007, we also introduced the Transnasional Skyview Double-Decker express buses, plying the Kuala Lumpur – Kota Bharu route. This product has enabled the bus passengers to experience a new level of comfort and affordability, offering passengers a panoramic view during the journey. The double-decker express buses will be extended to other routes in 2008.

In September 2007, we created another first in the country with the introduction of the prepaid e-ticket branded “Fast Pass” for Cityliner buses, which enables value to be stored onto the card, journey details to be recorded and the fare value of each journey to be deducted from the stored value on the card. This system allows customers to use one single electronic ticket when traveling on Cityliner buses to promote cash-free method of payment.

As the biggest operator of public transportation in Malaysia, it is our obligation to give our customers the best service, safety and comfort throughout their journey. However, due to the increase in oil pricing, there is concern that diesel, which is about 30% our cost of sales will increase and further erode our margin. Therefore, the need for a tool or mechanism to manage this cost is necessary. The Management has agreed to embark on the initiative to install our Plusliner and Nice buses with GPS (Geographical Positioning System), to manage these aspects, i.e. customer safety, risk management and cost management.

REVIEW OF FINANCIAL PERFORMANCE

Notwithstanding a challenging operating environment, for the financial year ended 31 December 2007, the Group recorded approximately RM261 million in revenue, higher than that in the previous year of RM228 million. Profit after tax for the financial year was RM9.7 million, representing a 9 % return on average shareholders’ funds. The Group’s earning per share for the financial year ended 31 December 2007 stood at 3.57 sen.

PROSPECTS

We are very much hopeful that a long overdue fare increase will be approved in year 2008. This will assist our operations in managing the escalating costs of diesel, spare parts, chassis and etc. We also anticipate that more focus will be given to the public transport industry in the year ahead. The Federal Government has indicated its emphasis on improving the industry on a holistic approach. This will encourage the public to use the public transport and minimizing the environmental pollution.

Our continued success hinges on the quality of services offered. We constantly monitor the level of success with much emphasis given to the areas of maintenance and safety of buses, punctuality and quality of services, continuous investment in new buses and training and development programmes for the staff.

KTB will expand its horizon beyond the Malaysian shores and it is envisioned that KTB will venture into other modes of transport and hence become a more integrated transport operator. KTB also has plans to become a regional transport operator and perhaps ultimately a global player.

ACKNOWLEDGEMENTS

The Board of Directors would like to thank the management team and the hard-working staff for their effort and commitment especially during the year under review. It was a challenging year indeed due to the increase of diesel fuel.

We wish to also express our gratitude for the co-operation and support accorded by the Commercial Vehicles Licencing Board, the Road Transport Department, the Ministry of Finance, the Ministry of Entrepreneur Development and Co-operation, the Ministry of Transport, Dewan Bandaraya Kuala Lumpur and the various other relevant Government ministries and agencies and our business partners.

Last but not certainly the least, to our shareholders, we thank you for your unwavering support and for your continuous faith in us. We will continue to build on the proven record of the Group to continue to strive for excellence in all areas.

The Board of Directors is committed to ensuring that the highest standards of corporate governance are practiced throughout the Group as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the performance of the Group.

The following statement sets out how the Company has applied the principles and best practices of the corporate governance as contained in the Malaysian Code of Corporate Governance throughout the financial year from 1 January 2007 to 31 December 2007.

BOARD OF DIRECTORS

Board Responsibilities

The Board reviews and approves the business plan and budget for the Group. In addition all major acquisitions, capital expenditures and disposal of investments would have to be approved by the Board. The Limits of Authority govern the authority limits established by the Board for management to manage the businesses of the Group.

The Directors, collectively, have a wide range of relevant experience to enable them to discharge their responsibilities effectively.

Composition of Board

The Board as at 31 December 2007, consist of five (5) directors, of whom one (1) is Chairman/Managing Director, one (1) Executive Director and three (3) independent non-executive directors. A brief profile of each director is presented on pages 11 to 13 of the Annual Report.

YBhg Dato' Mohd Nadzmi Mohd Salleh was appointed Chairman and Managing Director, to be responsible for managing the Company. He is assisted by YM Tengku Mohd Hasmadi Tengku Hashim, the Executive Director.

Board Balance

The Company is led and managed by Board of Directors of calibre, with a good mix of skills and experience ranging from Engineering to Legal, Business Administration, Accountancy and Finance. The appointment of independent directors is pivotal to good corporate governance accountability as they provide independent perspectives and judgment such that the interest of the Company, its shareholders, stakeholders, employees and customers are given due consideration.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

Appointment

The Board appoints its members through a formal process, which is consistent with the Company's Articles of Association.

The proposed appointment of a new member to the Board, as well as the proposed re-appointment and re-election of Director seeking re-election at the Annual General Meeting are recommended by the Nomination Committee to the Board for approval.

Re-election

In accordance with the Articles of Association of the Company, one-third of the Directors will have to stand for re-election at each Annual General Meeting.

The Article also provides that all Directors who are appointed by the Board in the course of the year are subject to re-election by shareholders at the next Annual General Meeting after their appointment.

Directors Training

All Board members have attended the Mandatory Accreditation Programme and Directors are encouraged to attend continuous education programmes to keep abreast of changes and new developments.

STRUCTURE AND PROCESS

Board Meetings

Board meetings are rescheduled a year ahead in order to enable full attendance at Board meetings. A minimum of four (4) Board meetings are held during the year. Additional meetings are held as and when required.

There is a formal agenda for all scheduled meetings and board papers are prepared and submitted in advance to ensure adequate information is available to assist deliberation by Board members.

During the financial year, eight (8) board meetings were held. The attendance of the Directors at board meetings are presented on page 15 of the Annual Report.

Quality/Supply of Information

Board papers are prepared for all agenda items to ensure relevant information is provided to assist decision making.

Access to Information/Advice

All Directors, have unrestricted access to any information pertaining to the Company. Directors have the ability to seek independent advice at the Company's expense. All Directors have access to the administration and resources of the Company Secretary in carrying out their duties.

BOARD COMMITTEES

The Board of Directors delegates specific responsibilities to the Board Committees, namely Nomination Committee, Remuneration Committee and Audit Committee.

Nominating Committee

The Nominating Committee comprises of three (3) members, the majority of whom are Independent Non-Executive Directors. It is responsible for reviewing the composition, structure and size of the Board, recommending to the Board candidates for directorship, reviewing the mix of skills, performance and contribution of each individual director.

The members of the Nominating Committee are as follows:-

- YBhg Dato' Mohd Nadzmi Mohd Salleh (Chairman);
- YBhg Datuk Sulaiman Daud; and
- Encik Zainal Abidin Jamal.

Remuneration Committee

The Remuneration Committee comprises of three (3) members, the majority of whom are Independent Non-Executive Directors. The remuneration framework for the Executive Directors and Non-Executives Directors is recommended by the Remuneration Committee and approved by the Board.

The members of the Remuneration Committee are as follows:-

- YBhg Dato' Mohd Nadzmi Mohd Salleh (Chairman);
- YBhg Datuk Sulaiman Daud; and
- Encik Zainal Abidin Jamal.

Audit Committee

The terms of reference and other information on the Audit Committee are disclosed in the Audit Committee Report.

DIRECTORS' REMUNERATION

The remuneration framework for the Executive Director and Independent Non-Executive Directors was recommended by the Remuneration Committee 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 directors' fees are approved by the Company at the Annual General Meeting in accordance with the Articles of the Association.

The aggregate remuneration of Directors categorized into appropriate components for the financial year ended 31 December 22007 is as follows:-

Category of Directors	Fees	Allowance	Salaries	Benefits in kind	Total
Executive Directors	-	RM120,400	RM568,750	-	RM689,150
Non-Executive Directors	RM91,000	RM15,750	-	-	RM106,750

Range of Remuneration	Executive Directors	Non-Executive Directors
RM1 – RM50,000	-	3
RM50,001 – RM100,000	-	-
RM100,001 – RM150,000	-	-
RM150,001 – RM200,000	-	-
RM200,001 – RM250,000	1	-
RM250,001 – RM300,000	-	-
RM300,001 – RM350,000	-	-
RM350,001 – RM400,000	-	-
RM400,001 – RM450,000	-	-
RM450,001 – RM500,000	1	-

INVESTOR RELATION AND SHAREHOLDERS COMMUNICATION

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.

The Annual General Meeting (AGM) is the principal forum for dialogue between the Company and its shareholders. Shareholders are given ample notice to prepare or present questions to the Board at the AGM. The AGM is also an excellent opportunity for shareholders to direct questions to the Board in relation to the Company's financial performance and the Company's activities.

Shareholders may also contact the Company Secretary at all times for any further information available to shareholders.

ACCOUNTABILITY AND AUDIT

Financial Reporting

The Directors have a responsibility to present a balanced and understandable assessment of the Group's position and prospects in the quarterly report to Bursa Malaysia Securities Berhad and the Annual Report to shareholders. The Audit Committee assists the Board in scrutinizing information for disclosure to ensure accuracy, adequacy and completeness.

The Statement of Directors' responsibility for preparing the financial statements is set out on page 22 of this Annual Report.

Internal Control

The Board has overall responsibility for the Group's approach to assessing risks and implementing controls. The Board, through the Audit Committee, oversees that a system of internal controls is properly maintained and regularly reviewed to ensure effectiveness. It entrusts the Audit Committee with the review of the audit plan, audit processes and most important of all, audit independence.

The Group's Statement on Internal Control is set out on page 25 to 26 of the Annual Report.

Relationship with External Auditors

Through the Audit Committee, the Group has always maintained a transparent and appropriate relationship with its external auditor in seeking professional advice and ensuring compliance with the accounting standards in Malaysia.

The role of the Audit Committee in relation to the external auditors can be found in the Audit Committee Report set out on page 23 to 24 of the Annual Report.

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in conformance to the Listing Requirements of the Bursa Malaysia Securities Berhad:

1. **Utilisation of Proceeds raised from Corporate Proposal**

   During the financial year ended 31 December 2007, no corporate exercise was undertaken by the Group to raise additional capital or acquisition of major business or assets.

2. **Share Buybacks**

   During the financial year, there were no share buyback by the Company

3. **Options, Warrants or Convertible Securities**

   During the financial year, the Company did not issue any options, warrants or convertible securities.

4. **American Depository Receipt ('ADR') or Global Depository Receipt ('GDR')**

   During the financial year, the Company did not sponsor any ADR or GDR.

5. **Sanctions and/or Penalties**

   During the financial year, there were no public sanctions and/or penalties imposed on the Company and its subsidiaries, Directors or Management by the relevant regulatory bodies.

6. **Non-Audit Fees**

During the financial year, there were no non-audit fees paid and payable by the Company and its subsidiaries to the external auditors and/or their affiliated companies.

7. **Variation in Results**

During the financial year, the Company did not announce any profit estimate, forecast or projection.

8. **Profit Guarantee**

During the financial year, there was no profit guarantee issued by the Company.

9. **Material Contracts**

Save as disclosed below, there were no other material contracts entered into by the Group involving Directors or major shareholders' interest, either subsisting at the end of the financial year ended 31 December 2007 or entered into since the end of the previous financial year:-

(i) The Sale and Purchase Agreement dated 24 September 2007 ("SPA") entered into between Kenderaan Klang Banting Berhad, a subsidiary of KTB as vendor and Maracorp Sdn Bhd as purchaser for the disposal of a piece of land held under PN 15861, Lot 1102 (HS(D) 3711, No. PT 405), Section 3, Bandar Banting, Daerah Kuala Langat, Selangor for purchase consideration of RM2,000,000, subject to the terms and conditions of the SPA.

(ii) The Sale and Purchase Agreement dated 27 December 2007 ("SPA") entered into between Syarikat Kenderaan Melayu Kelantan Berhad, a subsidiary of KTB as vendor and Lengkap Suci Sdn Bhd as purchaser for the disposal of 703 saleable sublots of former Lot 1885 within the Mukim of Bukit Merbau, District of Pasir Puteh, State of Kelantan for purchase consideration of RM6,000,000, subject to the terms and conditions of the SPA.

10. **Recurrent Related Party Transactions**

The Company intends to seek the shareholders' mandate to allow the Group to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations and are in the ordinary course of business with related parties at the forthcoming Annual General Meeting. The details of the shareholders' mandate to be sought are furnished in the Circular to Shareholders dated 2 June 2008.

STATEMENT OF DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

In the course of preparing the annual financial statements of the Group and of the Company, the Directors are collectively responsible in ensuring that these financial statements are drawn up in accordance with the requirements of the applicable approved accounting standards in Malaysia, the provision of the Companies Act, 1965 and the Listing Requirement of Bursa Malaysia Securities Berhad.

It is the responsibility of the Directors to ensure that the financial reporting of the Group and the Company present a true and fair view of the state of affairs of the Group and of the Company as at the end of the financial year and the results and cash flows for the financial year then ended.

The Directors have adopted and applied the appropriate and relevant accounting policies on a consistent basis and made judgments and estimates that are prudent and reasonable in preparing the financial statements of the Group and of the Company.

The financial statements are prepared on a going concern basis and the Director have ensured that proper accounting records are kept so as to enable the preparation of the financial statements with reasonable accuracy.

The Statement by Directors pursuant to Section 169 of the Companies Act, 1965 is set out on page 37 of the Annual Report.

COMPOSITION OF AUDIT COMMITTEE AND MEETINGS

The Audit Committee comprises of three (3) members, all of whom are Non-Executive Directors.

A total of four (4) 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 Daud	Chairman/Independent Non-Executive Director	4 out of 4 meetings
Encik Zainal Abidin Jamal	Member/Independent Non-Executive Director	3 out of 4 meetings
Encik Muhammad Adib Ariffin	Member/Independent Non-Executive Director	4 out of 4 meetings

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 Schedule of the Accountant 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.

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 deemed 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 transaction 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; and

8. evaluating the performance of the external auditor and made recommendation to the Board on their re-appointment and audit fees.

INTERNAL AUDIT

The Company's internal audit function is outsourced to Messrs. Saidy Ridzah & Associates 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 Group.

STATEMENT OF INTERNAL CONTROL

INTRODUCTION

Public listed companies are required by the Malaysian Code on Corporate Governance to maintain a sound system of internal control to safeguard the shareholders' investment and the assets of the company. Paragraph 15.27(b) of the Bursa Malaysia's Listing Requirements indicates the need for the Directors to include a statement in the annual report on the state of internal control of the company and its subsidiaries as a group. The Bursa Malaysia's Statement of Internal Control: Guidance for Directors of Public Listed Companies ("Guidance") provides guidance for compliance with these requirements. The Board is pleased to present the Statement on Internal Control, which has been prepared in accordance with the Guidance.

RESPONSIBILITY OF THE BOARD

The Board is responsible for the Group's system of internal control and for reviewing its adequacy and integrity. The system includes financial, operational and compliance controls and risk management. The system is designed to manage rather than eliminate the risk of failure to achieve business objectives and accordingly, it can only provide reasonable and not absolute assurance against material misstatement or loss.

