ELECTRONIC DISCLAIMER

NOT FOR DISTRIBUTION TO PERSONS THAT DO NOT FALL WITHIN ANY ONE OR MORE OF THE CATEGORIES OF PERSONS SPECIFIED IN SCHEDULE 6 OR SECTION 229(1)(b), OR SCHEDULE 7 OR SECTION 230(1)(b) AND SCHEDULE 9 OR SECTION 257(3) OF THE CAPITAL MARKETS AND SERVICES ACT 2007 OF MALAYSIA AS AMENDED FROM TIME TO TIME ("**CMSA**") AT ISSUANCE AND SCHEDULE 6 OR SECTION 229(1)(b) AND SCHEDULE 9 OR SECTION 257(3) OF THE CMSA THEREAFTER.

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached Information Memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached Information Memorandum. In accessing the attached Information Memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view the attached Information Memorandum or make an investment decision with respect to the Islamic medium term notes issued, you must be a person to whom an issue, offer or invitation to subscribe or purchase the Islamic medium term notes of up to RM1,350,000,000 in nominal value based on the Shariah principle of Musharakah (the "**Sukuk Musharakah**") would constitute an issue, offer or invitation to subscribe or purchase the Sukuk Musharakah to a person falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), or Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA at issuance and Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA thereafter. The attached Information Memorandum is being sent at your request and by accepting the e-mail and accessing the attached Information Memorandum, you shall be deemed to have represented to us (1) that you are a person falling within one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b), or Schedule 7 or Section 230(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA at issuance and Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA thereafter, and (2) that you consent to the delivery of the attached Information Memorandum and any amendments or supplements thereto by electronic transmission.

The attached Information Memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently Standard Chartered Saadiq Berhad (Company No. 823437-K) (the "**Lead Arranger**" or the "**Lead Manager**") being the lead arranger and lead manager for the issue of Sukuk Musharakah and the lead manager for the offering of the Sukuk Musharakah or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SUKUK MUSHARAKAH FOR SALE IN THE UNITED STATES ("U.S") OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SUKUK MUSHARAKAH HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED ("SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATIONS UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Restrictions:

This Information Memorandum is strictly confidential and does not constitute an offer to subscribe for or purchase the Sukuk Musharakah or any invitation to subscribe for or purchase of the Sukuk Musharakah to any person or to the public generally.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia (the "**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Musharakah or any other securities of any kind by any party in any Foreign Jurisdiction. You are reminded that you have accessed this Information Memorandum on the basis that you are a person into whose possession this Information Memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the Sukuk Musharakah described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any Sukuk Musharakah by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION, REPRODUCTION OR ALTERATION OF ANY OF THE CONTENTS OF THIS DOCUMENT AND THE ATTACHED INFORMATION MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORISED. BY OPENING AND ACCEPTING THE ATTACHED INFORMATION MEMORANDUM YOU AGREE TO THE FOREGOING.

You are responsible for protecting against viruses and other destructive items. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature. Transmission over the internet may be subject to interruptions, transmission blackout, and delayed transmission due to internet traffic, incorrect data transmission due to the public nature of the internet, data corruption, interception, unauthorised amendment, tampering, viruses or other technical, mechanical or systemic risks associated with internet transmissions. The Issuer and/or the Lead Arranger have not accepted and will not accept any responsibility and/or liability for any such interruption, transmission blackout, delayed transmission, incorrect data transmission, corruption, interception, unauthorised amendment, tampering, viruses, technical, mechanical or systemic risks or any consequences thereof.

[The rest of this page is intentionally left blank]

SERIAL NO:

STRICTLY PRIVATE AND CONFIDENTIAL

BRIGHT FOCUS BERHAD
(COMPANY NO. 223607-M)

INFORMATION MEMORANDUM
IN RELATION TO AN ISLAMIC MEDIUM TERM NOTES ISSUANCE OF UP TO RM1.35 BILLION IN NOMINAL VALUE UNDER THE SHARIAH PRINCIPLE OF MUSHARAKAH
("**SUKUK MUSHARAKAH**")

PRINCIPAL ADVISER, LEAD ARRANGER AND LEAD MANAGER

STANDARD CHARTERED SAADIQ BERHAD
(COMPANY NO. 823437-K)

FINANCIAL ADVISER

ZJ ADVISORY SDN BHD
(COMPANY NO. 645449-V)

20 AUGUST 2013

IMPORTANT NOTICE

Responsibility Statements

This Information Memorandum has been approved by the directors of Bright Focus Berhad (Company No. 223607-M) (the "**Issuer**" or **BFB**") and the Issuer accepts full responsibility for the accuracy of the information contained in this Information Memorandum. The Issuer, after having made all reasonable enquiries, confirms that all information contained in this Information Memorandum is true and correct in all material respects, that there is no omission of a material fact necessary to make the information contained in this Information Memorandum, in the light of the circumstances under which it is provided, not misleading, and that the opinions and intentions expressed in the information contained in this Information Memorandum are honestly held. Enquiries have been made by the Issuer to ascertain all material facts have been disclosed and to verify the accuracy of all such information and statements. In this context, the Issuer accepts full responsibility for such information contained in this Information Memorandum.

Important Notice and General Statement of Disclaimer

This Information Memorandum is being furnished on a private and confidential basis solely for the purpose of assisting prospective investors to consider the purchase of the Sukuk Musharakah (as defined below) falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b); or Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the Capital Markets and Services Act 2007 as amended from time to time ("**CMSA**") at issuance and Schedule 6 or Section 229(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA thereafter to consider the purchase of the Sukuk Musharakah.

None of the information or data contained in this Information Memorandum has been independently verified by Standard Chartered Saadiq Berhad (Company No. 823437-K) as the lead arranger and the lead manager (the "**Lead Arranger**"/"**Lead Manager**") or by ZJ Advisory Sdn Bhd (Company No. 645449-V) as the financial adviser ("**Financial Adviser**") for the issue of the Sukuk Musharakah. Accordingly, no representation, warranty or undertaking, express or implied, is given or assumed for the issue of the Sukuk Musharakah by the Lead Arranger/Lead Manager or the Financial Adviser as to the authenticity, origin, validity, accuracy or completeness of the information or data contained in this Information Memorandum or that such information or data remains unchanged in any respect after the relevant date shown in this Information Memorandum. To the extent permitted by law, the Lead Arranger/Lead Manager and the Financial Adviser have not accepted and will not accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Lead Arranger/Lead Manager or the Financial Adviser or on their behalf in connection with the Issuer, or the issue and offering of the Sukuk Musharakah. The Lead Arranger/Lead Manager and the Financial Adviser accordingly disclaim all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

The information in this Information Memorandum supersedes all other information and material previously supplied (if any) to the recipients. By taking possession of this Information Memorandum, the recipients are acknowledging and agreeing and are deemed to have acknowledged and agreed that they will not rely on any previous information supplied. No person is authorised to give any information or data or to make any representation or warranty other than as contained in this Information Memorandum and, if given or made, any such information, data, representation or warranty must not be relied upon as having been authorised by the Issuer, the Lead Arranger/Lead Manager, the Financial Adviser or any other person. Further, in the event that any investors obtains information which is not expressly contained in this Information Memorandum whether from the Issuer or from any other source, such information shall not constitute part of this Information Memorandum in any way whatsoever and the investor relies on such information solely at its own risk.

This Information Memorandum has not been and will not be made to comply with the laws of any jurisdiction other than Malaysia ("**Foreign Jurisdiction**"), and has not been and will not be lodged, registered or approved pursuant to or under any legislation of (or with or by any regulatory authorities or other relevant bodies of) any Foreign Jurisdiction and it does not constitute an issue, offer or sale of, or an invitation to subscribe or purchase the Sukuk Musharakah or any other securities of any kind by any party in any Foreign Jurisdiction.

This Information Memorandum is not and is not intended to be a prospectus. Unless otherwise specified in this Information Memorandum, the information contained in this Information Memorandum is current as at the date hereof.

The distribution or possession of this Information Memorandum in or from certain jurisdictions may be restricted or prohibited by law. Each recipient is required to seek appropriate professional advice regarding, and to observe, any such restriction or prohibition. Neither the Issuer nor Principal Adviser nor Financial Adviser accepts any responsibility or liability to any person in relation to the distribution or possession of this Information Memorandum in or from any such Foreign Jurisdiction.