RISK ASSESSMENT

Apart from financial controls, the Group's system of internal controls 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.

CONTROL PROCEDURE AND ENVIRONMENT

The Board whilst maintaining full control and direction over appropriate strategic, financial,organizational and compliance issues has delegated to executive 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.

FINANCIAL REPORTING

The Group has adopted the relevant accounting standards for guidance and compliance with regulatory and statutory requirements. Financial information prepared for submission is duly checked and authorized for release to the Audit Committee, the Board and Bursa Malaysia Securities Berhad.

INTERNAL AUDIT

The Internal Audit function monitors compliance with the policies and procedures, statutory and regulatory requirements and provides assurance on the effectiveness of the internal control system within the Group. The function undertakes regular reviews of the Group's operations and the system of internal controls. It provides continuous improvements to the controls and risk management procedures.

ROLE OF AUDIT COMMITTEE

The Audit Committee assist 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 internal and external auditors, nature and scope of their work and by monitoring the implementation progress of audit recommendations.

OTHER ASSURANCE FUNCTION

The Group, being in the public transportation business is additionally governed by strict statutory rules and regulations prescribed by the Motor Vehicle Licensing Board and Road Transport Department.

CONCLUSION

The Board is of the view that the system of internal control in place for the year under review was sound and satisfactory and has not resulted in any material losses, contingencies or uncertainties which would require separate disclosure in the Group's Annual Report.

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 internal control.

GENERAL OVERVIEW

On June 15, 2007, the entire transport operations of Kumpulan Kenderaan Malaysia Berhad, a subsidiary company of Nadicorp Holdings Sdn Bhd, merged with Park May Berhad under a new public listed company called Konsortium Transnasional Berhad, or KTB. This merger is a result of the restructuring and reverse takeover exercise of Park May Berhad, a PN4 status company then.

Kumpulan Kenderaan Malaysia or KKMB, had a total of eight subsidiary companies that operate both stage and express buses under the brand name “Transnasional” whilst Park May Berhad operates “Cityliner” stage buses, “Plusliner” economy express buses and “Nice” executive coaches. With the merger, all stage buses belonging to KKMB are rebranded as “Cityliner”in order to clearly segment the usage profile of the stage buses and to strengthen the brand name “Transnasional” as the economy express which is already gaining popularity for its “cross-country” services.

The enlarged KTB Group has a holding fleet capacity of approximately 1,660 buses/permits comprising of approximately 930 stage buses/permits and 730 express buses/permits respectively. In order to remain focus on the respective brand attributes and to be more productive, cost efficient and be fully accountable in managing the bus operations according to respective express bus routes and stage bus geographical coverage, the entire transport operations under KTB was rearranged according to brands i.e. Cityliner, Transnasional, Plusliner and Nice and will start to have their own profit and loss statements by brands and by regions.

STAGE BUS DIVISION – CITYLINER

Regardless of the subsidiary’s company name, or permit holder, all stage bus operations under KTB will be bear the brand name, “Cityliner”. All new buses that were manufactured and released for operations were painted with the new brand identity. Since the birth of KTB in June 2007, the “Cityliner” operations are headed by a Division Head and are divided into five regions/territories as follows:

1. **Cityliner – Kelantan Operations**

   Prior to KTB, this operation was run by Syarikat Kenderaan Melayu Kelantan Berhad, a subsidiary of KKMB and was mixed with the express unit under one portfolio. Now, Cityliner – Kelantan Operations is an entity by itself, only focusing on stage bus operations andits profit and loss is monitored and measured separately The outfit has a capacity of running approximately 270 permits/buses. Approximately half of the fleet will be replaced once the relatively newer diesel buses are transferred from other Cityliner regions in phases beginning May 2008.

2. **Cityliner – Northern Operations**

   This region is practically an operations merger of three subsidiary companies of Park May Berhad i.e. The Min Sen Omnibus Company Sdn Bhd, Sam Lian Omnibus Company Sdn Bhd and Central Province Wellesley Transport Company Sdn Bhd that operate in Seberang Perai of Pulau Pinang with Kenderaan Langkasuka Sdn Bhd, a subsidiary company of KKMB, that operates in the state of Kedah. As a result, there is only one management team in this region that is led by a Regional Manager and focusing purely on the profitability of the stage bus operations in the northern part of Semenanjung. The outfit has a capacity of running approximately 185 permits/buses.

3. **Cityliner – Selangor Operations**

   Similar to Northern Operations above, this region sees the operations merger of four subsidiary companies of Park May Berhad, i.e. the Cityliner Sdn Bhd, The Kuala Lumpur, Klang and Port Swettenham Omnibus Company Berhad, The Kuala Selangor Omnibus Company Berhad and Tanjung Karang Transportation Sdn Bhd that operate in the North-western part of Selangor with Kenderaan Klang Banting Berhad, a subsidiary of KKMB, that operates in the South-western part of Selangor. This outfit is now under one management team and led by a Regional Manager, has a capacity of running approximately 225 permits/buses.

4. **Cityliner – Negeri Sembilan Operations**

   Just like the two regions above, this region is an operations merger of four subsidiary companies under Jelebu Holdings Sdn Bhd, a subsidiary company of Park May Berhad that operates in Western part of Negeri Sembilan with two other subsidiary companies of KKMB, i.e. Starise Sdn Bhd and the stage bus outfit of Syarikat Rembau Tampin Sdn Bhd that operates the Eastern part of Negeri Sembilan. A Regional Manager was appointed to lead one integrated team to focus on the profitability of running the entire stage bus operations in Negeri Sembilan. The resulted merger has a capacity of running approximately 215 permits/buses. Besides running ordinary routes in housing areas and on main roads of Negeri Sembilan, the Cityliner buses here also serve the Kuala Lumpur International Airport (KLIA) and Low Cost Carrier Terminal (LCCT) from Seremban, Nilai and Banting.

5. **Cityliner – Pahang Operations**

   After transferring the express outfit to Transnasional's management in the Eastern Region, a subsidiary company of KKMB, i.e. Syarikat Tanjong Keramat Temerloh Omnibus Bhd is now focusing only on stage bus operations in Central Pahang covering Temerloh and Jerantut. It has a capacity of running approximately 35 permits/buses.

   Although the organization into regions was planned from the birth of KTB, the process of breaking into regions require some time to mature and to be accepted fully by all level of staff especially the unionized employees as they are employed under the names of various subsidiary companies. Nevertheless, this is done to eliminate duplication of management and to reduce all costs associated in running all routes for each region. Also, for the purpose of accounting and having the full financial year accountability, the Regional Profit & Loss can only start from January 2008.

   For all new Cityliner buses, a repair and maintenance contact is signed with the original chassis manufacturer for a period of eight years. Thus, professional mechanics using original spare parts are being deployed under a fixed cost monthly contract or sen per kilometer basis to service, maintain and repair these new buses for at least half of its usage life.

   For existing buses in Kelantan and Negeri Sembilan operations, the chassis repair and maintenance is also outsourced to a third party contactor using sen per kilometer formula since June 2007. This is to ensure stability in maintenance cost plus this system can be regarded as self regulated in the sense that the outsource contractor will only benefit if buses are always on the road earning kilometers. Thus, the contractor will ensure that service and maintenance are of quality and the frequency of breakdown is minimized. It is envisage that other regions will follow this concept soon. In the long run, the above method is seen to be more economical. In addition, the operations team can focus more time on revenue generation including minimizing revenue leakages.

   To combat escalating diesel fuel cost which had risen thrice over the last three years without income compensation from Government's controlled passenger fares, Cityliner operations in Selangor and Negeri Sembilan has pioneered the use of Compressed Natural Gas (CNG) buses since June 2007. To date, 27 and 22 buses are already operating in Selangor and Negeri Sembilan respectively. The plan is to add 253 CNG buses in the two regions above plus the Northern Region. However, not all buses operating in the three regions mentioned above can be converted to CNG due to extremely limited locations of CNG refueling stations nationwide that are equipped with high speed refueling nozzle suitable for heavy and commercial vehicles like buses. Unlike taxis, the CNG tank on buses has fourteen times more capacity.

   Due to its complex operations serving all sorts of commuting public routes and townships, Cityliner operations has also embarked on right-sizing strategy that relates vehicle size to daily income potential. Towards the end of 2007, mini-sized buses of 7 meter long and 29 seating capacity and midi-sized buses of 10 meter long with 37 seating capacity have started to be deployed to "low income potential" areas as opposed to the ordinary 12 meter long buses with 45 seating capacity. This is to ensure that right capital cost is deployed to matching areas. On the other hand, four units of double-decker buses with 68 seating capacity were introduced in early 2007 for high traffic areas in Western Selangor into Kuala Lumpur. A periodical review of each bus route versus its income versus type/age of vehicle deployed is being conducted by each operating region to optimize revenue and minimize cost.

For revenue generation initiative, Cityliner operations in Negeri Sembilan has embarked on prepaid card e-ticketing technology called "Fast Pass" since September 2007. The objective is to increase passenger loyalty and minimize cash handling thus, minimizing the risk of fraud or revenue leakages. The same technology was also applied on certain routes in Selangor Region beginning May 2008. It is planned that all regions will utilize this prepaid card e-ticket technology by the end of 2008.

EXPRESS BUS DIVISION

Under the new holding company KTB, the Express Operations Division is divided into three brands with their own profit and loss statements as follows:

A. "Transnasional"

All express vehicles under various subsidiary companies of KKMB particularly under Transnasional Express Sdn Bhd, Syarikat Kenderaan Melayu Kelantan Berhad, Kenderaan Labu Sendayan Sdn Bhd, Syarikat Tanjong Keramat Temerloh Omnibus Sdn Bhd and Syarikat Rembau Tampin Sdn Bhd bear the brand name "Transnasional". These vehicles then are further divided according to the bus routes as tabled below. Therefore, there will be no duplication of route management by different subsidiary companies as happened in the past.

- **Transnasional Express – Western Region**

  This region monitors and manages all express routes within this region that stretches from Kuala Lumpur in the south, all the way to Kangar up north. Headed by a General Manager, this region operates 22 routes with a holding capacity of 215 buses/permits.

- **Transnasional Express – Eastern Region**

  This region monitors and manages all express routes within this region plus all routes into Western Region and into the eastern part of Southern Region. The originating points in Eastern Region are mainly from Kota Bharu, Kuala Terengganu and Kuantan. Headed by a Regional General Manager, this region operates 28 routes with a holding capacity of 210 buses/permits.

- **Transnasional Express – Southern Region**

  Similar to Eastern Region, this region monitors and manages all express routes within this region, all routes into Western Region and all routes between the western part of Southern Region and Eastern Region. The originating points in Southern Region are mainly from Johor Bahru, Melaka and Seremban. Headed by a Regional General Manager, this region operates 28 routes with a holding capacity of 165 buses/permits.

As part of cost reduction and fleet availability improvement exercise, all new "Transnasional" buses are under the repair and maintenance contract with the original chassis manufacturer. A similar contract was also signed with three third party contractors for the existing buses. For all regions, buses with higher seating capacity like the 41-seater single-deck "Club Class" and the 69-seater double-deck "Skyview" were introduced towards the end of 2007 to mitigate the rising costs of operations. The biggest cost component is still the fuel cost. Due to the fact that CNG cost is still cheaper than diesel, 74 CNG buses designed specifically for express type operations are planned to be on the road by the end of 2008. These buses will be deployed mostly in the "Transnasional – Southern Region" in view of the potential availability of CNG's refueling infrastructure. For Western Region, by relocating their main depot from Kuala Lumpur to Kajang in July 2007, it has helped to reduce some costs associated with it.

In terms of safety, all new "Transnasional" buses met the European ECE R66 safety regulations on roof crash standards and equipped with front row seat belts since 2005. For passengers convenience, "Transnasional" tickets can be purchased 60 days ahead of departure time from 170 agents nationwide whose 42 of them are Petronas fuel station operators.

In terms of product innovation, the new 2007 version of e-ticketing for “Transnasional” is able to place a passenger who prefers to sit beside his/her own gender. “Transnasional” is still the first and only to introduce adjustable headrest for its newly launched economy express 41-seater single-deck “Club Class” coach. Again “Transnasional” is the first in the country to introduce a high capacity economy express with its 69-seater double-deck “Skyview”. Not only it can carry more passengers, its “twin-configuration” seats can be separated to create more shoulder room for each and every passenger on board. The 24-tonne tri-axle coach with its unique design has taken into consideration all aspect of safety for example, an emergency door on the upper deck that is in-line with the hidden ladder placed at the bottom deck, two escape hatches on the roof, a tapered roof design for greater stability, rear entry staircase, and seat belts for certain rows. The 12 units of new “Transnasional Skyview” now serve large number of passengers from Kota Bharu, Kuala Terengganu and Melaka to Kuala Lumpur. This will soon cover Johor Bharu, Butterworth and Alor Setar when additional “Skyview” buses are expected to be ready by August 2008.

B. “Plusliner”

All economy express vehicles under various subsidiary companies of Park May Berhad, currently a new subsidiary to KTB, had already being branded as “Plusliner”. The year 2007 basically saw “Plusliner” claiming back its glorious title of the past as the “king of the highway express” with majority of its 60 running buses today are less than a year old and were painted with new liveries symbolizing the “green PLUS highway”. The immediate replacement program was necessary due to the fact that all “Plusliner” buses under Park May Berhad’s PN4 status in the past had exceeded their service age according to the law. Thus, majority of “Plusliner” buses today were fortunate enough to be under an in-house financing scheme with the original chassis manufacturer that took place in phases from June 2006.

Today, “Plusliner” is the most frequent highway express from Kuala Lumpur to main cities like Ipoh, Kuantan, Penang and from Seremban to Johor Bahru. For example, for Ipoh – Kuala Lumpur sector, “Plusliner” operates 30 departure times daily from either side as early as 4.30 a.m. “Plusliner” also serves other destinations like Kulim, Alor Setar, Bukit Kayu Hitam, Padang Besar, Lumut (Pangkor), Batu Gajah/ Seri Iskandar and following a formal approval from the authority in mid May 2008, Plusliner now extends its express service from Ipoh via new Guthrie expressway to Shah Alam and to KLIA/LCCT.

In terms of product innovation, “Plusliner” was the first to introduce a unique 14 solo-seater combined with 12 couple-seater arrangement in its 41-seater single deck highway economy express. “Plusliner” was also the first to introduce digital quality entertainment via big screen LCD for its passengers to interact with on-board sms contest while watching movies. Plusliner Sdn Bhd pioneered the repair and maintenance contract with the original chassis manufacturer since the year 2000. Hence the entire fleet is under such scheme from day one.

Headed by a Sales Operations Manager, “Plusliner” operates 14 routes with a potential capacity of 95 buses/permits. Some of the buses are still under production. Majority of its sales outlet are managed by professional ticketing agents and have started to deploy the same e-ticketing system that is used by “Transnasional” beginning 2008.

C. “Nice” executive coach

All executive/luxury coaches under Plusliner Sdn Bhd, a subsidiary company of Park May Berhad, as well as under Transnasional Express Sdn Bhd, a subsidiary of KKMB, are both branded as “Nice” executive coaches. “Nice” was one of the firsts in the country to introduce executives coaches with full on-board services hosted by steward/stewardess throughout the journey. A more luxurious sub-brand “Nice^{++}” was further launched in June 2005, the first executive coach in the country with individual LCD screen for its passengers to watch a selection of pre-programmed movie of their choice. “Nice” executive coaches are also the first and only kind in the country with its service pantry located at the front of the coach to give its passengers an “airline” feel, at the same time isolate its passengers from the undesirable frontal traffic noises and view. Today, compared to its competitors, “Nice^{++}” is the most frequent executive coach services with 20 departure times daily between Kuala Lumpur and Singapore.

Currently, “Nice” operates a total 35 executive coaches from Kuala Lumpur to Singapore, Penang, Kuantan and Ipoh. After obtaining a formal approval in mid May 2008, “Nice” extends its executive services from its wholly-owned and managed KL Main Terminal in the Old Railway Building right in the center of Kuala Lumpur to KLIA and LCCT. This service was long requested by “Nice” passengers from destinations outside Kuala Lumpur and it is also open to the general public in Klang Valley who wanted to experience ‘traveling in style’ all the way to the airport.

In KL Main Terminal and Copthorne Orchid Hotel in Singapore, “Nice” passengers can relax and enjoy free snacks/drinks and also surf the net at the fully air-conditioned ‘executive lounges’ specially prepared for them. Also, in mid May 2008, “Nice” launches another first in the country, i.e. the executive coach service between Singapore and Kuantan. It is envisaged that more discerning passengers will frequent the first gateway of the new Eastern Economic Corridor.

Several new buses are under production to beef up the existing fleet. When completed, “Nice” will have a fleet capacity of 51 buses, the same quantity that it had several years ago had it not due to Park May Berhad’s PN4 status. Nevertheless, “Nice” is still the largest operator in the country providing luxury/executive coach services and is supported by more than 20,000 members that were registered as “Nice” loyalty card members whom are privileged with points that can be exchanged with free tickets, merchandizes and holiday packages.

ANCILLARY BUSINESS DIVISION

This division focuses on generating revenue from non-ticketing business such as managing special/event charters, holiday packages, government travel warrants and advertising on buses as additional income to the group. This division has enormous potential for expansion arising from other business opportunities surrounding the public bus transport industry.

OPERATIONS SUMMARY

Apart from merging areas of management duplication following the birth of KTB and breaking them into respective regions by brands and management territories, all operating divisions are focusing on initiatives to continually reduce operating costs, rationalize vehicle fleet size and routings, concentrate on profitable and high potential routes, increase efforts to lure more passengers, simplify management control system and at the same time provide the best in quality service including vehicle and passenger safety.

Following last August’s tragic incident involving a competitor in Bukit Gantang that claimed many lives, KTB has launched many new initiatives on top of the current practices focusing on vehicle and passenger safety. A Geographical Positioning System (GPS) i.e. a tool for fleet management/monitoring system via satellite are now made available on all “Nice” executive coaches, “Plusliner” highway economy express and a number of “Transnasional” coaches since February 2008.

At the same time, KTB had been working closely with Malaysian Institute for Road Safety (MIROS) and Jabatan Keselamatan Jalanraya (JKJR) for the trial and implementation on new driving/working shift pattern to reduce fatigue level amongst express drivers. It is proven that reduction in fatigue level helps to reduce accidents. So far, all “Nice”, “Plusliner” and selected “Transnasional” routes are already implementing this new method. A new driver log book focusing on vehicle thorough inspection at the beginning of driver’s working shift plus details on driver’s driving and resting hours, was also launched in April 2008.

In addition, as at May 2008, KTB has sent more than 500 of its express drivers for a two-day driving refresher course conducted by the Automotive Center of Excellence (ACE), an independent party that is fully recognized by the authority to improve driver’s competency especially on safe driving. This is an ongoing process.

KTB with its four leading brands is now the largest public bus operator in the country and will continue to upgrade its services and standards from time to time. It is hoped that each of its four brands will continue to be the most preferred brands in the industry that focuses on providing the best service at the right cost through innovations, whilst emphasizing professionalism, quality and safety as pre-requisites in conducting day-to-day business of transporting passengers all year round.

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FINANCIAL STATEMENTS

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 2007.

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

	Group RM'000	Company RM'000
Profit for the year	9,717	189
Attributable to: Equity holders of the Company	9,896	189
Minority interests	(179)	-
	9,717	189

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 and the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than:

(a) the effects arising from the gain on disposal of property, plant and equipment as disclosed in Note 4 to the financial statements; and

(b) the effects arising from changes in estimates where the residual values of certain buses were revised resulting in an increase in the Group's profit before tax by RM3,006,543 as disclosed in Note 2.4 to the financial statements.

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:

Dato' Mohd Nadzmi bin Mohd Salleh
Datuk Sulaiman bin Daud
Tengku Mohd Hasmadi bin Tengku Hashim
Zainal Abidin bin Jamal
Muhammad Adib bin Ariffin

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that 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 6 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 he is a member, or with a company in which he has a substantial financial interest, except as disclosed in Note 32 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 or its related corporations during the financial year were as follows:

	<-- Number of Ordinary Shares of RM0.50 Each --->			
The Company	**1.1.2007**	**Alloted**	**Sold**	**31.12.2007**
Direct Interest:				
Dato' Mohd Nadzmi bin Mohd Salleh	2,000,000	1,800,000	-	3,800,000
Zainal Abidin bin Jamal	-	350,000	-	350,000
Muhammad Adib bin Ariffin	-	310,000		310,000

	<-- Number of Ordinary Shares of RM0.50 Each --->			
The Company	**1.1.2007**	**Alloted**	**Sold**	**31.12.2007**
Indirect Interest:				
Datuk Sulaiman bin Daud	-	350,000	-	350,000
Tengku Mohd Hasmadi bin Tengku Hashim	-	350,000	-	350,000

	<-- Number of Ordinary Shares of RM1.00 Each --->			
	1.1.2007	**Alloted**	**Sold**	**31.12.2007**
Ultimate Holding Company - Nadi Corporation Sdn. Bhd.				
Indirect Interest:				
Dato' Mohd Nadzmi bin Mohd Salleh	8,500,000	1,500,000	-	10,000,000

Dato' 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 ultimate holding company has an interest.

ISSUE OF SHARES

During the financial year, pursuant to the Restructuring Scheme of Park May Berhad ("Park May") as disclosed in Note 33 to the financial statements, the Company increased its issued and paid-up ordinary share capital from RM126,000,000 to RM150,998,674 by way of issuance of 49,997,348 ordinary shares of RM0.50 each for the acquisition of the entire issued and paid up ordinary share capital of Park May.

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

On 26 June 2007, the Company issued 63,000,000 of 3-year ICSLS 2007/2010 at nominal amount of RM1 each. The ICSLS was issued to the holder of RM63,000,000 outstanding Commercial Papers/ Medium Term Notes ("CP/MTN") of Park May as full and final settlement of the CP/ MTN. The issuance of the ICSLS was pursuant to the Restructuring Scheme of Park May as disclosed in Note 33 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the income statements and balance sheets 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 known 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 written off for 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.

(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; 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 14(b), 21, 30 and 33 to the financial statements.

SUBSEQUENT EVENT

Details of a subsequent event are disclosed in Note 36 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2008.

Dato' Mohd Nadzmi bin Mohd Salleh

Tengku Mohd Hasmadi bin Tengku Hashim

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, Dato' Mohd Nadzmi bin Mohd Salleh and Tengku Mohd Hasmadi bin Tengku Hashim, 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 pages 39 to 84 are drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards 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 2007 and of the results and the cash flows of the Group and of the Company for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 28 April 2008.

Dato' Mohd Nadzmi
bin Mohd Salleh

Tengku Mohd Hasmadi
bin Tengku Hashim

STATUTORY DECLARATION
PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, Tan Swee Hock, being the officer primarily responsible for the financial management of Konsortium Transnasional Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 39 to 84 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 Tan Swee Hock at
Kuala Lumpur in the Federal Territory
on 28 April 2008

Tan Swee Hock

Before me,

REPORT OF THE AUDITORS TO THE MEMBERS OF KONSORTIUM TRANSNASIONAL BERHAD (Incorporated in Malaysia)

We have audited the financial statements set out on pages 39 to 84. These financial statements are the responsibility of the Company's directors.

It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you, as a body, in accordance with Section 174 of the Companies Act, 1965 and for no other purpose. We do not assume responsibility to any other person for the content of this report.

We conducted our audit in accordance with applicable Approved Standards on Auditing in Malaysia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the financial statements have been properly drawn up in accordance with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia so as to give a true and fair view of:

(i) the financial position of the Group and of the Company as at 31 December 2007 and of the results and the cash flows of the Group and of the Company for the year then ended; and

(ii) the matters required by Section 169 of the Companies Act, 1965 to be dealt with in the financial statements; and

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and the auditors' reports thereon of the subsidiaries of which we have not acted as auditors, as indicated in Note 38 to the financial statements, being financial statements that have been included in the consolidated financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

Ernst & Young
No: AF 0039
Chartered Accountants

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

Kuala Lumpur, Malaysia
28 April 2008

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
Revenue	3	261,250	228,909
Cost of sales		(217,460)	(191,547)
Gross profit		43,790	37,362
Other income	4	22,299	8,748
Other operating expenses	7	(39,599)	(27,290)
Profit from operations		26,490	18,820
Finance costs	8	(12,711)	(8,092)
Profit before tax		13,779	10,728
Income tax expense	9	(4,062)	3,354
Profit for the year		9,717	14,082
Attributable to:			
Equity holders of the Company		9,896	14,082
Minority interests		(179)	-
		9,717	14,082
Earnings per share attributable to equity holders of the Company (sen)			
Basic, for profit for the year	10(a)	3.57	5.59
Diluted, for profit for the year	10(b)	2.62	5.59

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	252,211	183,863
Prepaid land lease payment	12	2,317	2,775
Investment properties	13	1,002	-
Other investments	14(c)	109	109
Goodwill on consolidation	15	87,084	-
Deferred tax assets	26	3,961	1,862
		346,684	188,609
Current assets			
Inventories	16	1,416	1,333
Other receivables	17	21,478	17,754
Trade receivables	18	16,706	1,405
Amount due from related companies	19	51,798	58,073
Tax recoverable		2,748	1,585
Cash and bank balances	20	2,312	3,809
		96,458	83,959
TOTAL ASSETS		443,142	272,568
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	21	150,999	126,000
Reserves		(47,351)	(57,277)
Shareholders' equity		103,648	68,723
Irredeemable convertible secured loan stocks ("ICSLS")	30	57,911	-
Minority interests		1,504	-
Total equity		163,063	68,723
Non-current liabilities			
Borrowings	23	116,308	91,684
Provision for retirement benefits	25	10,707	9,051
Deferred tax liabilities	26	7,936	4,198
ICSLS	30	2,222	-
		137,173	104,933
Current liabilities			
Borrowings	23	61,519	43,023
Other payables	27	24,948	14,996
Trade payables	28	21,282	17,799
Amount due to related companies	29	24,643	18,789
Provision for taxation		6,468	3,734
Provision for retirement benefits	25	484	571
ICSLS	30	3,562	-
		142,906	98,912
Total liabilities		280,079	203,845
TOTAL EQUITY AND LIABILITIES		443,142	272,568

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Attributable to Equity of the Company							Minority Interests	Total equity
		Non-Distributable							
	Share capital RM'000	Capital reserve (Note 22) RM'000	Merger deficit RM'000	Exchange reserves RM'000	ICSLS RM'000	Distributable retained earnings RM'000	Total RM'000	RM'000	RM'000
At 1 January 2006	126,000	5,811	(77,170)	-	-	-	54,641	-	54,641
Profit for the year	-	-	-	-	-	14,082	-	-	-
Transfer to merger deficit	-	-	14,082	-	-	(14,082)	14,082	-	14,082
At 31 December 2006	126,000	5,811	(63,088)	-	-	-	68,723	-	68,723
At 1 January 2007	126,000	5,811	(63,088)	-	-	-	68,723	-	68,723
Profit for the year	-	-	-	-	-	9,896	9,896	(179)	9,717
Transfer to merger deficit	-	-	9,896	-	-	(9,896)	-	-	-
Issue of ordinary shares: -									
- Acquisition of subsidiary (Note 21)	24,999	-	-	-	-	-	24,999	1,683	26,682
Issue of ICSLS (Note 30)	-	-	-	-	57,911	-	57,911	-	57,911
Foreign currency translation reserve	-	-	-	30	-	-	30	-	30
At 31 December 2007	150,999	5,811	(53,192)	30	57,911	-	161,559	1,504	163,063

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	13,779	10,728
Adjustments for:		
Depreciation of property, plant and equipment	30,434	26,333
Amortisation of prepaid land lease payment	65	125
Amortisation of investment properties	21	-
Provision for doubtful debts	1,425	-
Bad debts written off	102	-
Provision for retirement benefits	1,608	537
Gain on disposal of prepaid land lease payment	(1,611)	-
Gain on disposal of property, plant and equipment	(13,378)	(4,603)
Dividend income	-	(7)
Interest income	(1,169)	-
Interest expense	12,711	8,092
Operating profit before working capital changes	43,987	41,205
Decrease in inventories	236	406
Decrease/(increase) in receivables	7,906	(5,075)
(Decrease)/increase in payables	(22,256)	6,271
Changes in related companies balances	13,294	(19,930)
Cash generated from operations	43,167	22,877
Taxes paid	(1,575)	(1,286)
Interest paid	(12,513)	(8,092)
Retirement benefits paid	(1,482)	(2,195)
Net cash generated from operating activities	27,597	11,304
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(8,388)	(269)
Proceeds from disposal of property, plant and equipment	21,993	16,642
Proceeds from disposal of prepaid lease land payment	2,004	-
Interest received	4	-
Dividends received	-	7
Acquisition of subsidiaries	1,896	-
Net cash generated from investing activities	17,509	16,380
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of bank borrowings	(45,342)	(26,097)
Repayment of ICSLS	(1,291)	-
Net cash used in financing activities	(46,633)	(26,097)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,527)	1,587
Effects of foreign exchange rate changes	30	-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	3,809	2,222
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 20)	2,312	3,809

The accompanying notes form an integral part of the financial statements.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
Other income	4	3,965	-
Other operating expenses	7	(3,117)	(11)
Profit/(loss) from operations		848	(11)
Finance costs	8	(198)	-
Profit/(loss) before tax		650	(11)
Income tax expense	9	(461)	-
Profit/(loss) for the year		189	(11)