By accepting delivery of this Information Memorandum, each recipient agrees to the terms upon which this Information Memorandum is provided to such recipient as set out in this Information Memorandum, and further agrees and confirms that (a) it will keep confidential all of such information and data, (b) it is lawful for the recipient to subscribe for or purchase the Sukuk Musharakah under all jurisdictions to which the recipient is subject, (c) the recipient has complied with all applicable laws in connection with such subscription or purchase of the Sukuk Musharakah, (d) the Issuer, the Principal Adviser, the Financial Adviser and their respective directors, officers, employees and professional advisers are not and will not be in breach of the laws of any jurisdiction to which the recipient is subject as a result of such subscription or purchase of the Sukuk Musharakah, and they shall not have any responsibility or liability in the event that such subscription or purchase of the Sukuk Musharakah is or shall become unlawful, unenforceable, voidable or void, (e) it is aware that the Sukuk Musharakah can only be offered, sold, transferred or otherwise disposed of directly or indirectly in accordance with the relevant selling restrictions and all applicable laws, (f) it has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of subscribing or purchasing the Sukuk Musharakah, and is able and is prepared to bear the economic and financial risks of investing in or holding the Sukuk Musharakah, (g) it is subscribing or accepting the Sukuk Musharakah for its own account, and (h) it is a person to whom an issue, offer or invitation to subscribe or purchase the Sukuk Musharakah would constitute persons falling within any one or more of the categories of persons specified in Schedule 6 or Section 229(1)(b); or Schedule 7 or Section 230(1)(b), read together with Schedule 9 or Section 257(3) of the CMSA at issuance and Schedule 6 or Section 229(1)(b) read together with Schedule 9 or Section 257(3) of the CMSA thereafter.

Each recipient is solely responsible for seeking all appropriate expert advice as to the laws of all jurisdictions to which it is subject. For the avoidance of doubt, this Information Memorandum shall not constitute an offer or invitation to subscribe or purchase the Sukuk Musharakah in relation to any recipient who does not fall within item (h) above.

This Information Memorandum or any document delivered under or in relation to the issue, offer and sale of the Sukuk Musharakah is not, and should not be construed as, a recommendation by the Issuer the Lead Arranger/Lead Manager and/or the Financial Adviser to subscribe or purchase the Sukuk Musharakah. This Information Memorandum is not a substitute for, and should not be regarded as, an independent evaluation and analysis and does not purport to be all-inclusive. Each recipient should perform and is deemed to have made its own independent investigation and analysis of the Issuer, the Sukuk Musharakah and all other relevant matters, and each recipient should consult its own professional advisers. All information and statements herein are subject to the detailed provisions of the respective agreements referred to herein and are qualified in their entirety by reference to such documents.

Neither the delivery of this Information Memorandum nor the offering, sale or delivery of any Sukuk Musharakah shall in any circumstance imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Sukuk Musharakah is correct as of any time subsequent to the date indicated in the document containing the same. The Principal Adviser and the Financial Adviser expressly do not undertake to review the financial condition or affairs of the Issuer during the tenor of the Sukuk Musharakah or to advise any investor of the Sukuk Musharakah of any information coming to their attention.

Forward Looking Statements

The opinions and intentions expressed in this Information Memorandum have been honestly held and have been reached after considering all relevant circumstances and are based on reasonable assumptions. Certain statements, information, estimates and reports in this Information Memorandum are based on historical data, which may not be reflective of the future, and others are forward-looking in nature and are subject to risks and uncertainties, including, among others, the Issuer's business strategy and expectation concerning each of its position in the Malaysian economy, future operations, growth prospects and industry prospects. While the Board of Directors of the Issuer believe that these forward-looking statements are reasonable, these statements are nevertheless subject to known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in such forward looking statements. In light of all this, the inclusion of forward-looking statements in this Information Memorandum should not be regarded as a representation or warranty by the Issuer that the plans and objectives of the Issuer will be achieved.

This Information Memorandum includes certain historical information, estimates, or reports thereon derived from sources mentioned in this Information Memorandum and other parties with respect to the Malaysian economy, the material businesses which the Issuer operates and certain other matters. All forecasts, opinions and estimates relating to the Issuer and other parties so supplied or disclosed have been made after due, careful and proper consideration, are based on reasonable assumptions and represent reasonable and fair expectations honestly held based on facts known to such persons (or any of them). Such information, estimates, or reports have been included solely for illustrative purposes. No representation or warranty is made as to the accuracy or completeness of any information, estimates and/or reports thereon derived from such sources or from other third party sources.

Acknowledgement

The Issuer hereby acknowledges that it has authorised the Lead Arranger/Lead Manager to circulate or distribute this Information Memorandum on its behalf in respect of or in connection with the proposed issue of, offer for subscription or purchase of, or invitation to subscribe for and purchase of, the Sukuk Musharakah to prospective investors and that no further evidence of authorisation is required.

Rounding

All discrepancies (if any) in the tables included in this Information Memorandum between the listed amounts and total thereof are due to rounding, and certain numbers appearing in this Information Memorandum are shown after rounding.

Statements of Disclaimer by the Securities Commission Malaysia

This Information Memorandum is not a prospectus and is not intended to be a prospectus. In accordance with the CMSA, a copy of this Information Memorandum will be deposited with the Securities Commission ("**SC**"), which takes no responsibility for its contents. The SC shall not be liable for any non-disclosure on the part of the Issuer and assumes no responsibility for the correctness of any statements made or opinions or reports expressed in this Information Memorandum.

The issue, offer or invitation in relation to the Sukuk Musharakah in this Information Memorandum or otherwise are subject to the fulfilment of various conditions precedent including without limitation the applicable approval from the SC.

THE SC HAS APPROVED THE SUKUK MUSHARAKAH ON 25 JULY 2013 PURSUANT TO THE CMSA. PLEASE NOTE THAT THE APPROVAL OF THE SC SHALL NOT BE TAKEN TO INDICATE THAT THE SC RECOMMENDS THE SUBSCRIPTION OR PURCHASE OF THE SUKUK MUSHARAKAH NOR WILL THE SC TAKE ANY RESPONSIBILITY FOR ITS CONTENTS IN THIS INFORMATION MEMORANDUM.

THE SUKUK MUSHARAKAH ISSUE WILL CARRY DIFFERENT RISKS AND ALL PROSPECTIVE INVESTORS ARE STRONGLY ENCOURAGED TO EVALUATE THE ISSUE ON ITS OWN MERIT. INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT.

INVESTORS SHOULD READ THIS ENTIRE INFORMATION MEMORANDUM CAREFULLY AND AS A WHOLE, INCLUDING THE APPENDICES.

IT IS RECOMMENDED THAT PROSPECTIVE INVESTORS CONSULT THEIR FINANCIAL, LEGAL AND OTHER ADVISERS BEFORE PURCHASING OR ACQUIRING OR SUBSCRIBING FOR THE SUKUK MUSHARAKAH.

CONFIDENTIALITY

This Information Memorandum and its contents are strictly confidential and the information herein contained is given to the recipient strictly on the basis that the recipient shall ensure the same remains confidential. Accordingly, this Information Memorandum and its contents, and/or any information which is made available to the recipient in connection with any further enquiries, must be held in complete confidence.

In the event that there is any contravention of this confidentiality undertaking or there is reasonable likelihood that this confidentiality undertaking may be contravened, the Issuer may, at its discretion, apply for any remedy available to the Issuer whether at law or equity, including without limitation, injunctions. The Issuer is entitled to fully recover from the contravening party all cost, expenses and losses incurred and/or suffered, in this regard. For the avoidance of doubt, it is hereby deemed that this confidentiality undertaking shall be imposed upon the recipient, the recipient's professional advisors, directors, employees and any other persons who may receive this Information Memorandum (or any part of it) from the recipient.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated in, and to form part of, this Information Memorandum:

(a) the audited financial statements of the Issuer; and

(b) all supplements or amendments to this Information Memorandum circulated from time to time (if any),

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in any such subsequent document which is deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

The Issuer will provide to each person to whom a copy of this Information Memorandum has been delivered, upon the request of such person, a copy of any or all of the documents deemed to be incorporated herein by reference unless such documents have been modified or superseded as specified above. Requests for such documents should be directed to the Issuer at its office set out at the end of this Information Memorandum.

If the terms of the Sukuk Musharakah are modified or amended in a manner, which would make this Information Memorandum, as so modified or amended, inaccurate or misleading, a supplemental Information Memorandum will be prepared.

TABLE OF CONTENTS

APPENDICES

DEFINITIONS

In this Information Memorandum, the following words or expressions shall have the following meanings except where the context otherwise requires:

Additional Concession Period	-	The period of up to eight (8) years from 6 December 2037 to 5 December 2045, wherein the extension of the remaining two (2) years of the Additional Concession Period is subject to the Government's review in the sixth (6th) year of such Additional Concession Period based on the Actual IRR.
Actual IRR	-	The internal rate of return to be computed for the purpose of review of the extension of the Concession Period in accordance with the FSCA.
ADT	-	Average daily traffic.
Appeal	-	The appeal No. W-02(IM)-1124 of 2011.
Atur	-	Perunding Atur Sdn Bhd (Company No. 834128-W).
Availability Date	-	The date on which the Sijil Kesempurnaan Pembinaan Lebuhraya is issued to MESB by MHA in respect of MEX Highway or in respect of any particular section thereof.
BFB or the Issuer	-	Bright Focus Berhad (Company No. 223607-M).
BNM	-	Bank Negara Malaysia.
Bursa Malaysia	-	Bursa Malaysia Securities Berhad (Company No. 635998-W).
Business Day(s)	-	a day (other than Saturday, Sunday and public holiday) on which banks and financial institutions licensed under the Banking and Financial Institutions Act 1989 are open for business in Kuala Lumpur.
CMSA	-	Capital Markets and Services Act 2007 as amended from time to time.
Concession	-	The concession granted by the Government to MESB under the terms of the Concession Agreement to design, construct, operate, maintain and manage MEX Highway and to collect and retain tolls from motorists.
Concession Agreement	-	The concession agreement entered into between the Government and MESB dated 22 October 1997 as amended by the SCA, SSCA, TSCA and FSCA and which may be further amended and modified from time to time.
Concession Period	-	The period of thirty-three (33) years commencing from 6 December 2004 and ending on the thirty-third (33rd) anniversary of such date and extended by the Additional Concession Period pursuant to the FSCA.
D&B Contract	-	The Design and Build Contract entered into between the Government and MESB dated 25 November 2004 as amended by supplemental agreement dated 10 June 2005.
ERL	-	Express Rail Link.

FSCA	-	Fourth Supplemental Concession Agreement dated 5 July 2013.
Issue Date	-	The date of issue of the Sukuk Musharakah, which is specified by the Issuer in the issue request.
IMTNholders	-	The sukukholders of the MESB Islamic Securities.
IMTN Programme	-	The Islamic medium term notes programme of up to an aggregate nominal value of Ringgit Malaysia Five Hundred and Fifty Million (RM550,000,000.00) established by MESB under the Shariah principle of Musharakah.
Government	-	The Government of Malaysia.
Government Funding	-	Funding provided by the Government to MESB for the purpose of meeting all costs in relation to the construction works for Section I and the Putrajaya Link Interchange
Group	-	The Issuer, MESB and Maju Holdings and where the context so requires, references to "members of the Group" shall mean any one of them.
Kesas or Shah Alam Highway	-	The 34.5 km expressway connects from Pandamaran in Klang, Selangor to Sri Petaling, Kuala Lumpur.
KL-Seremban Highway	-	The 8 km expressway linking Kuala Lumpur in the north to Seremban, Negeri Sembilan in the south.
KL	-	Kuala Lumpur.
KLIA	-	Kuala Lumpur International Airport.
Km	-	Kilometre or kilometres, as the case may be.
LCCT	-	Low Cost Carrier Terminal.
Lenders	-	All persons (other than the Government or all persons pursuant to the Government Funding) for the time being providing, raising or making available, directly or indirectly, finance or refinance (and for the avoidance of doubt, "finance" or "refinance" shall not include amount subscribed for ordinary share capital, preference shares and loan stock of MESB) including providing bank guarantee for the performance of works, their respective successors in title and assigns, and any of them.
Maju Group	-	Maju Holdings and its subsidiaries and associated companies from time to time.
Maju Holdings	-	Maju Holdings Sdn Bhd (Company No. 40444-V).
Maju Expressway or MEX Highway	-	The highway comprising Section I, Section II and the Putrajaya Link Interchange, which starts at KL from Jalan Tun Razak and terminates at the Putrajaya Link Interchange, Seri Kembangan Interchange and all parts thereof constructed in the manner specified in the Concession Agreement.
Malaysian Trustees	-	Malaysian Trustees Berhad (Company No. 21666-V).

Maturity Date	-	The date on which that series of the Sukuk Musharakah is to be redeemed by the Issuer in accordance with the Trust Deed, with the Maturity Date of each series being provided in the relevant global certificate for such series provided that: (a) if the Maturity Date of any Sukuk Musharakah falls on a day which is not a Business Day by virtue of being a Saturday, Sunday or an expected public holiday, it shall be the Business Day immediately preceding the Maturity Date; and (b) if the Maturity Date of any Sukuk Musharakah falls on a day which is not a Business Day by virtue of being an unexpected public holiday, it shall be the Business Day next succeeding the Maturity Date irrespective of whether it falls into the next month or not.
MESB	-	Maju Expressway Sdn Bhd (Company No. 389815-V).
MESB Islamic Securities	-	The existing Islamic medium term notes issued by MESB under the IMTN Programme of an aggregate nominal value of Ringgit Malaysia Five Hundred Fifty Million (RM550,000,000.00).
MESB Trust Deed	-	The trust deed dated 1 June 2010 made between MESB and Malaysian Trustees as trustee for the IMTNholders constituting the MESB Islamic Securities.
MHA	-	Malaysian Highway Authority.
MRR1	-	Middle Ring Road 1.
MRR2	-	Middle Ring Road 2.
MRT	-	Mass Rapid Transit.
Originating summons	-	The originating summons No. 24NCC-422-11/2012.
Plaintiffs	-	Hi-Summit Construction Sdn Bhd (Company No. 359897-H) together with its shareholders namely, Dato' Suhaimi Bin Ibrahim and Irwan Shah bin Abdullah @ D.J. Dave and Abdul Rahmat Bin Ramli.
Principal Adviser/Lead Arranger/Lead Manager	-	SCSB.
Proposed Acquisition	-	The proposed acquisition of such part of the MESB Islamic Securities by the Issuer by utilising the proceeds raised from the Sukuk Musharakah.
Rating Agency	-	RAM Rating Services Berhad (Company No. 763588-T).
Ringgit or RM and sen	-	Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia.
SC	-	Securities Commission of Malaysia.
SCA	-	Supplemental Concession Agreement dated 29 April 1998.
SCBMB	-	Standard Chartered Bank Malaysia Berhad (Company No. 115793-P).

SCSB	-	Standard Chartered Saadiq Berhad (Company No. 823437-K).
Section I	-	That section of MEX Highway from Kampung Pandan Roundabout to Technology Park Malaysia.
Section II	-	That section of MEX Highway from Technology Park Malaysia to Putrajaya (which ends at Putrajaya Ramp Toll Plaza).
Section III or Spur Link	-	That section of MEX Highway which begins at the Putrajaya/Cyberjaya and ends at the KLIA spur road within the KLIA boundary.
Security Agent	-	CIMB Investment Bank Berhad (Company No. 18417-M).
Seri Kembangan Interchange	-	A trumpet interchange to be designed, constructed, operated and maintained by MESB including the link, roads, ramps, plazas and supervision building related to the interchange to be constructed at kilometre 16.5 of the MEX Highway which provides for access to and from Seri Kembangan to the MEX Highway.
Shareholders' Agreement	-	The shareholders agreement dated 21 March 2003 and executed between Hi-Summit Construction Sdn Bhd (Company No. 359897-H), the Issuer and Anson Perdana Berhad (Company No. 013982-X) which regulates the parties' respective obligations to subscribe for additional shares in MESB, their relationship inter se as shareholders of MESB and their commitment to MESB.
Sijil Kesempurnaan Pembinaan Lebuhraya	-	The certificate of completion issued to MESB in respect of MEX Highway or in respect of any particular section thereof.
SKM CB	-	SKM Colin Buchanan.
SSCA	-	Second Supplemental Concession Agreement dated 28 October 2003.
Sukuk Musharakah	-	As defined in section 1.2 below of this Information Memorandum.
Sukuk Trustee	-	TMF Trustees Malaysia Berhad (Company No. 610812-W).
Term Loan	-	The term loan facility, which was provided as a bridge financing, of up to the maximum aggregate principal amount of US Dollars Seventy Five Million (US$75,000,000.00) only granted and made available to the Issuer upon the terms and subject to the conditions contained in the Facility Agreement dated 13 June 2011 and entered into between the Issuer, SCBMB as agent and SCBMB as lender.
TSCA	-	Third Supplemental Concession Agreement dated 21 December 2006.
Toll	-	The toll payable for specified classes of vehicle for the use of MEX Highway as set out in the Concession Agreement.
Trust Assets	-	The trust assets comprise such Shariah compliant businesses of the Issuer.

Trust Deed	-	The trust deed made or to be made between the Issuer and the Sukuk Trustee constituting the Sukuk Musharakah.

[The rest of this page is intentionally left blank]

SECTION 1.0 EXECUTIVE SUMMARY

This summary is qualified by and must be read in conjunction with the more detailed information and financial statements appearing elsewhere in this Information Memorandum. Each investor should read this entire Information Memorandum carefully, including the appendices.

1.1 Brief background of the Issuer

The Issuer was incorporated in Malaysia under the Companies Act 1965 on 23 August 1991 as a private limited company under the name of Bright Focus Sdn Bhd. It was converted into a public company on 31 October 2006.

The principal activity of the Issuer is that of investment holding and the provision of management services to its subsidiary company.

1.2 General description of the structure of the Sukuk Musharakah

The Issuer proposes to issue up to RM1.35 billion of Islamic medium term notes in nominal value based on the Shariah principle of Musharakah ("**Sukuk Musharakah**"). The tenure of the Sukuk Musharakah shall be up to twenty (20) years from the Issue Date. The issuance of the Sukuk Musharakah is a one-time issue.

The Sukuk Musharakah shall be issued under the Islamic principle of Musharakah which is one of the Shariah principles and concepts approved by the Shariah Advisory Council ("**SAC**") of the SC.

Under the Musharakah structure, the potential investors shall form a Musharakah (“**Musharakah**”) among themselves to invest directly into the Shariah compliant business of the Issuer (the “**Musharakah Venture**”) via subscription of the Sukuk Musharakah to be issued by the Issuer (the "**Musharakah Arrangement**").