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	2007 RM'000	2006 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	218	-
Investment in subsidiaries	14	150,309	125,000
Deferred tax assets	26	1,498	-
		152,025	125,000
Current assets			
Inventories	16	18	-
Other receivables	17	1,069	-
Amount due from related companies	19	65,204	730
Cash and bank balances	20	8	54
		66,299	784
TOTAL ASSETS		218,324	125,784
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the Company			
Share capital	21	150,999	126,000
ICSLS	30	57,911	-
Accumulated losses		(728)	(917)
Total equity		208,182	125,083
Non-current liability			
ICSLS	30	2,222	-
Current liabilities			
Other payables	27	628	699
Amount due to related companies	29	3,559	2
Provision for taxation		171	-
ICSLS	30	3,562	-
		7,920	701
Total liabilities		10,142	701
TOTAL EQUITY AND LIABILITIES		218,324	125,784

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2007

	Share Capital RM'000	ICSLS RM'000	Accumulated Losses RM'000	Total RM'000
At 1 January 2006	126,000	-	(906)	125,094
Loss for the year	-	-	(11)	(11)
At 31 December 2006	126,000	-	(917)	125,083
At 1 January 2007	126,000	-	(917)	125,083
Profit for the year	-	-	189	189
Issue of ordinary shares:				
- Acquisition of subsidiary (Note 21)	24,999	-	-	24,999
Issue of ICSLS (Note 30)	-	57,911	-	57,911
At 31 December 2007	150,999	57,911	(728)	208,182

The accompanying notes form an integral part of the financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2007

	2007 RM'000	2006 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	650	(11)
Adjustments for:		
Depreciation	8	-
Interest expense	198	-
Operating profit/(loss) before working capital changes	856	(11)
Increase in inventories	(18)	-
Increase in other receivables	(1,069)	-
Changes in related companies balances	2,083	150
Decrease in payables	(71)	(104)
Net cash generated from operating activities	1,781	35
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(226)	-
Acquisition of subsidiary	(240)	-
Additional investment in a subsidiary	(70)	-
Net cash used in investing activities	(536)	-
CASH FLOWS FROM FINANCING ACTIVITY		
Repayment of ICSLS, representing net cash used in financing activity	(1,291)	-
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(46)	35
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR	54	19
CASH AND CASH EQUIVALENTS AT THE END OF YEAR (NOTE 20)	8	54

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2007

1. CORPORATE INFORMATION

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

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

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 28 April 2008.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements comply with the provisions of the Companies Act, 1965 and applicable Financial Reporting Standards in Malaysia. At the beginning of the current financial year, the Group and Company had adopted new and revised FRSs which are mandatory for financial periods beginning on or after 1 January 2007 as described fully in Note 2.3.

The financial statements of the Group and Company have also been prepared on a historical basis and are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

(a) Subsidiaries and Basis of Consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another 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 included in profit or loss.

(ii) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the balance sheet date. The financial statements of the subsidiaries are prepared for the same reporting date as the Company. Subsidiaries acquired in 2005 under internal group restructuring arrangements are accounted for in consolidation under the merger method.

Under the merger method of accounting, the results of the subsidiaries are included in the consolidated income statement as if the merger had been effected throughout the current financial year and previous years. On consolidation, the difference between the carrying value of the investment and the fair value of shares issued is transferred to a merger reserve or deficit, as applicable. Any resulting debit difference is adjusted against any suitable reserve. Where it is impractible to determine the fair value of shares issued, the nominal value is used instead.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(a) Subsidiaries and Basis of Consolidation (Contd.)

(ii) Basis of Consolidation (Contd.)

Acquisitions of subsidiaries other than those acquired under internal group restructuring arrangements, are accounted for using the purchase method. The purchase method of accounting involves allocating the cost of the acquisition to the fair value of the assets acquired and liabilities and contingent liabilities assumed at the date of acquisition. The cost of an acquisition is measured as the aggregate of the fair values, at the date of exchange, of the assets given, liabilities incurred or assumed, and equity instruments issued, plus any costs directly attributable to the acquisition.

Any excess of the cost of the acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities represents goodwill. Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition is recognised immediately in profit or loss.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. It is measured at the minorities' share of the subsidiaries' identifiable assets and liabilities at the acquisition date and the minorities' share of changes in the subsidiaries' equity since then.

In preparing the consolidated financial statements, intragroup balances, transactions and unrealised gains or losses are eliminated in full. Uniform accounting policies are adopted in the consolidated financial statements for like transactions and events in similar circumstances.

(b) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(c) 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.

(i) Passenger ticket sales are recognised as revenue, net of discounts, in the income statement when the transportation services are rendered.

(ii) Charter services, insurance commission and goods fare are recognised as revenue in the income statement 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) Revenue relating to the sale of buses is recognised upon the transfer of risks and rewards.

(d) 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(d) Property, Plant and Equipment and Depreciation (Contd.)

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Long term leasehold buildings	Over the remaining period of the lease
Buildings	50 years
Workshop equipment	5 - 10 years
Furniture, fittings and office equipment	3 - 10 years
Ticketing machines	5 years
Renovations	10 years
Computer equipment	5 years
Buses and motor vehicles	4 - 10 years

Capital work-in-progress is not depreciated.

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 revaluation surplus realised through depreciation of the revalued property, plant and equipment is taken directly to retained earnings.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss.

(e) 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 in which they arise.

Investment properties are depreciated over 50 years.

(f) Inventories

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first-out method. The cost of inventories represents cost of purchase.

Net realisable value represents the estimated selling price less all estimated costs to be incurred in selling and distribution.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(g) Income Tax

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

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary difference arises from goodwill or negative goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expense and included in the profit or loss for the period, except when it arises from a transaction which is recognised directly in equity, in which case the deferred tax is also recognised directly in equity, or when it arises from a business combination that is an acquisition, in which case the deferred tax is included in the resulting goodwill or the amount of any excess of the acquirer's interest is the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the combination.

(h) 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 non accumulating 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"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' 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 balance sheet 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 the income statement over the expected average remaining working lives of the eligible employees participating in the Scheme.

(i) Provisions for Liabilities

Provisions for liabilities are recognised when the Group has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(j) Leases

(i) Finance Leases

Assets acquired by way of hire-purchase or finance leases are stated at an amount equal to the lower of their fair values and the present value of the minimum lease payments at the inception of the leases, less accumulated depreciation and impairment losses. The corresponding liability is included in the balance sheet as borrowings. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease, when it is practicable to determine; otherwise, the Company's incremental borrowing rate is used. Any initial direct costs are also added to the carrying amount of such assets.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the differences between the total leasing commitments and the fair value of the assets acquired, are recognised in the profit and loss over the term of the relevant lease so as to produce a constant periodic rate of charge on the remaining balance of the obligations for each accounting period.

The depreciation policy for leased assets is in accordance with that for depreciable property, plant and equipment as described in Note 2.2(d).

(ii) Operating Leases

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. 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.

In the case of a lease of land and buildings, the minimum lease payments or the up-front payments are allocated, whenever necessary, between the land and the buildings elements in proportion to the relative fair values for leasehold interests in the land element and buildings element of the lease at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

(k) Impairment of Non-financial Assets

The carrying amounts of assets, other than investment property, inventories, and deferred tax assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs to. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and 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.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(k) Impairment of Non-financial Assets (Contd.)

An impairment loss is recognised in profit or loss in the period in which it arises. Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and 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. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(l) Foreign Currencies

(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

The results and financial position of foreign operations that have a functional currency different from the presentation currency (RM) of the consolidated financial statements are translated into RM as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate prevailing at the balance sheet date;

- Income and expenses for each income statement are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions; and

- All resulting exchange differences are taken to the foreign currency translation reserve within equity.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the balance sheet date.

(m) Financial Instruments

Financial instruments are recognised in the balance sheet when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Interest, dividends, gains and losses relating to the financial instrument classified as a liability, are reported as expense or income. Distributions to holders of financial instruments classified as equity are recognised directly in equity. Financial instruments are offset when the Group has a legally unforceable right to offset and intends to sell either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and Cash Equivalents

For the purposes of the cash flow statements to financial instruments, cash and cash equivalents include cash on hand and at bank and deposit at cash and short term highly liquid investments which have an insignificant risk of changes in value, net of outstanding bank overdrafts.

(ii) Other Non-Current Investments

Non-current investments other than investments in subsidiaries and associates are stated at cost less impairment losses. On disposal of an investment, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.2 Summary of Significant Accounting Policies (Contd.)

(m) Financial Instruments (Contd.)

(iii) Receivables

Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts based on a review of all outstanding amounts as at the balance sheet date.

(iv) Payables

Payables are stated at cost which is the fair value of the consideration to be paid in the future for goods and services received.

(v) Equity Instruments

Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

The transaction costs of an equity transaction are accounted for as deduction from equity, net of tax. Equity transaction costs comprise only those incremental external costs directly attributable to the equity transaction which would otherwise have been avoided.

(vi) Irredeemable Convertible Secured Loan Stocks ("ICSLS")

The ICSLS are regarded as compound instruments consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar convertible loan stocks. The difference between the proceeds of issue of the ICSLS and the fair value assigned to the liability component, representing the conversion option is included in equity. The liability component is subsequently stated at amortised cost using the effective interest rate method until extinguished on conversion, whilst the value of the equity component is not adjusted in subsequent periods. Attributable transaction costs are apportioned and deducted directly from the liability and equity component based on carrying amounts at the date of issue.

Under the effective interest rate method, the interest expense on the liability component is calculated by applying the prevailing market interest rate for a similar convertible loan stocks to the instrument at the date of issue. The difference between this amount and the interest paid is added to the carrying amount of the ICSLS.

(vii) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective method.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 New and Revised Financial Reporting Standards ("FRS")

On 1 January 2007, the Group adopted the following FRSs mandatory for financial periods beginning on or after 1 January 2007:

FRS 6	Exploration for and Evaluation of Mineral Resources
FRS 117	Leases
FRS 119	Employee Benefits
FRS 124	Related Party Disclosures

Other than FRS117, the adoption of the above FRSs does not result in significant changes in accounting policies of the Group.

The Group has not early adopted the following new and revised FRSs and IC Interpretations:

Effective for financial periods beginning on or after 1 July 2007:

FRS 107	Cash Flow Statements
FRS 111	Construction Contracts
FRS 112	Income Taxes
FRS 118	Revenue
FRS 120	Accounting for Government Grants and Disclosure of Government Assistance
FRS 121	The Effect of Changes in Foreign Exchange Rates
FRS 134	Interim Financial Reporting
FRS 137	Provisions, Contingent Liabilities and Contingent Assets
IC Interpretation 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
IC Interpretation 2	Members' Shares in Co-operative Entities and Similar Instruments
IC Interpretation 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
IC Interpretation 6	Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment
IC Interpretation 7	Applying the Restatement Approach under FRS 129_{2004} - Financial Reporting in Hyperinflationary Economies
IC Interpretation 8	Scope of FRS 2

Effective date deferred indefinitely:

FRS 139	Financial Instruments: Recognition and Measurement

The effects of FRS 139, if any, upon its initial recognition are exempted from disclosure. The other new and revised FRSs and IC Interpretations are not early adopted by the Group and are not expected to have a significant impact on the financial statements of the Group upon their initial application

The principal effects of the changes in accounting policies resulting from the adoption of the other new/revised FRSs are discussed below.

(a) FRS 117: Leases

Leasehold land held for own use

Prior to 1 January 2007, leasehold land held for own use was classified as property, plant and equipment and was stated at cost less accumulated depreciation and impairment losses. The adoption of the revised FRS117 has resulted in a change in the accounting policy relating to the classification of leases of land and buildings. Leases of land and buildings are classified as operating or finance leases in the same way as leases of other assets and the land and buildings elements of a lease of land and buildings are considered separately for the purposes of lease classification.

Leasehold land held for own use is now classified as operating lease and where necessary, the minimum lease payments or the up-front payments are allocated between the land and buildings elements in proportion to the relative fair values for leasehold interests in the land and buildings elements of the lease respectively at the inception of the lease. The up-front payment represents prepaid lease payments and are amortised on a straight-line basis over the lease term.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.3 New and Revised Financial Reporting Standards ("FRS") (Contd.)

(a) FRS 117: Leases (Contd)

Leasehold land held for own use (Contd)

The Group has applied the change in accounting policy in respect of leasehold land in accordance with the FRS 117. At 1 January 2007, the unamortised amount of leasehold land is retained as the surrogate carrying amount of prepaid lease payments as allowed by the transitional provisions. The reclassification of leasehold land as prepaid lease payments has been accounted for retrospectively by restating the following opening balances of the Group as at 1 January 2007. There were no effects on the consolidated income statement for the year ended 31 December 2007.

Estimates of the extent to which the consolidated balance sheet as at 31 December 2007 is higher or lower than it would have been had the previous policy been applied in the current year is as follows:

	Increase / (Decrease) RM'000
Group	
Property, plant and equipment	(2,317)
Prepaid land lease payments	2,317

The effects of adopting FRS 117 has been accounted for retrospectively and comparatives have been restated as follows:

	Previously Stated RM'000	**Increase / (Decrease) RM'000**	**Restated RM'000**
Group			
(i) At 1 January 2006			
Property, plant and equipment	173,022	(5,985)	167,037
Prepaid land lease payments	-	5,985	5,985
(ii) At 31 December 2006			
Property, plant and equipment	186,638	(2,775)	183,863
Prepaid land lease payments	-	2,775	2,775

2. SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

2.4 Changes in Estimates

The revised FRS 116: Property, Plant and Equipment requires the review of the residual value and useful life of an item of property, plant and equipment at least at each financial year end. The Group revised the residual values with effect from 1 January 2007. The revisions were accounted for prospectively as a change in accounting estimates and as a result, the depreciation charges of the Group for the current financial year have been reduced by RM3,006,543.

2.5 Significant Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have 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. Management estimates the useful lives of these buses to be 10 years. These are common life expectancies applied in the bus industry. Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(ii) 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 amounts of goodwill as at 31 December 2007 were RM87,083,517 (2006: Nil). 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 tax losses and capital allowances of the Group was RM3,961,000 (2006: RM1,862,000) and the unrecognised tax losses, capital allowances and other temporary differences of the Group was RM1,615,000 (2006: RM453,000).