A Musharakah shall be formed for each series of the Sukuk Musharakah having the same Issue Date and Maturity Date. The Issuer will issue Sukuk Musharakah to investors (“**Sukukholders**”). Proceeds raised from the Sukuk Musharakah shall be used as capital contributions of the Sukukholders in the Musharakah Venture (the “**Musharakah Capital**”). Each Sukuk Musharakah shall represent the respective Sukukholder’s undivided proportionate interest in the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of its interest in the business (the "**Trust Assets** ") for the benefit of the Sukukholders and manages the Musharakah Venture **.**

The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. The capital contribution ratio of the Musharakah Partners in the Musharakah Venture shall be based on their respective capital contribution.

The return expected by the Sukukholders under and from the relevant Musharakah Venture shall be the yield for the respective tranche of the Sukuk Musharakah up to the respective Maturity Date of the Sukuk Musharakah or the declaration of a Dissolution Event (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)), whichever is applicable (the “**Expected Return**”).

The Sukukholders will be entitled to income generated from the Musharakah Venture throughout the tenure of the Musharakah (their respective “**Entitlements**”) and the rights of the Sukukholders against the Issuer under the Purchase Undertaking (as defined below).

The profit derived from the Musharakah Venture shall be distributed based on a pre-agreed profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any loss arising from the Musharakah Venture shall be borne by each Musharakah Partner in proportion to each Musharakah Partner’s respective capital contribution in the Musharakah Venture.

The Sukukholders will be represented through the Sukuk Trustee acting as their agent and trustee for their participation in the Musharakah Venture. The Sukuk Trustee on behalf of the Sukukholders shall appoint the Issuer as the manager (the "**Manager**") to manage the Musharakah Venture, for which the Issuer (in its capacity as the Manager) shall be paid an incentive management fee (the "**Incentive Fee**"). The Issuer shall continue to manage its business operations for the Sukukholders and in consideration thereof, the Sukukholders will agree that all Entitlements accruing to the Sukukholders in any given period which is over and above any portion of the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, will be paid to, and will belong to, the Issuer as an Incentive Fee for acting as the Manager.

In respect of Sukuk Musharakah, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk Musharakah per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed on periodic basis to the Sukukholders.

In the event that the Entitlements accruing to the Sukukholders in any given period are less than the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, the Issuer in its capacity as the obligor shall make advance payments equal to such shortfall (the "**Advance Payments**"). The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price (as defined below) payable under the Purchase Undertaking.

The Issuer will declare and issue an undertaking (the "**Purchase Undertaking**") to and in favour of the Sukuk Trustee (for and on behalf of the Sukukholders), wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at the Exercise Price on Dissolution Date. The Exercise Price payable by the Issuer shall be determined based on a pre-agreed formula.

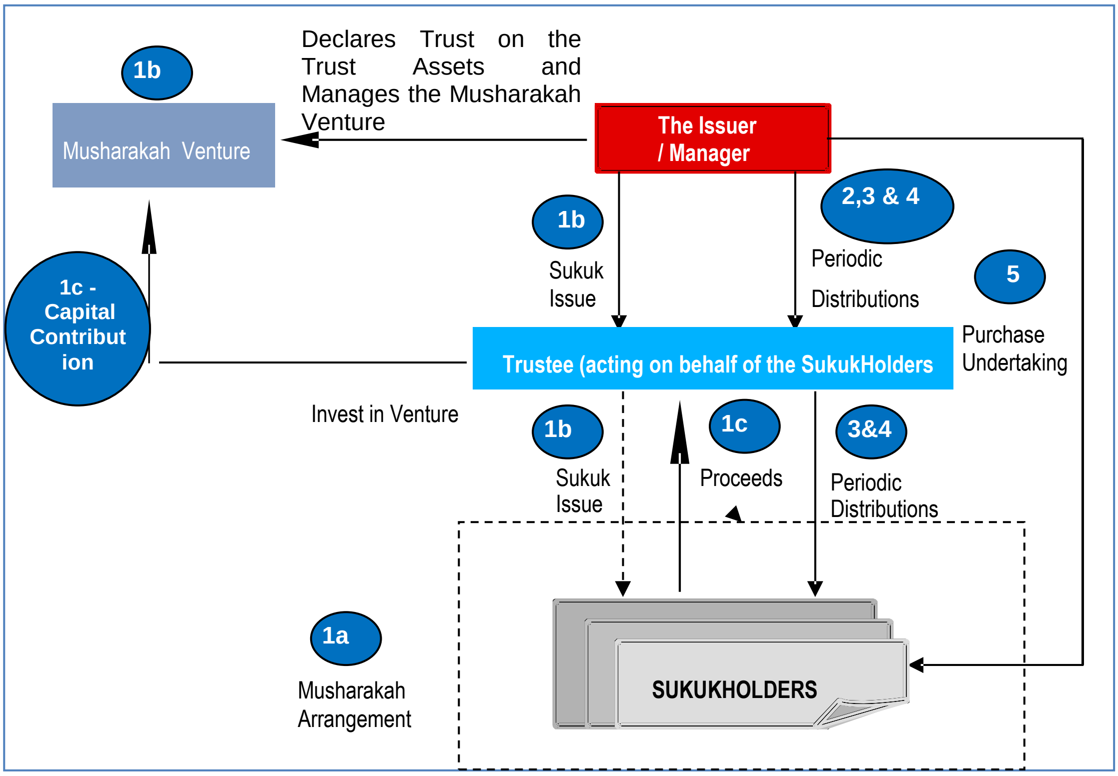
Under the Purchase Undertaking to be issued by the Issuer, the Issuer shall purchase the Sukukholder's interest in the Musharakah Venture at the Exercise Price upon the earlier of (such date shall be referred to as the "**Dissolution Date**"):

1) the Maturity Date; and
2) the declaration of a Dissolution Event.

Upon payment of the Exercise Price by the Issuer, the Musharakah Venture of the relevant Sukuk Musharakah tranche shall be dissolved and the relevant Sukuk Musharakah held by the Sukukholders shall be cancelled.

Please see below for a diagram illustrating the above.

[The rest of this page is intentionally left blank]



Step 1 (a) The potential investors in relation to the Sukuk Musharakah shall form a Musharakah ("**Musharakah**") among themselves to invest directly into the Shariah compliant business of the Issuer (the "**Musharakah Venture**") via subscription of the Sukuk Musharakah to be issued by the Issuer (the "**Musharakah Arrangement**"). A Musharakah shall be formed for each series of the Sukuk Musharakah having the same Issue Date and Maturity Date.

(b) The Issuer will issue Sukuk Musharakah to investors ("**Sukukholders**").

(c) Proceeds raised from the Sukuk Musharakah shall be used as capital contributions of the Sukukholders in the Musharakah Venture. Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of its interest in the business (the "**Trust Assets**") for the benefit of the Sukukholders and manages the Musharakah Venture.

Step 2 The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. The capital contribution ratio of the Musharakah Partners in the Musharakah Venture shall be based on their respective capital contribution. The return expected by the Sukukholders under and from the relevant Musharakah Venture shall be the yield for the respective tranche of the Sukuk Musharakah up to the respective Maturity Date of the Sukuk Musharakah or the declaration of a Dissolution Event (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)), whichever is applicable (the "**Expected Return**").

The Sukukholders will be entitled to income generated from the Musharakah Venture throughout the tenure of the Musharakah (their respective "**Entitlements**") and the rights of the Sukukholders against the Issuer under the Purchase Undertaking (as defined below).

Step 3 The profit derived from the Musharakah Venture shall be distributed based on a pre-agreed profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any loss arising from the Musharakah Venture shall be borne by each Musharakah Partner in proportion to each Musharakah Partner's respective capital contribution in the Musharakah Venture.

Step 4 The Investors will be represented through a Sukuk Trustee acting as their agent and trustee for their participation in the Musharakah Venture. The Sukuk Trustee on behalf of the Sukukholders' shall appoint the Issuer as the manager (the "**Manager**") to manage the Musharakah Venture, for which the Issuer (in its capacity as the Manager) shall be paid an incentive management fee (the "**Incentive Fee**"). The Issuer shall continue to manage its business operations for the holders of the Sukuk Musharakah and in consideration thereof, the Investors will agree that all Entitlements accruing to the Investors in any given period which is over and above any portion of the Expected Periodic Distribution that are required to be paid to the Investors during such period, will be paid to, and will belong to, the Issuer as an Incentive Fee for acting as the Manager.

In respect of Sukuk Musharakah, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk Musharakah per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed on periodic basis to the Sukukholders.

In the event that the Entitlements accruing to the Sukukholders in any given period are less than the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, the Issuer in its capacity as the obligor shall make advance payments equal to such shortfall (the "A**dvance Payments**"). The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price (as defined in the PTC) under the Purchase Undertaking (as defined below).

Step 5 The Issuer will declare and issue an undertaking (the "**Purchase Undertaking**") to and in favour of the Sukuk Trustee (for and on behalf of the Sukukholders), wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at the Exercise Price on Dissolution Date. The Exercise Price payable by the Issuer shall be determined based on a pre-agreed formula. Under the Purchase Undertaking to be issued by the Issuer, the Issuer shall purchase the Sukukholder's interest in the Musharakah Venture at the Exercise Price upon the earlier of (such date shall be referred to as the "**Dissolution Date**"):

1) the Maturity Date; and

2) the declaration of a Dissolution Event.

Upon payment of the Exercise Price by the Issuer, the Musharakah Venture of the relevant Sukuk Musharakah tranche shall be dissolved and the relevant Sukuk Musharakah held by the Sukukholders shall be cancelled.

[The rest of this page is intentionally left blank]

1.3 Rating

The Sukuk Musharakah has been accorded a preliminary rating of AA_2 by the Rating Agency.

1.4 Approval Obtained

The Sukuk Musharakah has been approved by the SC vide its letter dated 25 July 2013 and addressed to the Lead Arranger.

1.5 Security

The Sukuk Musharakah shall be secured by the following security:

(i) a first ranking charge to be created by the Issuer over (a) the Issuer's entire shareholding in MESB; and (b) such portion of the MESB Islamic Securities owned or to be owned by the Issuer (the "**Securities Charge**");

(ii) a legal assignment to be created by the Issuer over all its rights, interest, title and benefits in and under the MESB Undertaking (the "**Assignment of Undertaking**"). The term "**MESB Undertaking**" means the irrevocable letter of undertaking to be issued by MESB to and in favour of the Issuer providing such undertakings and covenants as applicable to MESB and as contemplated by the Principal Terms and Conditions in relation to the issuance of Sukuk Musharakah as set out in Appendix I (*Principal Terms and Conditions of the Sukuk Musharakah*) hereto and such other undertakings as may be requested by the Lead Arranger;

(iii) a legal assignment to be created by the Issuer over the Issuer's revenues and income including but not limited to any dividends and distributions received or receivable by the Issuer, whether income or capital in nature, and the payment and repayment of shareholder's loans and advances received or receivable by the Issuer (the "**Assignment of Revenues**");

(iv) a first ranking fixed charge to be created by the Issuer over the Issuer Designated Accounts (as defined in the Principal Terms and Conditions in relation to the issuance of Sukuk Musharakah as set out in Appendix I (*Principal Terms and Conditions of the Sukuk Musharakah*) hereto) and the credit balances therein (the "**Charge over Accounts**"); and

(v) any other security as may be required by the rating agent or the transaction solicitors in respect of the Sukuk Musharakah.

1.6 Utilisation of Proceeds

The proceeds raised from the issuance of the Sukuk Musharakah shall be utilised by the Issuer for the following purposes:

(i) an amount up to Ringgit Malaysia Five Hundred and Fifty Million (RM550,000,000.00) towards funding the Proposed Acquisition;

(ii) an amount up to Ringgit Malaysia One Hundred and Twenty Million (RM120,000,000.00) towards funding shareholder's advance to be granted by the Issuer to MESB to fund the working capital requirements and capital expenditure of MESB, which shall include the funding for the construction of the Seri Kembangan Interchange;

(iii) an amount up to Ringgit Malaysia Two Hundred and Forty Million (RM240,000,000.00) towards the repayment and refinancing of the Term Loan;

(iv) an amount up to Ringgit Malaysia Ninety Million (RM90,000,000.00) towards funding any additional payment arising from or in connection with the Proposed Acquisition;

(v) an amount up to Ringgit Malaysia Two Hundred and Ninety Million (RM290,000,000.00) for any Shariah compliant general corporate purpose of the Group which are Shariah compliant, which include funding the working capital requirements in relation to the businesses, projects and investments that are being undertaken and/or to be undertaken in the future by the Group (which shall be channelled to each member of the Group in the form of one of the Shariah compliant modes of financing);

(vi) an amount up to Ringgit Malaysia Ten Million (RM10,000,000.00) towards payments of all fees, expenses and all other amounts payable under or in connection with the issuance of the Sukuk Musharakah; and

(vii) an amount up to Ringgit Malaysia Fifty Million (RM50,000,000.00) towards funding of the initial minimum required balance to be deposited in the finance service account as more particularly described in Appendix I (*Principal Terms and Conditions of the Sukuk Musharakah*) hereto,

PROVIDED ALWAYS that:

(a) in the event any amount to be utilized for purposes set out in sub-paragraphs (iii) to (vi) above is not utilized in whole or in part for such purposes, the Issuer may utilize such unutilized amount for any of the other purposes set out in sub-paragraphs (iii) to (vi) above;

(b) in the event that the Issuer confirms in writing to the Sukuk Trustee that MESB is not proceeding with the construction of Seri Kembangan Interchange, the entire sum of Ringgit Malaysia One Hundred and Twenty Million (RM120,000,000.00) as referred to in paragraph (ii) above may be utilised by the Issuer as shareholder's advance to be granted to MESB to fund the working capital requirements of MESB;

(c) for the avoidance of doubt, utilisation of proceeds for sub-paragraphs (ii) and (v) above, may include the reimbursement to MESB of the preliminary costs incurred in respect of or in connection with Spur Link; and

(d) any such utilisation of the proceeds raised from the Sukuk Musharakah shall be in compliant with the Shariah principles.

[The rest of this page is intentionally left blank]

1.7 Flow of Funds

The Issuer shall open and maintain the following Shariah-compliant designated accounts with a bank to be appointed by the Issuer which is acceptable to the Lead Manager:

1.7.1 Issuer Disbursement Account ("IDA")

The Sukuk Trustee shall be the sole signatory of the IDA at all times.

The purpose of the IDA is to deposit the issuance proceeds of the Sukuk Musharakah. Funds in the IDA shall be applied as per the proposed utilisation of proceeds set out in section 1.6 above.

The proceeds raised from the issuance of the Sukuk Musharakah of up to RM120 million (the "**Relevant Proceeds**") for purposes of funding the construction of Seri Kembangan Interchange will be transferred into the IDA. Any withdrawal of any part of the Relevant Proceeds to pay or fund the construction costs for the construction of Seri Kembangan Interchange shall only be made upon the Sukuk Trustee's receipt of a report (in form and substance satisfactory to the Sukuk Trustee) from the Independent Consulting Engineer and certified true copies of the relevant certificates satisfactory to the Sukuk Trustee certifying the work carried out under the construction and/or invoices and other documentary evidences (in form and substance acceptable to the Sukuk Trustee) relating to such completed work carried out under construction of the Seri Kembangan Interchange. In the event the Issuer confirms in writing to the Sukuk Trustee that the construction of the Seri Kembangan interchange is not proceeding, the Relevant Proceeds may be utilised towards funding the working capital requirements of MESB.

Within three (3) months after the commencement of the Seri Kembangan Interchange tolling or upon full settlement of the construction claim whichever is later, all amounts standing to the credit of the IDA shall be transferred to the IOA (as defined below) and the IDA shall thereafter be closed.

1.7.2 Issuer Operating Account ("IOA")

The Sukuk Trustee shall be the sole signatory of the IOA at all times.

The purpose of the IOA is to deposit all revenue and income received by the Issuer (including all proceeds and redemptions sums arising from or under the MESB Islamic Securities) and all amounts standing to the credit of the IDA upon closure of the IDA and shall be applied in the following order of priority:

(i) payment of taxes and duties;

(ii) payment of profit and principal payments, fees, commissions and other payments payable under the Sukuk Musharakah;

(iii) payment to the IFSA (as defined below) to meet the relevant requirements;

(iv) payment for working capital of the Issuer ; and

(v) for payments of distributions to the shareholder of the Issuer subject to meeting the conditions under item 2(w)(iii) of Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*); and

(vi) investments in Permitted Investments (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)).

1.7.3 Issuer Finance Service Account ("IFSA")

The Sukuk Trustee shall be the sole signatory of the IFSA at all times.

The Issuer shall open the IFSA for purposes of depositing amounts that are transferred from the IDA and IOA.

An initial deposit equivalent to an amount payable in respect of any profit and principal payments of the Sukuk Musharakah for the next 6 months shall be deposited and paid into the IFSA upon first issuance of the Sukuk Musharakah

The Issuer shall at all times thereafter maintain an amount equivalent to an amount payable in respect of any principal and profit payments of the Sukuk Musharakah for the next 6 months (the "**Minimum Required Balance**").

The monies in the IFSA may be withdrawn to the extent that funds in the IOA are insufficient to fulfil the Issuer's payment obligations in respect of the principal and profit of the Sukuk Musharakah.

In the event that the balance held in the IFSA is less than or exceeds the Minimum Required Balance, the shortfall or excess shall be topped up from or released to the IOA, as the case may be. The Issuer shall top up the IFSA so as to comply with the Minimum Required Balance within 30 days from the day that the balance held in IFSA is less than the then prevailing Minimum Required Balance.

1.7.4 Issuer Compensation Account ("ICA")

The ICA shall be jointly operated by the Issuer and the Sukuk Trustee.

The purpose of the ICA is to deposit all revenue and income received by the Issuer which originates from the cash payment or Compensation from the Government to MESB. The monies in the ICA may only be transferred into the IOA in equal amounts over the number of years that the compensation was meant for.

Any balance standing to the credit of the ICA may be utilised by the Issuer for investments in Permitted Investments (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)).