3. REVENUE

	GROUP	
	2007	2006
	RM'000	RM'000
Express bus fare	169,863	149,266
Stage bus fare	67,040	64,710
Advertisement income	3,473	10,746
Charter services	6,868	2,871
Others	14,006	1,316
	261,250	228,909

4. OTHER INCOME

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Management fees	15	2,120	2,000	-
Advertisement income	1,965	-	1,965	-
Gain on disposal of property, plant and equipment	13,378	4,603	-	-
Gain on disposal of prepaid land lease payment	1,611	-	-	-
Dividend income	17	7	-	-
Interest income	1,169	-	-	-
Rental income	2,492	680	-	-
Others	1,652	1,338	-	-
	22,299	8,748	3,965	-

5. STAFF COSTS

	GROUP		COMPANY	
	2007	2006	2007	2006
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	40,888	39,807	692	-
Pension costs - defined - contribution plans	4,008	3,603	115	-
Social security costs	822	769	10	-
Provision for retirement benefits (Note 25)	1,608	537	-	-
Other staff related expenses	10,570	8,014	18	-
	57,896	52,730	835	-

Included in staff costs of the Group and of the Company are executive directors' remuneration amounting RM689,150 (2006: Nil) and RM689,150 (2006: Nil) respectively as further disclosed in Note 6.

6. DIRECTORS' REMUNERATION

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	689	-	689	-
Non-Executive:				
Fees	91	-	91	-
Salaries and other emoluments	16	-	16	-
	107	-	107	-
Total	796	-	796	-

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

	Number of directors 2007	2006
Executive directors:		
RM200,001 - RM250,000	1	-
RM450,001 - RM500,000	1	-
Non-executive directors:		
RM1 - RM50,000	3	-

7. OTHER OPERATING EXPENSES

Included in other operating expenses are:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Staff costs (Note 5)	57,896	52,730	835	-
Auditors' remuneration:				
Statutory audit				
- Auditors of the Company	357	99	15	15
- Other auditors	35	26	-	-
Non-executive directors' remuneration (Note 6)	107	-	107	-
Depreciation of property, plant and equipment	30,434	26,333	8	-
Amortisation of prepaid land lease payments	65	125	-	-
Amortisation of investment properties	21	-	-	-
Provision for doubtful debts	1,425	17	-	-
Bad debts written off	102	-	-	-
Rental expense				
- holding company	352	-	352	-
- others	3,975	3,586	-	-
Hire of coaches	2,906	4,821	-	-

8. FINANCE COSTS

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Finance lease	11,495	8,092	-	-
Term loan	867	-	-	-
ICSLS	198	-	198	-
Others	151	-	-	-
	12,711	8,092	198	-

9. INCOME TAX EXPENSE

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Income tax:				
Current year's provision	3,117	5 ,209	171	-
Under/(over) provision in prior year	177	(3,769)	-	-
	3,294	1,440	171	-
Deferred taxation:				
Relating to origination and reversal of temporary differences	(749)	(1,850)	290	-
Under/(over) provision in prior year	1,517	(2,944)	-	-
	768	(4,794)	290	-
	4,062	(3,354)	461	-

Domestic income tax is calculated at the Malaysian statutory rate of 27% (2006: 28%) of the estimated assessable profit for the year. The domestic statutory tax rate will be reduced to 26% from the current year's rate of 27%, effective year of assessment 2008. The computation of deferred tax as at 31 December 2007 has reflected these changes. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdiction.

9. INCOME TAX EXPENSE (CONTD.)

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	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Profit/(loss) before tax	13,779	10,728	650	(11)
Taxation at Malaysian statutory tax rate of 27% (2006: 28%)	3,720	3,004	176	(3)
Effect of different tax rate of 20%	(32)	(131)	-	-
Deferred tax recomputed based on the new corporate rate	(220)	(87)	-	-
Income not subject to tax	(3,028)	-	-	-
Expenses not deductible for tax purposes	1,688	175	285	-
Utilisation of previously unrecognised tax losses	(62)	-	-	-
Deferred tax assets not recognised in respect of current year tax losses and other deductible temporary differences	302	398	-	3
Under/(over) provision of income tax expense in prior year	177	(3,769)	-	-
Under/(over) provision of deferred tax in prior year	1,517	(2,944)	-	-
	4,062	(3,354)	461	-

Tax savings during the financial year arising from:

	GROUP		COMPANY	
	2007 RM'000	**2006 RM'000**	**2007 RM'000**	**2006 RM'000**
Utilisation of current year tax losses	157	-	-	-
Utilisation of previously unrecognised tax losses	62	-	-	-

10. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit for the year attributable to the equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year, as follows:

	GROUP	
	2007	**2006**
Profit attributable to ordinary equity holders of the Company (RM'000)	9,896	14,082
Weighted average number of ordinary shares in in issue ('000)	276,999	252,000
Basic earnings per share (sen)	3.57	5.59

10. EARNINGS PER SHARE (CONTD.)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year and the weighted average number of ordinary shares in issue during the year have been adjusted for the dilutive effects of all potential ordinary shares i.e. ICSLS.

	GROUP	
	2007	**2006**
Profit attributable to ordinary equity holders of theCompany (RM'000)	9,896	14,082
Weighted average number of ordinary shares in issue ('000)	276,999	252,000
Effect of dilution on ICSLS ('000)	100,800	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	377,799	252,000
Diluted earnings per share (sen)	2.62	5.59

11. PROPERTY, PLANT AND EQUIPMENT

Group	Land and Building* RM'000	Office Equipment and Furniture and Fittings RM'000	Computer Equipment and Workshop Equipment RM'000	Capital work-in-Progress RM'000	Buses and Motor Vehicles RM'000	Total RM'000
At 31 December 2007						
Cost/Valuation						
At 1 January	16,528	7,592	1,971	-	286,444	312,535
Arising from acquisition of subsidiaries (Note 14(b))	5,300	558	109	-	27,194	33,161
Additions	1	1,041	1,046	1,360	70,788	74,236
Write off	-	-	(352)	-	-	(352)
Disposals	(4,237)	-	-	-	(20,259)	(24,496)
At 31 December	17,592	9,191	2,774	1,360	364,167	395,084
Accumulated Depreciation and Impairment						
At 1 January	3,441	6,444	1,783	-	117,004	128,672
Charge for the year	180	288	296	-	29,670	30,434
Write off	-	-	(352)	-	-	-
Disposals	(261)	-	-	-	(15,620)	(15,881)
At 31 December	3,360	6,732	1,727	-	131,054	142,873
Net Carrying Amount						
At 31 December	14,232	2,459	1,047	1,360	233,113	252,211

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

Group	Land and Building* RM'000	Office Equipment and Furniture and Fittings RM'000	Computer Equipment and Workshop Equipment RM'000	Buses and Motor Vehicles RM'000	Total RM'000
At 31 December 2006					
Cost/Valuation					
At 1 January	16,528	7,549	11,583	260,628	296,288
Additions	-	43	54	51,863	51,960
Disposals	-	-	(9,666)	(26,047)	(35,713)
At 31 December	16,528	7,592	1,971	286,444	312,535
Accumulated Depreciation and Impairment					
At 1 January	3,260	6,236	8,029	111,726	129,251
Charge for the year	181	208	288	25,656	26,333
Disposals	-	-	(6,534)	(20,378)	(26,912)
At 31 December	3,441	6,444	1,783	117,004	128,672
Net Carrying Amount					
At 31 December	13,087	1,148	188	169,440	183,863

*** Land and Buildings**

Group	Freehold Land RM'000	Building on Leasehold Land RM'000	Building on Freehold Land RM'000	Total RM'000
At 31 December 2007				
Cost/Valuation				
At 1 January	6,539	5,347	4,642	16,528
Acquisition of subsidiaries	-	-	5,300	5,300
Additions	1	-	-	1
Disposal	(3,441)	-	(796)	(4,237)
At 31 December	3,099	5,347	9,146	17,592
Representing:				
At cost	131	2,169	11,362	13,662
At valuation	2,968	3,178	-	6,146
	3,099	5,347	11,362	19,808
Accumulated Depreciation and Impairment				
At 1 January	-	2,136	1,305	3,441
Charge for the year	-	95	85	180
Disposal	-	-	(261)	(261)
At 31 December	-	2,231	1,129	3,360
Net Carrying Amount				
At 31 December				
At cost	131	1,070	8,017	9,218
At valuation	2,968	2,046	-	5,014
	3,099	3,116	8,017	14,232

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

*** Land and Buildings**

Group	Land and Building* RM'000	Office Equipment and Furniture and Fittings RM'000	Computer Equipment and Workshop Equipment RM'000	Buses and Motor Vehicles RM'000	Total RM'000
At 31 December 2006					
Cost/Valuation					
At 1 January / 31 December	6,539	5,347		4,642	16,528
Representing:					
At cost	3,571	2,169		4,642	10,382
At valuation	2,968	3,178		-	6,146
	6,539	5,347		4,642	16,528
Accumulated Depreciation and Impairment					
At 1 January	-	2,045		1,215	3,260
Charge for the year	-	91		90	181
At 31 December	-	2,136		1,305	3,441
Net Carrying Amount					
At 31 December					
At cost	3,571	1,121		3,337	8,029
At valuation	2,968	2,090		-	5,058
	6,539	3,211		3,337	13,087

Group	Office Equipment and Furniture and Fittings RM'000	Computer Equipment and Workshop Equipment RM'000	Total RM'000
Company			
At 31 December 2007			
Cost			
At 1 January	-	-	-
Additions	168	58	226
At 31 December	168	58	226
Accumulated Depreciation			
At 1 January	-	-	-
Charge for the year	6	2	8
At 31 December	6	2	8
Net Carrying Amount			
At 31 December	162	56	218

11. PROPERTY, PLANT AND EQUIPMENT (CONTD.)

(a) Included in property, plant and equipment of the Group are buses with net book value of RM198,188,862 (2006: RM149,312,903) held under finance lease arrangements. Details of the terms and conditions of the hire purchase and finance lease arrangements are disclosed in Note 24.

(b) Due to the absence of historical records, the net book values of revalued land and buildings, had the revalued assets been carried at historical cost less accumulated depreciation, are not disclosed.

(c) During the year, the Group acquired property, plant and equipment with an aggregate cost of RM74,235,122 (2006: RM51,959,625) of which RM65,848,467 (2006: RM46,133,934) was acquired by means of finance lease arrangement. Buses costing RM11,536,089 (2006: RM1,749,152) were purchased on credit pending financing arrangements as at the end of the current financial year.

(d) The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) and ICSLS (Note 30) are as follows:

	GROUP	
	2007 RM'000	2006 RM'000
Freehold land and buildings	6,951	1,042
Leasehold building	510	517
	7 ,461	1 ,559

12. PREPAID LAND LEASE PAYMENTS

	GROUP	
	2007 RM'000	2006 RM'000
Group		
Cost		
At 1 January	3,152	6,438
Additions	-	155
Disposal	(469)	(3,441)
At 31 December	2,683	3,152
Accumulated Amortisation		
At 1 January	377	453
Amortisation for the year	65	125
Disposal	(76)	(201)
At 31 December	366	377
Carrying amounts		
As at 31 December	2,317	2,775
Analysed as:		
Long term leasehold land	316	436
Short term leasehold land *	2,001	2 ,339
	2,317	2 ,775

* Short term leases refer to leasehold land that has an unexpired period of 50 (2006: 50) years or less.

Leasehold land with an aggregate carrying value of RM1,091,000 (2006: RM1,133,000) are pledged as securities for borrowings (Note 23).

13. INVESTMENT PROPERTIES

Group	Freehold land and buildings RM'000
At 31 December 2007	
Cost	
At 1 January	-
Acquisition of subsidiary (Note 14(b)(i))	1,023
At 31 December	1,023
Accumulated Amortisation	
At 1 January	-
Amortisation for the year	21
At 31 December	21
Net carrying amount	
At 31 December	1,002

Certain investment properties leased to third parties are charged as securities for borrowings (Note 23).

Fair value of investment properties as at 31 December 2007 was estimated by the directors based in market value of comparable properties, to be approximately RM1,106,000.

14. INVESTMENTS

(a) Investment in Subsidiaries

	COMPANY	
	2007 RM'000	2006 RM'000
Unquoted shares at cost	150,309	125,000

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

(b) Acquisition of Subsidiaries

(i) Park May Berhad ("Park May")

On 6 June 2007, pursuant to the Restructuring Scheme of Park May as disclosed in Note 33, the Company had acquired the entire issued and paid-up share capital of Park May comprising 74,996,022 ordinary shares of RM1.00 each for a total purchase consideration of RM24,998,674 satisfied by the issuance of 49,997,348 new ordinary shares in the Company at par value of RM0.50 per ordinary share.

The acquired subsidiary has contributed the following results to the Group:

	2007 RM'000
Revenue	26,554
Profit for the year	11

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM282,332,973 and RM6,996,995.

14. INVESTMENTS (CONTD.)

(b) Acquisition of Subsidiaries (Contd.)

(i) Park May Berhad ("Park May") (Contd.)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property, plant and equipment	33,086
Investment properties	1,023
Deferred tax assets	742
Inventories	319
Trade and other receivables	14,301
Tax recoverable	148
Cash and bank balances	1,934
Trade and other payables	(34,605)
Borrowings	(71,955)
Retirement benefits	(1,443)
Deferred tax liabilities	(3,519)
Minority interests	(1,683)
Group's share of net liabilities	(61,652)
Goodwill on acquisition	86,651
Cost of acquisition	24,999
Total cost of acquisition	24,999

There were no other cash flow implications on the acquisition except for the cash and cash equivalents of Park May and its subsidiaries acquired totalling RM1,934,212.

(ii) PT Indonadi ("PTI")

On 24 April 2007, the Company acquired 70% equity interest in PTI, a private limited company incorporated in Indonesia, for a total cash consideration of USD70,000, amounting to approximately RM240,000.

The acquired subsidiary has contributed the following results to the Group:

	2007 RM'000
Revenue	12,404
Profit for the year	(462)

If the acquisition had occurred on 1 January 2007, the Group's revenue and profit for the year would have been RM262,705,812 and RM9,447,548, respectively.

14. INVESTMENTS (CONTD.)

(b) Acquisition of Subsidiaries (Contd.)

(ii) PT Indonadi ("PTI") (Contd.)

The fair values of the assets acquired and liabilities assumed from the acquisition of the subsidiary were as follows:

	RM'000
Property, plant and equipment	75
Deferred tax assets	118
Trade and other receivables	14,157
Cash and bank balances	202
Trade and other payables	(1,086)
Borrowings	(13,659)
Group's share of net liabilities	(193)
Goodwill on acquisition	433
Cost of acquisition	240
Cash outflow arising on acquisition:	
Purchase consideration satisfied by cash	240
Cash and cash equivalents of subsidiary acquired	(202)
Net cash outflow of the Group	38

There was no acquisition in the financial year ended 31 December 2006.

(iii) Additional investment in Kenderaan Langkasuka Sdn. Bhd. ("Langkasuka")

During the year, Langkasuka increased its ordinary paid-up share capital from 18,000 to 25,000 of RM10 each. The Company subscribed for an additional 7,000 ordinary shares of RM10 each for a cash consideration of RM70,000. The Company's interest in Langkasuka remains at 100% subsequent to the issuance of the additional ordinary paid-up share capital.