"**Compensation**" shall refer to any lump sum payment received from the Government to compensate MESB pursuant to the terms of the Concession Agreement. For the avoidance of doubt, it shall exclude any compensation received from the Government in respect of a particular operating year, i.e. compensation received from the Government in previous year(s) which is in respect of any particular operating year.

1.8 Summary of Key Financial Highlights of the Issuer and MESB

<u>In respect of the Issuer</u>

	2010 (Audited FYE 31 December) RM'000	2011 (Audited FYE 31 December) RM'000	2012 (Audited FYE 31 December) RM'000
Revenue	54,579	62,948	69,720
(Loss)/Profit before Tax	(3,292)	(1,612)	2,930
Income Tax Expense	(2)	(11)	16
(Loss)/Profit after Tax	(3,294)	(1,623)	2,946
Total Assets	1,532,491	1,730,971	1,736,185
***Equity attributable to owners of the company**	788	(836)	2,064

* *These figures exclude non-controlling interests.*

In respect of MESB

	2010 (Audited FYE 31 December) RM'000	**2011 (Audited FYE 31 December) RM'000**	**2012 (Audited FYE 31 December) RM'000**
Revenue	54,579	62,948	69,720
(Loss)/Profit before Tax	(3,297)	(1,616)	3,067
Income Tax Expense	-	(9)	17
(Loss)/Profit after Tax	(3,297)	(1,625)	3,084
Total Assets	1,531,622	1,531,663	1,525,225
***Equity attributable to owners of the company**	(400)	(2,025)	1,059

The cashflow projections of the Issuer and MESB are annexed to this Information Memorandum as Appendix II (*Cashflow Projections by Issuer and MESB*), which comprise of cashflow projections over 21 years from 2013 to 2033.

A copy of each of the latest audited financial statements for the financial year ended 31 December 2012 of the Issuer and MESB is also annexed to this Information Memorandum as Appendix III (*Audited Financial Statements of the Issuer and MESB for the financial year ended 31 December 2012*).

[The rest of this page is intentionally left blank]

SECTION 2.0 THE SUKUK MUSHARAKAH

2.1 Summary of the Principal Terms and Conditions of the Sukuk Musharakah

The Principal Terms and Conditions of the Sukuk Musharakah, including the representations and warranties and covenants, details on the utilisation of proceeds of the Sukuk Musharakah and the rating of the Sukuk Musharakah are set out in Appendix I (*Principal Terms and Conditions of the Sukuk Musharakah*) as annexed hereto. The Principal Terms and Conditions of the Sukuk Musharakah may not contain all of the information that is important to prospective investors. To understand the full terms and conditions of the Sukuk Musharakah, prospective investors should carefully read the Trust Deed.

[The rest of this page is intentionally left blank]

SECTION 3.0 INVESTMENT CONSIDERATIONS

The following is a summary of risk factors relating to the Sukuk Musharakah and their possible mitigating factors. This section does not purport to be comprehensive or exhaustive and is not intended to substitute or replace an independent assessment of the risk factors that may affect the Sukuk Musharakah. Each investor should carefully conduct his or her independent evaluation of the risks associated with investing in the Sukuk Musharakah. Investors should also note that each issue of the Sukuk Musharakah will carry different risks and all potential investors are strongly encouraged to evaluate each Sukuk Musharakah on its own merit.

In view that the primary source of repayment/redemption of the Sukuk Musharakah is from the cash flow and income generated from the businesses and operation of MESB, a 96.83% owned subsidiary of the Issuer, the Sukuk Musharakah may generally be affected by the risk factors which affect the business and operations of MESB.

3.1 Risks relating to the Issuer

3.1.1 Issuer's ability to meet its obligations under the Sukuk Musharakah

The Issuer is a holding company to MESB and relies mainly on its investment income, including the redemption of MESB Islamic Securities by MESB, profit payments under MESB Islamic Securities, dividend income from MESB, repayment of advances made to MESB and any other receipts from MESB. MESB is a separate legal entity and has no obligations with respect to the Sukuk Musharakah.

The ability of the Issuer to meet its obligations to the Sukukholders in terms of payment of amounts due under the Sukuk Musharakah will depend on the above investment income generated from MESB which in turn is dependent on the financial performance of MESB. Repayment of the Sukuk Musharakah will be the Issuer's obligation alone. In particular, the Sukuk Musharakah will not be the obligations or responsibilities of, or guaranteed by, MESB, the Lead Arranger/Lead Manager, the Financial Adviser, the Sukuk Trustee, or any other person involved or interested in the Sukuk Musharakah. None of such persons will accept any liability whatsoever to the Sukukholders in respect of any failure of the Issuer to pay any amount due under the Sukuk Musharakah. There is no assurance that there will be sufficient cashflow to meet payments under the Sukuk Musharakah.

3.1.2 Security and Benefit of the MESB Islamic Securites

MESB Islamic Securities are secured by MESB's rights and interest in and under the Concession, the Concession Agreement and certain assets of the Concession (please refer to Section 7 (*MESB Islamic Securities*) of this Information Memorandum) (the "**Existing Security Documents**"). Given that one of the security created to secure the Sukuk Musharakah is the Securities Charge, the Sukukholders would have the benefit of and interests in the Existing Security Documents.

However, although the Sukukholders have the benefit of and interests in the Concession, the Concession Agreement and such other assets of the Concession by virtue of the Securities Charge, the tenure of the MESB Islamic Securities is shorter than the Sukuk Musharakah whereby the MESB Islamic Securities will expire on 13 June 2025 and the Sukuk Musharakah have a tenure of up to twenty (20) years from the Issue Date with the last tranche expiring in year 2033.

[The rest of this page is intentionally left blank]

As such, upon the expiry of the MESB Islamic Securities, the Issuer will not receive the fixed income generated from its investment in the MESB Islamic Securities, instead, the Issuer can only rely on the investment income arising from the dividend income, the repayment of advances from MESB and any other receipts from MESB. In addition, upon the expiry of the MESB Islamic Securities, the Existing Security Documents will be released and discharged, and accordingly, the Sukukholders will not have any benefit of and interests in the Concession, the Concession Agreement and such other assets of the Concession, instead, the Sukukholders would only be secured by the charge over MESB shares pursuant to the Securities Charge.

3.2 Risks relating to the Concession Business

3.2.1 Competition and Traffic Volume

The traffic volume may be affected by the competition from parallel routes and existing trunk roads, the completion of complementary or competing highway developments, future highway developments and the availability of alternative means of transport (such as MRT and ERL).

Other factors which have in the past affected traffic volumes on MEX Highway and are expected to continue to do so, include but are not limited to the following:

- the level of economic activity in particular along the corridors of MEX Highway and the associated demand for transportation by road;
- the level of commercial, industrial and residential developments in such corridors;
- the price of petrol and other fuel;
- affordability of automobiles;
- per capital ownership of automobiles;
- alternative domestic and international transport modes such as by rail, sea or air;
- unhindered access to MEX Highway via feeder roads and adjoining highways not operated by MESB;
- the operator’s ability to maintain MEX Highway; and
- the prevailing toll rates.

Notwithstanding the above, it is also to be noted that the MEX Highway:

- is located to provide a direct link for north-south travel especially from the heart of KL city to Putrajaya and Cyberjaya and onwards to KLIA and LCCT and vice versa;
- provides the connectivity of the regional road network by linking the MRR1 and MRR2. This regional connectivity concept linking the northern stretch of MEX Highway from Kampung Pandan to the Kesas serves as a dispersal link to relieve the congestion along the existing KL-Seremban Highway;

[The rest of this page is intentionally left blank]

- provides the relief to various local arterials like the KL-Seremban Highway and Jalan Tun Razak. Journey time survey shows that travel from Kuchai Lama Interchange to RHB building at Jalan Tun Razak takes about 30 minutes (at an average of 15 kph) during peak hours;

- also reduces travelling time of motorists to approximately 30 minutes as compared to approximately 75 minutes using the KL-Seremban Highway during peak hours.

This Information Memorandum contains an extract of the traffic report for the MEX Highway which report was prepared by the independent traffic consultant, SKM CB. The said extract of the traffic report sets out the forecast of the traffic volumes and revenue for MEX Highway from 2013 to 2045 which are based on models and assumptions adopted and made by SKM CB. However, the actual traffic volumes may differ from those shown in the said traffic report. Investors will be deemed to have read and understood the models and the descriptions of the assumptions provided in the said extract of the traffic report annexed herein in Appendix IV (*Extract of the Traffic Report for MEX Highway*).

3.2.2 Toll Rate Revision

The Concession Agreement sets out the agreed Toll rates throughout the Concession Period. Notwithstanding this, the Government may reduce the Toll such that the gazetted Toll is lower than the agreed Toll. In the event that the gazetted Toll is lower than the agreed Toll, the Government shall compensate the Issuer for any reduction in toll collections until such time the Issuer is allowed to collect the then prevailing agreed Toll.

Any reduction in the toll rates imposed by the Government may cause a material effect on the toll revenue to be generated by the Issuer.

3.2.3 Toll Receipts

The revenue derived from toll receipts may be reduced by:

- leakage through fraud or non-payment due to the lack of proper monitoring and control; and

- technical problems in toll collection systems.

  Introduction of various electronic toll collection products has been implemented to address efficiency in collecting tolls and controlling leakages. This however results in reliance on technology for toll collection and consequentially, failure of the technology or withdrawal of supply of the technology may hinder toll collection.

3.2.4 Operation, Maintenance and Related Expenditure

Under the Concession Agreement, MESB is responsible for the management, operation and maintenance of MEX Highway and its ancillary facilities. As a toll-road operator, the operating risks of MESB include the daily maintenance and the heavy repairs of MEX Highway. Some of the expenditures incurred by MESB include:

(i) Direct and Indirect Expenditures

Direct expenditures include salaries and wages, commission, insurance and consumables. Indirect expenditures on the other hand consist of administration costs and overheads. These expenditures usually rise with the inflation rate.

(ii) Routine Maintenance Expenditures

Routine maintenance works are carried out periodically in accordance to the Concession Agreement. Some of the main routine maintenance works that are carried out include civil works, mechanical and electrical maintenance as well as other general maintenance works such as grass cutting and roadway clearing.

(iii) Heavy Maintenance Expenditures

Heavy maintenance works include works done for reinstatement of structural integrity of MEX Highway to ensure continuous safety of all users. Amongst other, the types of works that would be included under heavy maintenance include road resurfacing and maintenance of bridges, drainage, slope cutting, embankment of slopes, pavements, soft ground treatments and other isolated events.

Operating, maintenance and capital expenditure relating to MEX Highway may increase due to external factors such as:

- standards of maintenance or road safety applicable to MEX Highway prescribed by the highway authorities may become more onerous;
- restoration of MEX Highway due to damage from natural disasters;
- more extensive or frequent repairs or maintenance due to higher loading, traffic volume or environmental stress;
- increases in the cost of materials or supplies; and
- the need for repair or maintenance of MEX Highway may also adversely affect traffic flow.

3.2.5 Adequacy of Insurance / Takaful Coverage

MESB maintains, among others, the following insurances/takaful to cover the relevant risks and ensure that the MEX Highway is in continuous operation:

(i) civil engineering completed risk insurance to cover any unforeseen and sudden physical loss or damage caused by collapse, subsidence, landslide or any other earth movement, impact of landborne or waterborne vehicles or aircraft or articles dropped therefrom, earthquake, storm and tempest, flood, fire, lightning or explosion;

(ii) fire insurance to cover all buildings viz administrative office, toll plazas, etc;

(iii) public liability insurance;

(iv) money insurance to cover transit of money to and from the bank;

(v) fidelity insurance to cover dishonesty or fraud or embezzlement;

(vi) burglary insurance to cover office equipment, etc.;

(vii) all risks insurance; and

(ix) plate glass to cover glass structure on the administration building and supervision building.

Although MESB undertakes the necessary measures to ensure that the company's business and assets are adequately covered by insurance, there can be no assurance that the insurance would be adequate for the replacement cost of all its assets, business or any consequential costs arising therefrom. In addition, such insurance policies/contracts may no longer be available or the policy/contract cost may significantly increase in the future.

3.2.6 Dependence on Key Management

MESB relies on a significant extent on the abilities of some of its directors, senior management and key technical personnel for its continuing success, business directions, effective implementation of business strategy and the operation of the MEX Highway. The loss of any of these members could adversely affect MESB's ability to operate the MEX Highway and its business or to compete in the industry, and in turn, affect its financial performance and prospects. Further, MESB's future success will all depend upon its ability to attract new skilled personnel. However, MESB expects to be able to source experienced personnel in the similar industry in which it operates.

3.2.7 Unforeseen events

The use of MEX Highway may be interrupted or adversely affected by events such as traffic accidents, defective design and construction, tunnel collapse, road subsidence and labour disputes. These may result in reduction in toll revenue and increase in costs of operating MEX Highway and may also adversely affect public confidence in MEX Highway. Insurance has been taken to cover risk of material damage to assets and loss of anticipated toll revenue as a result of loss or damage from specific perils, as well as public liability, fidelity guarantee, employer's liability, director's and officer's liability insurance policies. However, there is no assurance that such insurances will cover all liabilities resulting from claims. As there are specific insurance limits per incident, insurable claims may be insufficient to meet actual costs and losses and this could adversely affect the operations and financial conditions of MESB.

3.2.8 Regulatory Risk

MESB's operations are subject to the jurisdiction of numerous governmental agencies with respect to regulatory matters such as the Federal Roads (Private Management) Act 1984, the Road Transport Act 1987 and the rules and regulations of the MHA. These regulations and requirements may limit MESB's activities or result in high compliance costs. Any failure by MESB to comply with such regulations could result in material penalties being imposed on MESB. No assurance can be given that any future changes to present regulation or any introduction of new regulation, or laws, by relevant authorities will not have a material adverse impact on MESB's business.

3.2.9 Termination of the Concession Agreement

(i) Termination on MESB's Default

If MESB without reasonable cause fails to perform its obligations or is in breach of any of its obligation, the Government may give notice to MESB to remedy the default. If MESB fails to remedy the relevant event of default within the period of thirty (30) days, three (3) months (or six (6) months from the date of notice), the Government may terminate the Concession at any time thereafter by giving notice to that effect to MESB.

[The rest of this page is intentionally left blank]

(ii) Termination on the Government's Default

If the Government without reasonable cause fails to perform its obligations or is in breach of any of its obligation, MESB may give notice to the Government of its intention to terminate the Concession by giving six (6) months' notice (or such other period as may be agreed by the parties hereto) to that effect to the Government. If the Government fails to remedy the relevant event of default within the period of six (6) months, MESB may terminate the Concession at any time thereafter by giving notice to that effect to the Government.

If any of the following occurs:

(a) The Concession is terminated by the Government due to MESB's default; or

(b) The Concession is terminated by MESB due to the Government's failure to perform its obligations; or

(c) The Government expropriates the Concession or MESB,

then the Government shall (subject to such amount not exceeding the maximum amount as stipulated in the Concession Agreement), pay to the Lenders within six (6) months after the termination date or the date of expropriation (as the case may be) an amount equal to the aggregate amount owing to the Lenders at the date of termination or expropriation (as the case may be) (after deducting therefrom the value of any security including any Toll, at that time held by the Lenders) or shall otherwise assume the liabilities and obligations of MESB to the Lenders within such period as aforesaid.

Under such a situation, the Lenders may only receive payments from the Government after the lapsing of up to twelve (12) months from the date of default (taking into account the different remedy periods for the various types of default) should the Government decide to make such payments and not otherwise assume the liabilities and obligations of MESB.

Please see Section 5.1(k) of this Information Memorandum as to the full details of what MESB itself would receive from the Government (and which would accrue to the benefit of the Lenders pursuant to the Debenture (as defined below)) upon such a termination. Alternatively, instead of terminating the Concession Agreement, the Government may choose to exercise their step-in-rights (as to which please see Section 5.1(j) of this Information Memorandum).

3.2.10 Project Risk

In relation to the construction of Seri Kembangan Interchange, there are potential risks of cost overrun, risks related to the construction work required as well as risk of a force majeure event occurring. Cost overruns could be incurred due to engineering requirements, adverse site conditions, increase in prices of the raw materials (for example, bitumen and steel) and construction difficulties are borne by the concessionaire.

Construction risks arising from factors such as shortages of construction materials, unavailability and inefficiency of equipment and labour, price increases, labour disputes, the non-performance or unsatisfactory performance of contractors and subcontractors, inclement weather, natural disasters, accidents, changes in Government policies or adverse economic, business and credit conditions, failure or postponement in the issuance or grant of licences, permits and approvals and unforeseen engineering and environmental problems may arise.

No assurance can be given that MESB will not encounter significant construction difficulties and delays in relation to the Seri Kembangan Interchange.

3.3 Risks relating to the Sukuk Musharakah

3.3.1 Rating of the Sukuk Musharakah

The ratings on the Sukuk Musharakah may be changed at any time and this may adversely affect the market value of the Sukuk Musharakah.

The Sukuk Musharakah has been assigned a preliminary rating of "AA_2" by the Rating Agency. A rating is not a recommendation to purchase, hold or sell the Sukuk Musharakah as such ratings do not comment as to market price or suitability for a particular investor. There is no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, suspended or withdrawn entirely by an assigning rating organisation in the future, if, in its judgment, circumstances in the future so warrant. In such circumstances, the market price and liquidity of the Sukuk Musharakah may decrease, and no person or entity would be obligated to provide any additional credit enhancement with respect to the Sukuk Musharakah. Any reduction, suspension or withdrawal of a rating of the Sukuk Musharakah will not constitute a Dissolution Event ((as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*) with respect to the Sukuk Musharakah.

Further, such a rating is not a guarantee of repayment or that there will be no default by the Issuer under the Sukuk Musharakah.

3.3.2 No Prior Market for the Sukuk Musharakah

There has been no prior public market for the Sukuk Musharakah and as such the liquidity and market price of the Sukuk Musharakah following the issue of the Sukuk Musharakah may be volatile.