(c) Other Investments

	GROUP	
	2007 RM'000	2006 RM'000
Quoted shares, at cost	187	187
Provision for diminution	(78)	(78)
Carrying value	109	109
Unquoted shares, at cost	49	49
Provision for diminution	(49)	(49)
Carrying value	-	-
Total carrying value	109	109
Market value of quoted shares	129	135

15. GOODWILL

	GROUP	
	2007	2006
	RM'000	RM'000
At 1 January	-	-
Acquisition of subsidiaries	87,084	-
At 31 December	87,084	-

Impairment tests for goodwill

Allocation of goodwill

Goodwill has been allocated to the Malaysia bus operation 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

Fuel cost per litre is projected to increase by 30% in 2008 compared to 2007. This increase is expected to be compensated by fuel savings of 30% from introduction of Natural Gas Vehicle ("NGV") buses in 2008. No further change in fuel cost after 2008 is assumed.

(ii) Growth rate

The average traffic growth is assumed to be at 8% 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's proposal to increase bus fares will be approved by the Government by the second half of 2008 resulting in an increase of fares by 30%. There are no further fare increase assumed for subsequent years.

(iv) Discount rate

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

Sensitivity to changes in assumptions

There are reasonably possible changes in key assumptions which could cause the carrying value of the CGU to exceed its recoverable amount. The actual recoverable amount for this CGU exceeds it carrying amount by RM11,487,000. The implication of the key assumptions on the recoverable amount are discussed below:

(i) Fuel cost

Should fuel cost increase be higher than anticipated by 5% (i.e. 35%), the CGU's value would be reduced to its carrying amount.

(ii) Growth rate

Should the projected growth rate of 8% be lower by 1% (i.e. 7%), the CGU's value would be reduced to its carrying amount.

(iii) Increase in bus fare

Should the anticipated fare increase of 30% be lower by 5% (i.e. 25%), the CGU's valuewould be reduced to its carrying amount.

16. INVENTORIES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At cost:				
Diesel	427	480	-	-
Lubricant	166	184	-	-
Tyres and spare parts	350	499	-	-
Tickets stock and others	384	127	18	-
	1,327	1,290	18	-
At net realisable value:				
Tyres and spare parts	89	43	-	-
	1,416	1,333	18	-

The cost of inventories recognised as an expense during the financial year amounted to RM108,365,853 (2006: RM94,413,070).

17. OTHER RECEIVABLES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Deposits	4,568	3,508	-	-
Prepayments	5,138	4,524	14	-
Sundry receivables	12,318	9,986	1,055	-
	22,024	18,018	1,069	-
Less: Provision for doubtful debts	(546)	(264)	-	-
	21,478	17,754	1,069	-

18. TRADE RECEIVABLES

	GROUP	
	2007 RM'000	2006 RM'000
Trade receivables	23,436	2,007
Less: Provision for doubtful debts	(6,730)	(602)
	16,706	1,405

The Group normal trade credit terms ranges from 15 to 30 days (2006: 15 to 30 days). Other credit terms are assessed and approved on a case-by-case basis.

The Group has a significant concentration of credit risk that may arise from exposures to a single debtor amounting to RM12,161,000.

19. AMOUNT DUE FROM RELATED COMPANIES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade:				
Fellow subsidiaries	7,758	9,830	-	-
Immediate holding company	702	1,061	-	-
Penultimate holding company	828	729	-	-
	9,288	11,620	-	-
Non-trade:				
Subsidiaries	-	-	65,015	650
Fellow subsidiaries	23,721	27,551	-	-
Immediate holding company	10,341	9,954	-	-
Penultimate holding company	8,448	8,948	189	80
	42,510	46,453	65,204	730
	51,798	58,073	65,204	730

The amounts due from immediate and penultimate holding companies and fellow subsidiaries are unsecured, bear interest at 4.5% per annum commencing from 1 June 2007 and have no fixed terms of repayment. Prior to 1 June 2007, these amounts were interest-free.

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

20. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Cash on hand and at banks	1,786	3,809	8	54
Deposits with licensed banks	561	-	-	-
Cash and bank balances	2,347	3,809	8	54
Less: Fixed deposits pledged with licensed banks for securing banking facilities	(35)	-	-	-
	2,312	3,809	8	54

Deposits with licensed banks of the Group include deposits of RM35,000 (2006: Nil) which have been pledged as security for bank guarantee facilities granted to certain subsidiaries.

21. SHARE CAPITAL

	Number of Ordinary Share of RM0.50 Each		Amount	
	2007 ’000	2006 ’000	2007 RM’000	2006 RM’000
Authorised:				
At 1 January and 31 December	800,000	800,000	400,000	400,000
Issued and fully paid:				
At 1 January	252,000	252,000	126,000	126,000
Issue of ordinary shares:				
Acquisition of subsidiary (Note 14b(i))	49,998	-	24,999	-
At 31 December	301,998	252,000	150,999	126,000

During the financial year, pursuant to the Restructuring Scheme of Park May as disclosed in Note 33, the Company increased its issued and paid-up ordinary share capital from RM126,000,000 to RM150,998,674 by way of issuance of 49,997,348 ordinary shares of RM0.50 each for the acquisition of the entire issued and paid up ordinary share capital of Park May in exchange with 74,996,022 ordinary shares of RM1 each in Park May as stated in (Note 14b(i)).

The new ordinary shares issued during the financial year rank pari passu in all respects with the existing ordinary shares of the Company.

22. CAPITAL RESERVE

Capital reserves relates to share premium in a subsidiary accounted for in consolidation under the merger method of accounting.

23. BORROWINGS

	GROUP	
	2007 RM’000	2006 RM’000
Short Term Borrowings		
Secured		
Trust receipts	10,000	10,045
Finance lease payables (Note 24)	48,875	32,648
Term loan	2,644	330
	61,519	43,023
Long Term Borrowings		
Secured		
Finance lease payables (Note 24)	107,075	91,230
Term loan	9,233	454
	116,308	91,684
Total Borrowings		
Secured		
Trust receipts	10,000	10,045
Finance lease payables	155,950	123,878
Term loan	11,877	784
	177,827	134,707

23. BORROWINGS (CONTD.)

Maturity of Borrowings (excluding finance lease payables)

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Within one year	12,644	10,375
More than 1 year and less than 2 years	2,374	359
More than 2 years and less than 5 years	6,859	95
	21,877	10,829

The weighted effective interest rate is 7.88% (2006: 7.25%) per annum and is secured by a first legal charge over certain freehold land and buildings and leasehold land and buildings of the Group (Note 11 and 13).

24. FINANCE LEASE PAYABLES

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
Minimum lease payments:		
Not later than 1 year	59,613	41,299
Later than 1 year and not later than 2 years	42,668	35,003
Later than 2 years and not later than 5 years	62,447	54,254
Later than 5 years	16,828	13,596
	181,556	144,152
Less: Future finance charges	(25,606)	(20,274)
Present value of finance lease liabilities	155,950	123,878
Present value of finance lease liabilities:		
Not later than 1 year	48,875	32,648
Later than 1 year and not later than 2 years	35,912	29,454
Later than 2 years and not later than 5 years	54,624	48,434
Later than 5 years	16,539	13,342
	155,950	123,878
Analysed as:		
Due within 12 months (Note 23)	48,875	32,648
Due after 12 months (Note 23)	107,075	91,230
	155,950	123,878

The finance lease bore interest during the year of between 1.02% % to 5.50% (2006: 1.02% to 5.50%) per annum.

25. 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.

	GROUP	
	2007	**2006**
	RM'000	**RM'000**
The amounts recognised in the balance sheet are determined as follows:		
Present value of obligation	15,989	13,650
Fair value of plan assets	-	-
	15,989	13,650
Unrecognised actuarial gain	(4,798)	(4,028)
Net liability	11,191	9,622
Movement in the net liability were as follows:		
At 1 January	9,622	11,280
Additional provision during the year (Note 5)	1,608	537
Acquisition of subsidiary	1,443	-
Payment made during the year	(1,482)	(2,195)
At 31 December	11,191	9,622
The amounts recognised in the income statement are as follows:		
Current service cost	1,475	428
Interest cost	118	97
Actuarial gain	15	12
	1,608	537
At 31 December:		
Current	484	571
Non current:		
Later than 1 year but not later than 2 years	530	791
Later than 2 years but not later than 5 years	699	1,977
Later than 5 years	9,478	6,283
	10,707	9,051
	11,191	9,622

Principal actuarial assumptions used:

	2007	**2006**
	%	**%**
Discount rate	6	6
Expected price inflation	5	5

26. DEFERRED TAXATION

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
At 1 January	2,336	7,130	-	-
Acquisition of subsidiaries (Note 14(b))	2,659	-	-	-
Recognised in equity	(1,788)	-	(1,788)	-
Recognised in the income statement (Note 9)	768	(4,794)	290	-
At 31 December	3,975	2,336	(1,498)	-
Presented after appropriate offsetting as follows:				
Deferred tax assets	(3,961)	(1,862)	(1,498)	-
Deferred tax liabilities	7,936	4,198	-	-
	3,975	2,336	(1,498)	-

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 2007	4,198
Recognised in the income statement	219
Acquisition of subsidiaries	3,519
At 31 December 2007	7,936
At 1 January 2006	10,338
Recognised in the income statement	(6,140)
At 31 December 2006	4,198

Deferred tax assets of the Group:

	Irredeemable Convertible Secured Loan Stocks RM'000	Unabsorbed Tax Losses and Unutilised Capital Allowances RM'000	Provision for Retirement Benefits RM'000	Total RM'000
At 1 January 2007	-	-	(1,862)	(1,862)
Acquisition of subsidiaries	-	(487)	(373)	(860)
Recognised in equity	(1,788)	-	-	(1,788)
Recognised in the income statement	284	-	265	549
At 31 December 2007	(1,504)	(487)	(1,970)	(3,961)
At 1 January 2006	-	-	(3,208)	(3,208)
Recognised in the income statement	-	-	1,346	1,346
At 31 December 2006	-	-	(1,862)	(1,862)

26. DEFERRED TAXATION (CONTD.)

Deferred tax liabilities of the Company:

	Accelerated Capital Allowances Tax Losses RM'000
At 1 January 2007	-
Recognised in the income statement	6
At 31 December 2007	6

Deferred tax assets of the Company:

	Irredeemable Convertible Secured Loan Stocks RM'000
At 1 January 2007	-
Recognised in equity	(1,788)
Recognised in the income statement	284
At 31 December 2007	(1,504)

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

	GROUP	
	2007 RM'000	2006 RM'000
Unused tax losses	-	237
Unabsorbed capital allowances	1,046	216
Other deductible temporary differences	569	-
	1,615	453

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.

27. OTHER PAYABLES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Provision	174	418	26	604
Sundry payables	17,265	8,186	-	69
Accruals	7,509	6,392	602	26
	24,948	14,996	628	699

Included in sundry payables is the cost of purchase of buses pending finalisation of lease arrangements amounting to RM11,536,089 (2006: RM1,749,152).

28. TRADE PAYABLES

The normal trade credit terms granted to the Group ranges from 30 to 90 days (2006: 30 to 90 days).

29. AMOUNT DUE TO RELATED COMPANIES

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Trade:				
Fellow subsidiaries	2,479	12,772	-	-
Immediate holding company	-	50	-	-
	2,479	12,822	-	-
Non-trade:				
Fellow subsidiaries	17,525	5,255	-	-
Immediate holding company	2,960	712	432	2
Penultimate holding company	1,679	-	527	-
Subsidiaries	-	-	2,600	-
	22,164	5,967	3,559	2
	24,643	18,789	3,559	2

The amounts due to immediate and penultimate holding companies, fellow subsidiaries and subsidiaries are unsecured, interest-free and have no fixed terms of repayment.

30. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS")

On 26 June 2007, the Company issued 63,000,000 of 3-year ICSLS 2007/2010 at nominal amount of RM1 each. The ICSLS was issued to the holder of RM63,000,000 outstanding Commercial Papers/ Medium Term Notes ("CP/MTN") of Park May as full and final settlement of the CP/MTN. The issuance of the ICSLS was pursuant to the Restructuring Scheme of Park May as disclosed in Note 33 to the financial statements.

The terms of the ICSLS are as follows:

(i) Conversion Price

The conversion price is fixed at RM0.625 for each share.

(ii) Conversion Rights

The registered holder of the ICSLS has the right at any time during the conversion period to convert the ICSLS at the conversion price into new ordinary shares of RM0.50 each in the Company.

(iii) Conversion Period

The ICSLS can be converted into new ordinary shares of RM0.50 each in the Company at any time during the 3 years.

(iv) Redeemability

The ICSLS shall not be redeemable.

(v) Interest

The ICSLS bear interest at the rate of 4% per annum based on the nominal amount of the ICSLS payable quarterly in arrears.

30. IRREDEEMABLE CONVERTIBLE SECURED LOAN STOCKS ("ICSLS") (CONTD.)

(vi) Security

ICSLS is secured by a second charge on certain freehold and leasehold lands owned by certain subsidiaries of the Company. A second debenture was created which consists of fixed and floating charge over assets of certain subsidiaries.

The ICSLS have been split between the liability component and the equity component, representing the fair value of the conversion option. The amounts recognised in the balance sheet of the Group may be analysed as follows:

	RM'000
Nominal value of ICSLS	63,000
Liability component at date of issuance	(6,877)
Deferred tax assets recognised on the liability component	1,788
Equity component	57,911
Liability component:	
At date of issue	6,877
Interest expense recognised in income statement	198
Repayment during the year	(1,291)
At 31 December 2007	5,784
Liability component analysed as:	
Current	3,562
Non-current	2,222
	5,784

Interest expense on the ICSLS is calculated on the effective yield basis by applying the discount rate of 6% per annum.

31. COMMITMENTS

	2007 RM'000	2006 RM'000
Approved but not contracted for:		
Buses	51,309	47,940

32. RELATED PARTY DISCLOSURES

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

Company	**Relationship**
Park May Berhad ("Park May")	A former related party, in which a director, Dato' Mohd Nadzmi bin Mohd Salleh has interest. During the year, Park May became a subsidiary
Limora Travel Services Sdn. Bhd. ("LTS")	A subsidiary of penultimate holding company
Nadi Motors Sdn. Bhd. ("Nadi Motors")	A subsidiary of immediate holding company
Badan Bas Sdn. Bhd. ("BBSB")	A subsidiary of penultimate holding company
Usmeta Manufacturing Sdn. Bhd. ("Usmeta")	A subsidiary of penultimate holding company
MHSB Trading Sdn. Bhd. ("MHSB")	A subsidiary of penultimate holding company
Puspamara Sdn. Bhd. ("Puspamara")	A subsidiary of penultimate holding company
The United Transport Co. Sdn.Bhd. ("UTC")	A subsidiary of immediate holding company
Trans Express Courier Sdn. Bhd. ("TEC")	A subsidiary of penultimate holding company
Perkhidmatan Teguh Sdn. Bhd. ("PTSB")	A subsidiary of penultimate holding company
Nadi Insurance Services Sdn. Bhd. ("Nadi Insurance")	A subsidiary of the immediate holding
MHSB Development Sdn. Bhd. ("MDSB")	A subsidiary of penultimate holding company
Simpura Aktif Sdn. Bhd. ("SASB")	A subsidiary of penultimate holding company
Carefree Premium Sdn. Bhd. ("Carefree")	A subsidiary of the immediate holding company
Ilham Tulen Sdn. Bhd. ("Ilham Tulen")	A company in which a director, Dato' Mohd Nadzmi bin Mohd Salleh has interest
Western Gallant Sdn. Bhd. ("WGSB")	A subsidiary of penultimate holding company
Kumpulan Kenderaan Malaysia Berhad ("KKMB")	Immediate holding company
Nadicorp Holdings Sdn. Bhd. ("Nadicorp")	Penultimate holding company
Edisi Bimbingan Sdn. Bhd. ("Edisi")	A corporate shareholder

32. RELATED PARTY DISCLOSURES (CONTD.)

	2007 RM'000	2006 RM'000
Company		
Rental of buses to:		
- Park May	-	(314)
- LTS	(8)	(40)
- Nadi Motors	-	(1,364)
- Puspamara	(72)	(72)
Rental of buses from:		
- KKMB	550	-
- Park May	-	495
- UTC	1,393	804
Bus repair services provided by:		
- BBSB	875	5,768
- Usmeta	36	43
- MHSB	1,412	-
- Park May	-	794
Bus repair services provided to:		
- MHSB	(2)	(189)
- UTC	-	(76)
Rental of premises to:		
- Park May	-	(24)
- MHSB	(13)	(116)
- TEC	(9)	-
Fuel and lubricant provided by:		
- BBSB	9	-
Spare parts provided by:		
- BBSB	85	227
- Usmeta	432	47
- MHSB	2,919	8,579
Spare parts provided to MHSB	-	(45)
Tyres provided to:		
- Usmeta	(26)	-
Tyres provided by:		
- Usmeta	8,274	6,463
Security services from PTSB	532	227
Insurance provided by Nadi Insurance	1,454	988
Utilities provided to BBSB	-	(139)
Sale of land/buildings/buses to:		
- MDSB	(540)	-
- MHSB	(8,000)	-
- Edisi	(7,680)	
- Carefree	-	(7,950)
Purchase of buses from BBSB	8,027	-
Purchase of assets/properties from:		
- MHSB	300	-
- UTC	-	265
- Ilham Tulen	-	726
- WGSB	2,100	461
Workshop/Counter/Terminal maintenance provided by MHSB	8,027	498
Advertisement billed to:		
- KKMB	-	(8,192)
- Carefree	(1,777)	-
- Edisi	(3,216)	-
Management fees billed to:		
- KKMB	-	(110)
E-ticketing system maintenance provided by:		
- Nadicorp	223	-
- KKMB	352	-
Secretarial fees provided by:		
- Nadicorp	84	-
Uniform expenses provided by Puspamara	48	-

Information regarding outstanding balances arising from related party transactions as at 31 December 2007 are disclosed in Note 19 and 29.

32. RELATED PARTY DISCLOSURES (CONTD.)

(b) Compensation of key management personnel

The directors are of the opinion that all the transactions above 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 Company.

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 was as follows:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Short-term employee benefits	1,425	655	1,425	655
Post-employment benefits:				
- Defined contribution plan	220	100	220	100
	1,645	755	1,645	755

Included in the total key management personnel are:

	GROUP		COMPANY	
	2007 RM'000	2006 RM'000	2007 RM'000	2006 RM'000
Directors' remuneration (Note 6)	796	-	796	-

33. SIGNIFICANT EVENTS

Proposed Corporate and Debt Restructuring scheme ("Scheme") entered between the Company, Park May Berhad ("Park May") and Kumpulan Kenderaan Malaysia Berhad ("KKMB')

On 11 March 2004, the Company entered into a definitive agreement ("Principal Agreement") on a proposed corporate and debt restructuring scheme between Park May and KKMB.

Under the Scheme, the Company proposed to acquire eight (8) subsidiaries of KKMB for a total purchase consideration of RM125 million by the issuance of 250 million new ordinary shares of RM0.50 each in the Company. ("the Internal Group Restructuring"). The Internal Group Restructuring was completed in 2005.

In addition, the Company proposed the issuance of 49.998 million new ordinary shares at RM0.50 each to the existing shareholders of Park May on the basis of two (2) new ordinary shares in the Company for every three (3) existing ordinary shares of Park May at RM1.00 each prior to the cancellation of ordinary shares in Park May ("the Proposed Share Exchange").

Conditional upon the Proposed Share Exchange Event, Park May proposed to cancel the entire enlarged issued and paid-up capital of Park May, comprising 74.996 million ordinary shares of RM1 each, and to issue 74.996 million new ordinary shares at RM1.00 each to the Company, that would result in Park May becoming a wholly-owned subsidiary of the Company ("Proposed Shares Cancellation").

Conditional upon the Proposed Shares Cancellation, Park May proposed to transfer Park May's listing status to the Company and the listing of the entire issued and paid-up share capital of the Company on the Main Board of the Bursa Malaysia.

The Company had also entered into a Debt Restructuring Agreement with Park May, Affin Discount Berhad and Malaysian Trustees Berhad for the carrying out of the proposed Debt Restructuring, and the issuance of Irredeemable Convertible Secured Loan Stocks ("ICSLS") at nominal value of RM63 million bearing a coupon rate of four (4) per cent per annum to Affin Discount Berhad, in accordance with the terms and conditions of the debt restructuring agreement. The additional shares pursuant to the Share Sale Agreement, and the ICSLS had not been issued as at the date of this report, pending fulfilment of certain condition.

33. SIGNIFICANT EVENTS (CONTD.)

The proposed corporate and debt restructuring scheme was approved by the Securities Commission on 27 July 2004.

Park May has submitted an application to the SC for the extension of time from 27 July 2005 until 26 June 2007 for Park May to complete the Scheme via letter dated 20 December 2006.

On 6 June 2007, the Company acquired the entire issued and paid up share capital of Park May comprising 74,996,022 ordinary shares of RM1.00 each for a total purchase consideration of RM24,998,674 satisfied by the issuance of 49,997,348 new ordinary shares in the Company at par value of RM0.50 per ordinary share.

On 15 June 2007, the Company was admitted to the Official List of the Main Board of Bursa Malaysia Securities Berhad in place of Park May.

On 26 June 2007, the Company announced that it has fully completed the Scheme upon the issuance of the ICSLS.

34. FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

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

(b) Interest Rate Risk

The Group's primary interest rate risk relates to interest-bearing borrowings.

The Group manages its interest rate exposure 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.

(c) Liquidity Risk

The Group actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. The Group relies on its related companies' funding to meet its working capital requirements. The Group raises long term borrowings from financial institutions to finance its capital expenditure.

(d) Credit Risk

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instrument except for as disclosed in Note 18.

34. FINANCIAL INSTRUMENTS (CONTD.)

(e) Fair Values

The aggregate fair values of financial asset and financial liabilities carried on the balance sheet of the Group as at the end of the financial year are presented as follows:

		GROUP	
	Note	Carrying Amount RM'000	Fair Value RM'000
Financial asset/(liabilities)			
At 31 December 2007:			
Quoted investments	14(c)	109	129
Term loans	23	(11,877)	(11,709)
ICSLS	30	(5,784)	(5,784)
Finance lease payables	24	(155,950)	(105,305)
At 31 December 2006:			
Quoted investments	14(c)	109	135
Term loans	23	(784)	(758)
Finance lease payables	24	(123,878)	(122,849)

The fair values have been determined by discounting the relevant cash flows using the effective interest rates as at the balance sheet date.

The carrying amounts of the cash and cash equivalents, amounts due by or to related companies, receivables and payables approximate their fair values due to relatively short term nature of these financial instruments.

35. SEGMENTAL REPORTING

The Group is principally engaged in the public bus transport business predominantly in Malaysia. No segmental information is provided on business and geographical segments basis under the requirement of FRS 114.

The directors are of the opinion that all inter-segments transactions have been entered into in the normal course of business and have been established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties.

36. SUBSEQUENT EVENT

On 9 April 2008, the Company announced that it had entered into a Share Purchase Agreement ("SPA") for the acquisition of 150,002 ordinary shares of RM1 representing the entire issued and paid-up ordinary share capital of Mobile Advertising Serv. For Transport Ops. Sdn Bhd. ("Mastro") from its shareholders whom are also the Company's directors, Dato' Mohd Nadzmi bin Mohd Salleh and Tengku Mohd Hasmadi bin Tengku Hashim for a total cash consideration of RM1. The proposed acquisition is expected to be completed within one month from the date of SPA.

37. CONTINGENT LIABILITY

On 2 June 2003, Siana Corporation Sdn Bhd ("Siana"), a subsidiary of the Company, made claims against Exing Sdn. Bhd. ("Exing") in the Kuala Lumpur High Court, RM4,954,595 for breach of service contract dated 1 May 2002 between Siana and Exing.

Exing served its Statement of Defence and counterclaimed of RM7,311,057 against Siana on 22 September 2003. However, by a court order dated 29 September 2003, Exing was wound up by a third party. Consequently, on 27 January 2004, Siana withdrew its claim against Exing and has filed the Proof of Debt with Official Receiver on 17 January 2005.

On 29 May 2007, Siana was served with a Notice of Demand pursuant to Section 218 of the Companies Act by Exing. Subsequent to Siana's application for an injunction to stop Exing from instituting winding up proceeding against Siana, Exing had withdrawn their Section 218 Notice on 4th December 2007.

Siana has filed its Statement of Defence and Exing (in liquidation) and/or Exing's lawyer have taken no further steps to set the matter down for trial and no further date has been fixed by the court.

Siana has been advised by its solicitors that Exing's claim is subject to proof and may ultimately be proven to be unsubstantiated with regards to the sum claimed. Further, Siana has been also advised by its solicitors that it has a sound defence to Exing's claim.

38. SUBSIDIARIES AND ACTIVITIES

Details of the subsidiaries are as follows:

Name of Subsidiaries	Country of Incorporation	Equity Held (%) 2007	2006	Principal Activities
Syarikat Kenderaan Melayu Kelantan Berhad ("SKMK") #	Malaysia	100	100	Public Transportation services
Syarikat Tanjung Keramat Temerloh Omnibus Berhad ("TKT")	Malaysia	100	100	Public Transportation services
Kenderaan Langkasuka Sdn. Bhd. ("Langkasuka") #	Malaysia	100	100	Public Transportation services
Kenderaan Klang Banting Berhad ("KKB")	Malaysia	100	100	Public Transportation services
Kenderaan Labu Sendayan Sdn. Bhd. ("KLS")	Malaysia	100	100	Public Transportation services
Starise Sdn. Bhd. ("Starise")	Malaysia	100	100	Public Transportation services
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	-	Investment holdings
PT Indonadi #	Indonesia	70	-	Trading of vehicles

38. SUBSIDIARIES AND ACTIVITIES (CONTD.)

Name of Subsidiaries	Country of Incorporation	Equity Held (%) 2007	2006	Principal Activities
Subsidiaries of Park May				
The Kuala Lumpur, Klang and Port Sweettenham Omnibus Company Bhd. ("KLK")	Malaysia	100	-	Public transportation services and investment holdings
Landvest Sdn. Bhd.	Malaysia	100	-	Ceased operations
Yee Yow Coachbuilders Sdn. Bhd.	Malaysia	100	-	Ceased operations
Jurubas Sdn. Bhd.	Malaysia	100	-	Ceased operations
Siana Corporation Sdn. Bhd.	Malaysia	100	-	Ceased operations
Tulus Hebat Sdn. Bhd. ("THSB")	Malaysia	100	-	Investment holdings
Plusliner Travel & Tours Sdn. Bhd.	Malaysia	100	-	Domestic travel and tour
Nikra Sdn. Bhd. ("NSB")	Malaysia	95	-	Investment holdings
Min Sen Holdings Sdn. Bhd. ("MSHSB")	Malaysia	67	-	Management, property holding and investment holding
Ulung Perkasa Sdn. Bhd. ("UPSB")	Malaysia	100	-	Investment holdings
Plusliner Sdn. Bhd. ("PLSB")	Malaysia	100	-	Public transportation services and investment holdings
City Profile Sdn. Bhd.	Malaysia	100	-	Ceased operations
Jelebu Holdings Sdn. Bhd. ("JHSB")	Malaysia	83	-	Investment holdings
Subsidiaries of KLK				
The Kuala Selangor Omnibus Company Bhd.	Malaysia	90	-	Public transportation services
Tg. Karang Transportation Sdn. Bhd.	Malaysia	70	-	Public transportation services
Subsidiaries of THSB				
Cityliner Sdn. Bhd.	Malaysia	100	-	Public transportation services
Len Chee Omnibus Company Sdn. Bhd.	Malaysia	85	-	Public transportation services
Forefront Achievement Sdn. Bhd.	Malaysia	100	-	Investment holdings

38. SUBSIDIARIES AND ACTIVITIES (CONTD.)

Name of Subsidiaries	Country of Incorporation	Equity Held (%) 2007	Equity Held (%) 2006	Principal Activities
Subsidiary of NSB				
Central Province Wellesley Transport Company Sdn. Bhd.	Malaysia	95	-	Public transportation services
Subsidiaries of MSHSB				
The Min Sen Omnibus Company Sdn. Bhd.	Malaysia	67	-	Public transportation services
Sam Lian Enterprise Sdn. Bhd.	Malaysia	67	-	Property holding
Sam Lian Omnibus Company Sdn. Bhd.	Malaysia	42	-	Public transportation services
Subsidiaries of UPSB				
Leng Huat Omnibus Company Sdn. Bhd.	Malaysia	97	-	Inactive
Kuala Terengganu Kuantan Express Company Sdn. Bhd.	Malaysia	81	-	Inactive
Syarikat Express Kuala Terengganu - Kuala Lumpur Sdn. Bhd.	Malaysia	100	-	Inactive
The Kuantan - Kuala Lumpur Express Omnibus Company Sdn. Bhd.	Malaysia	95	-	Public transportation services
Subsidiaries of PLSB				
Raya Ekspress Sdn. Bhd.	Malaysia	100	-	Inactive
Pengangkutan Sri (Perak) Bhd.	Malaysia	91	-	Public transportation services
Syarikat Ebban Sdn. Bhd.	Malaysia	62	-	Public transportation services
Bacius Pte. Ltd.	Singapore	100	-	Ticketing agent
Subsidiaries of JHSB				
Kenderaan Bas Port Dickson Sdn. Bhd.	Malaysia	93	-	Public transportation services
Kenderaan Bas Linggi Sdn. Bhd.	Malaysia	73	-	Public transportation services
Kenderaan Bas Jelebu Sdn. Bhd.	Malaysia	83	-	Public transportation services
Kenderaan Bas Seremban Sdn. Bhd.	Malaysia	57	-	Public transportation services

Audited by firms other than Ernst & Young.

ANALYSIS OF SHAREHOLDINGS
As at 12 May 2008

Authorised Capital	:	RM400,000,000
Issued and Fully Paid	:	RM301,997,348
Class of Shares	:	Ordinary shares of RM0.50
No. of Shareholders	:	4,515
Voting Rights	:	1 vote per ordinary share

DISTRIBUTION OF SHAREHOLDERS

Size of Holdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less than 100	137	3.03	5,436	0.00
100 – 1,000	1,401	31.03	1,009,166	0.33
1,001 – 10,000	2,238	49.57	9,158,815	3.04
10,001 – 100,000	644	14.26	19,387,851	6.42
100,001 to less than 5% of issued shares	92	2.04	83,382,592	27.61
5% and above of issued shares	3	0.07	189,053,48	62.60
Total	4,515	100.00	301,997,348	100.00

SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares	%
1.	Kumpulan Kenderaan Malaysia Berhad - 133,628,041 shares held through own name - 9,200,000 shares held through own name - 30,000,000 shares held through OSK Nominees (Tempatan) Sdn Berhad - 14,000,000 shares held though OSK Nominees (Tempatan) Sdn Berhad	186,828,041	61.86
2.	Lengkap Suci Sdn Bhd	24,425,447	8.42

DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	Direct Interest	%
1.	YBhg Dato' Mohd Nadzmi Bin Mohd Salleh - 3,800,000 shares held though own name - 106,600 shares held through HLG Nominees (Tempatan) Sdn Berhad	3,906,600	1.29
2.	YBhg Datuk Sulaiman Bin Daud	350,000	0.12
3.	YM Tengku Mohd Hasmadi Bin Tengku Hashim - 350,000 shares held through OSK Nominees (Tempatan) Sdn Berhad	350,000	0.12
4.	Encik Zainal Abidin Bin Jamal	350,000	0.12
5.	Encik Muhammad Adib Bin Ariffin - 185,100 shares held through BHLB Trustee Berhad	185,100	-

LIST OF 30 LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Kumpulan Kenderaan Malaysia Berhad	133,628,041	44.25
2.	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Kumpulan Kenderaan Malaysia Berhad	30,000,000	9.93
3.	Lengkap Suci Sdn Bhd	25,425,447	8.42
4.	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Kumpulan Kenderaan Malaysia Berhad	14,000,000	4.64
5.	UEM Group Berhad	12,425,237	4.11
6.	Ibrahim Bin Ali	12,257,200	4.06
7.	Kumpulan Kenderaan Malaysia Berhad	9,200,000	3.05
8.	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Edisi Bimbingan Sdn Bhd	7,000,000	2.32
9.	Dato' Mohd Nadzmi Bin Mohd Salleh	3,800,000	1.26
10.	Yee Hoong Hing	983,893	0.33
11.	Amsec Nominees (Tempatan) Sdn Bhd Exempt an AmTrustee Berhad	970,723	0.32
12.	Tan Kok Keng	958,200	0.32
13.	Scomi Coach Sdn Bhd	943,649	0.31
14.	Tan Eng Boon	889,800	0.29
15.	Denso (Malaysia) Sdn Bhd	885,913	0.29
16.	KL Star Sdn Bhd	856,500	0.28
17.	Yeoh Kean Hua	686,667	0.23
18.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged securities account for Hi Geok Kim @ Hi Peh Lang	536,000	0.18
19.	RHB Nominees (Asing) Sdn Bhd UOB Kay Hian Private Limited for Phay Koon Seow	518,000	0.17
20.	Cimsec Nominees (Tempatan) Sdn Bhd CIMB Bank for Mohammed Amin Bin Mahmud	516,000	0.17
21.	Yio Kim Sim	513,500	0.17
22.	Che Mokhtar Bin Che Ali	500,000	0.17
23.	Chock Kok Huat	470,200	0.16
24.	Tan Siew Harn	460,000	0.15
25.	Sumardi Bin Ardul	361,100	0.12
26.	Datuk Sulaiman Bin Daud	350,000	0.12
27.	Zainal Abidin Bin Jamal	350,000	0.12
28.	OSK Nominees (Tempatan) Sdn Berhad OSK Capital Sdn Bhd for Tengku Mohd Hasmadi Bin Tengku Hashim	350,000	0.12
29.	Teng Eng Huat	347,000	0.11
30.	Ke-Zan Nominees (Tempatan) Sdn Bhd Kim Eng Securities Pte Ltd for Law Ah Moy	338,500	0.11
	TOTAL	**260,521,570**	**86.27**

LIST OF PROPERTIES

No.	Postal Address	Registered Owner	Approximate Age of Building	Tenure/Date of Expiry of Lease	Description/ Existing Use	Estimated Land Area/Built-Up Area	Audited NBV as at 31.12.07 (RM'000)	Date of Acquisition/ Valuation
1.	No. 83D, 2nd Floor, Hock Lee Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	KNKL	>30	Freehold strata	Flat used as staff quarters	48 (build-up area)	Nil	21.09.2006
2.	No. 85D, 2nd Floor, Hock Lee Mansion, Jalan Union, 51000 Sentul, Kuala Lumpur	Syarikat Ekspress Kuala Terengganu KL Sdn Bhd	>30	Freehold strata	Flat used as staff quarters	48 (build-up area)	2.7	21.09.2006
3.	Lot 1512, Selangor Mansion, 5th Floor, Jalan Masjid India, Kuala Lumpur	KNKL	>30	Freehold strata	Flat rented out to third party	48 (build-up area)	Nil	27.10.2006
4.	Lot 3988-3989, Oakland Industrial Park, Seremban, Negeri Sembilan	Jelebu	12	Freehold	Office building with depot	7,151 (land area) 1,186 (built-up area)	1,375.2	21.09.2006
5.	Lot 104-108, 407-408, Jalan Kg Gajah, 12200 Butterworth, Pulau Pinang	CPW	12	Freehold	Office building, bus depot and workshop	5,547 (land area) 1,695 (built-up area)	1,665.4	19.10.2006
6.	Lot No. 462 & 1004, No. 3967, Jalan Bagan Luar, Butterworth, Pulau Pinang	CPW	12	Freehold	Office and bus depot	2,452 (land area) 1,032 (built-up area)	2,795.2	19.10.2006
7.	Lot No. 2729 & 2730 No. 354, Jalan Ria, 34200 Parit Buntar, Perak	SLE	15	Freehold	Bus workshop cum depot	323 (land area) 330 (built-up area)	97.3	27.10.2006
8.	Lot 9613, Jalan Tronoh, Kg Pancho Bota Kanan, Perak	PSP	13	Freehold	Bus workshop cum depot	11,509 (land area) 305 (built-up area)	60.0	20.10.2006
9.	G73, Pine Resort Condominium, 49000 Bukit Fraser, Perak	Park May	15	99-year leasehold expiring on 23.05.2082	Holiday apartment	129 (built-up area)	245.3	22.09.2006
10.	Lot No. PT 6301, Lot 34.Semambu Industrial Estate, 25350 Kuantan, Pahang	Leng Huat	15	66-year leasehold expiring on 24.08.2041	Office building with depot	8,094 (land area) 1,755 (built-up area)	475.4	23.09.2006
11.	Lot 1802, No. 46, Ruby Garden, 27000 Jerantut, Pahang	Leng Huat	11	Freehold	A single-storey terrace house	207 (land area) 102 (built-up area)	Nil	19.09.2006
12.	Lot No. 77675, Taman Nusa Perintis, 1 HS (D) 258267 Bandar Nusajaya, Mukim of Pulai, Johor Bahru, Johor	Tulus Hebat	8	Freehold	3-storey shopoffice	1,540 (land area) 429 (built-up area)	455.3	27.09.2006

LIST OF PROPERTIES

No.	Postal Address	Registered Owner	Approximate Age of Building	Tenure/Date of Expiry of Lease	Description/ Existing Use	Estimated Land Area/Built-Up Area	Audited NBV as at 31.12.07 (RM'000)	Date of Acquisition/ Valuation
13.	Lot No. 77676, Taman Nusa Perintis, 1 HS (D) 258267 Bandar Nusajaya, Mukim of Pulai, Johor Bahru, Johor	Plusliner	8	Freehold	3-storey shop office	1,540 (land area) 429 (built-up area)	594.9	27.09.2006
14.	Lot 138, Jalan Bunga Pekan, 42700 Banting, Selangor	Klang Banting	19	60-year leasehold expiring on 31.10.2049	Bus station office	4,532 (land area) 862 (built-ip area)	384.1	11.12.1996
15.	No. 1-238, Tingkat 1 & 2, Jalan Sungai Bertek, 41100 Klang, Selangor	Klang Banting	4	Freehold	3-storey shop office	158 (build-up area)	453.2	01.05.2002
16.	No. 14, Jalan Semantan 4, Lurah Semantan, 28000 Temerloh, Pahang	Keramat	15	99-year leasehold expiring on 30.01.2090	3-storey shop office	133 (land area) 114 (built-up area)	151.3	05.07.1990
17.	Lot 3, Kawasan Perindustrian, Songsang, Jalan Jerantut, 28000 Temerloh, Pahang	Keramat	30	60-year leasehold expiring on 27.04.2043	Bus depot	4,047 (land area) 685 (built-up area)	56.7	27.07.1975
18.	PT 83, Jalan Dato Sedia Raja, 71300 Rembau, Negeri Sembilan	Rembau Tampin	21	99-year leasehold expiring on 19.01.2081	Bus depot	3,440 (land area) 616 (built-up area)	1,380.6	01.01.1989
19.	Unit No. 139, Lot 33, Ground Floor, Kompleks Alor Setar, Jalan Kancut, 05100 Alor Setar, Kedah	Langkasuka	3	99-year leasehold expiring on 26.08.2083	Shop unit	98 (built-up area)	160.2	01.08.2002
20.	Unit No. 143-C, Lot 37, Tingkat Bawah, Kompleks Alor Setar, Ja;an Kancut, 05100 Alor Setar, Kedah	Langkasuka	3	99-year leasehold expiring on 26.08.2083	Shop unit	65 (built-up area)	136.7	01.08.2002
21.	No. 18, Jalan Gagah, Kawasan Perindustrian Larkin, 80350 Ulu Tiram, Johor	Transnasional	2	60-year leasehold expiring on 8.09.2032	Bus depot	6,273 (land area) 1,754 (built-up area)	1,651.0	01.05.2003
22.	Jalan Raja Perempuan Zainab II, 16150 Kota Bharu, Kelantan	SKMK	3	Freehold	Office and bus depot	38,178 (land area) 5,708 (built-up area)	1,248.7	01.01.1982

LIST OF PROPERTIES

No.	Postal Address	Registered Owner	Approximate Age of Building	Tenure/Date of Expiry of Lease	Description/ Existing Use	Estimated Land Area/Built-Up Area	Audited NBV as at 31.12.07 (RM'000)	Date of Acquisition/ Valuation
23.	Lot 49, Jalan Pasir Puteh, 15200 Kota Bharu, Kelantan	SKMK	3	Freehold	Bus station and workshop	5,192 (land area) 612 (built-up area)	661.0	01.01.1982
24.	Lot 43, Jalan Pasir Puteh, 15200 Kota Bharu, Kelantan	SKMK	12	Freehold	Vacant	3,068 (land area)	839.0	01.01.1982
25.	No. 2832-A, Jalan Pendek, 15000 Kota Bharu, Kelantan	SKMK	21	99-year leasehold expiring on 31.10.2050	Bus station	1,248 (land area) 618 (built-up area)	1,335.2	01.01.1982
26.	Lot 177, Stesyen Bas S.K.M.K., 16200 Tumpat, Kelantan	SKMK	22	99-year leasehold expiring on 1.02.2071	Bus station	1,770 (land area) 574 (built-up area)	164.8	01.01.2003
27.	159A, Jalan Limbongan, 16800 Pasir Puteh, Kelantan	SKMK	13	Freehold	Vacant	457 (land area)	1.5	01.01.1952
28.	276C, Jalan Kota Bharu, 16800 Pasir Puteh, Kelantan	SKMK	39	Freehold	Bus depot	4,365 (land area) 269 (built-up area)	288.0	01.01.1992
29.	9, Kawasan Perusahaan, Batu 4, Tanah Merah, Kelantan	PKINK (Refer to Section 3(v) of this Prospectus)	20	66-year leasehold expiring on 6.11.2047	Bus depot	36,433 (land area) 486 (built-up area)	601.9	01.01.1985
30.	6, Stesen Bas Tanah Merah, Kelantan	SKMK	17	Freehold	Bus station	1,886 (land area) 560 (built-up area)	398.1	01.01.1988
31.	Stesyen Bas SKMK Machang, 18500 Machang, Kelantan	SKMK	23	99-year leasehold expiring on 14.05.2059	Bus station	1,485 (land area) 748 (built-up area)	206.8	01.01.1982
32.	lot 3, Jalan Pasir Puteh, Bandar Machang, Kelantan	SKMK	21	99-year leasehold expiring on 13.11.2080	Bus station	2,736 (land area) 148 (built-up area)	128.9	01.01.1985
33.	2394, Jalan Ah Sang, 18000 Kuala Krai, Kelantan	SKMK	19	33-year leasehold expiring on 27.07.2017	Bus station and depot	3,011 (land area) 421 (built-up area)	131.3	01.01.1987

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PROXY FORM

KONSORTIUM TRANSNASIONAL BERHAD (617580-T)
(Incorporated 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 Fourth Annual General Meeting of the Company to be held at the Ball Room, Level 1, Kuala Lumpur International Hotel, Jalan Raja Muda Abd Aziz, 50738 Kuala Lumpur on Tuesday 24th June 2008 at 10.00 a.m. and at any adjournment thereof, in the manner indicated below:-

RESOLUTION		FOR	AGAINST
1	Adoption of Accounts and Reports for the year ended 31 December 2007		
2	Re-election of Directors under Article 128: YM Tengku Mohd Hasmadi Tengku Hashim		
3	Approval of Directors Fees		
4	Re-appointment of Messrs. Ernst & Young as Auditors of the Company		
5	Special Business Proposed ratification of recurrent related party transactions of a revenue or trading nature		
6	Special Business Proposed general mandate for recurrent related party transactions of a revenue or trading nature		
7	Special Business General authority for the Directors to issue shares		

(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 ____________________ 2008

____
Signature / Seal

NOTE:

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.

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.

Where a member of the Company appoints two (2) proxies, the appointment shall be invalid unless the member specifies the proportion of his shareholding to be represented by each proxy is specified.

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.

fold here

affix stamp here

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

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