There is no existing market for the Sukuk Musharakah and there can be no assurances that a secondary market for the Sukuk Musharakah will develop, or if a secondary market does develop, that it will provide Sukukholders with liquidity of investment or that it will continue for the life of the Sukuk Musharakah. The market value of the Sukuk Musharakah may fluctuate. Consequently, any sale of the Sukuk Musharakah by Sukukkholders in any secondary market which may develop may be at prices that may be higher or lower than the initial offering price depending on many factors, including prevailing interest rates and the market for similar securities. Accordingly, no assurance can be given as to the liquidity of, or trading market for, the Sukuk Musharakah and an investor in the Sukuk Musharakah must be prepared to hold the Sukuk Musharakah for an indefinite period of time or until their maturity, nor any assurance can be given as to the ability of the Sukukholders to sell their Sukuk Musharakah, or the prices at which the Sukuksholders would be able to sell their Sukuk Musharakah.

3.3.3 The market value of the Sukuk Musharakah may be subject to fluctuation

Trading prices of the Sukuk Musharakah may be influenced by numerous factors, including the operating results and/or financial condition of the Issuer and/or MESB, political, economic, financial and any other factors that can affect the capital markets, the industry or MESB and/or the Issuer. Adverse economic developments could have a material adverse effect on the market value of the Sukuk Musharakah.

[The rest of this page is intentionally left blank]

3.3.4 An investment in the Sukuk Musharakah is subject to finance rate risk

Sukukholders may suffer unforeseen losses due to fluctuations in interest rates. Although the Sukuk Musharakah are Islamic securities which do not pay interest, they are similar to fixed income securities and may therefore see their price fluctuate due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices. The Sukuk Musharakah may be similarly affected resulting in a capital loss for the Sukukholders. Conversely, when interest rates fall, bond prices and the prices at which the Sukuk Musharakah trade may rise. Sukukholders may enjoy a capital gain but profit received may be reinvested for lower returns.

3.3.5 An investment in the Sukuk Musharakah is subject to inflation risk

Sukukholders may suffer erosion on the return of their investments due to inflation. Sukukholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Sukuk Musharakah. An unexpected increase in inflation could reduce the actual return.

3.3.6 Suitability of investments

The Sukuk Musharakah issued may not be a suitable investment for all investors. Each potential investor in the Sukuk Musharakah must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Sukuk Musharakah, the merits and risks of investing in the Sukuk Musharakah and the information contained in this Information Memorandum;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Sukuk Musharakah and the impact the Sukuk Musharakah will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Sukuk Musharakah, including where the currency of payment is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Sukuk Musharakah and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic and other factors that may affect its investment and its ability to bear the applicable risks.

[The rest of this page is intentionally left blank]

3.3.7 Risks relating to Musharakah structure

The Musharakah structure is based on the concept of a partnership. Therefore, the Sukukholders as partners in a Musharakah structure will be exposed to both the risk of loss as well as the gain of profit. The profits from the Musharakah Venture shall be shared among the Investors in the proportion of their respective interest in the Sukuk Musharakah. The losses from the Musharakah Venture shall be borne among the Investors in proportion of their respective interest in the Sukuk Musharakah and limited to each Sukukholder's respective capital contribution under the Musharakah Capital (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)). The risk of loss is partly mitigated by the Purchase Undertaking (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)) given by the Issuer given to the Sukuk Trustee, pursuant to which the Issuer shall purchase the Sukukholders' interest in the Trust Asset (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)) on the Maturity Date (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)) or upon the declaration of a Dissolution Event, whichever is the earlier at the Exercise Price (as defined in Appendix 1 (*Principal Terms and Conditions of the Sukuk Musharakah*)).

3.3.8 Claims for Specific Enforcement

In the event that the Issuer in its capacity as the obligor fails to perform its obligations under the Purchase Undertaking or make other payments under the transaction documents, then the potential remedies available to the Sukuk Trustee include obtaining an order for specific enforcement of the obligor's obligations or a claim for damages. There is no assurance that a court will provide an order for specific enforcement which is a discretionary matter.

The amount of damages which a court may award in respect of a breach will also depend upon a number of possible factors including an obligation on the Sukuk Trustee to mitigate such damages. No assurance is provided on the level of damages which a court may award in the event of a failure by the Issuer to perform its obligations set out in the Purchase Undertaking or the other transaction documents.

3.3.9 No assurance that Sukuk Musharakah will be Shariah-compliant

The Shariah Adviser has issued a pronouncement which states, amongst others that in its opinion, the structure and mechanism of the Sukuk Musharakah are in compliance with Shariah principles. Neither the Issuer, the Lead Manager nor the Financial Adviser makes any representation as to the Shariah permissibility of the structure or the issue and trading of the Sukuk Musharakah issued under the Sukuk Musharakah. Investors are reminded that as with any Shariah views, differences in opinion are possible and opinions may change from time to time. Investors should obtain their own independent Shariah advice as to the Shariah permissibility of the structure, the issue and the trading of the Sukuk Musharakah.

If the Sukuk Musharakah are deemed not to be Shariah-compliant by an investor's own standard of Shariah compliance, such investor may be required to sell or otherwise dispose of its Sukuk Musharakah by virtue of its own constitutional restraints or otherwise. Accordingly, the liquidity and price of the Sukuk Musharakah in the market may be adversely affected by particular Shariah standards, and interpretation thereof, of existing or potential investors.

3.3.10 Risks relating to Traffic Forecast and Cash Flow Projections

This Information Memorandum contains cash flow projections of the Issuer and MESB which are based on assumptions made by the directors of the Issuer and are presented on a basis consistent with the accounting policies adopted by the Issuer and MESB (as the case may be).

In view of the subjective judgement and inherent uncertainties of the cash flow projections, and due to events and circumstances which may not occur as expected, the actual cash flow results may be materially different from those shown.

In addition, this Information Memorandum contains forecast of the traffic volumes and revenue for MEX Highway until the end of the Concession Period which has been prepared by the traffic consultant, SKM CB – please refer to the extract of the traffic report annexed herein in Appendix IV (*Extract of the Traffic Report for MEX Highway*). The forecast of the traffic volumes are prepared and given based on complex sets of input data and assumptions.There is no guarantee that these assumptions will in fact be correct or accurate and there are numerous factors that can influence the actual demand, many of which are beyond the control or reasonable foresight of the forecaster. For example, the construction and operation of new competing toll roads and other alternative made of transport, which are currently unplanned and not committed. Whilst the risk of inaccuracies cannot be eliminated, it can be reduced through a detailed process, including, but not limited to the adoption of reasonable assumptions, the use of accepted modelling standards and techniques, peer review and appropriate sensitivity testing.

This process, in particular the key assumptions, applied by SKM CB for the purposes of the forecast were discussed and agreed with MESB.

Investors will be deemed to have read and understood the descriptions of the assumptions and uncertainties underlying the cash flow projections and the traffic forecast contained herein.

3.3.11 Adequacy and Enforceability of Security

While the Sukuk Musharakah is secured by the security package outlined in Section 1.5 (*Security*) of this Information Memorandum, no assurance can be given that in the event of enforcement of such security, the proceeds obtained from the realisation of such security would be sufficient for payment and redemption of all the Sukuk Musharakah which is outstanding at that time.

3.4 General Risks

3.4.1 Industry Risk

Like other businesses, the industry risk plays an important factor that could materially and adversely affect the financial and business prospect of MESB and the Issuer. There is no assurance that any change within the industry will not materially affect the business of MESB and the Issuer.

3.4.2 Political, Economic and Regulatory Considerations

The business, prospects, financial condition and results of operations of the Issuer may be adversely affected by political, economic, social developments and regulatory conditions in Malaysia. Political, economic, social and regulatory uncertainties include but are not limited to the risks of war, terrorism, riots, expropriation, nationalism, renegotiation or nullification of existing contracts, introduction of new regulations, changes in inflation, interest rates and methods of taxation.

Although measures may be taken by the Issuer to address and/or mitigate such developments, no assurance can be given that such measures would be sufficient or effective in the circumstances.

[The rest of this page is intentionally left blank]

3.4.3 Change of Law

The structure of the transaction and the issue of the Sukuk Musharakah are based on Malaysian law, tax and administrative practice as at the date of this Information Memorandum. No assurance can be given that Malaysian law, tax (or changes in tax rates) or administrative practice will not change after the date hereof or that such change will not adversely impact the structure of the transaction and the treatment of the Sukuk Musharakah.

3.5 Forward looking statements

This Information Memorandum contains forward looking statements. Such forward-looking statements in the Information Memorandum involve known and unknown risks, uncertainties and other factors which may affect actual outcomes, many of which are outside the control of the Issuer. These factors include economic conditions in the markets in which the Issuer operates and achievement of the company's business forecasts. These factors will cause the actual results, performance or achievements of the Issuer to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forward-looking statements. These forward-looking statements do not constitute a representation that future results will be achieved in the amounts or by the dates indicated.

[The rest of this page is intentionally left blank]

SECTION 4.0 BACKGROUND INFORMATION ON THE ISSUER AND MESB

4.1 Corporate history and principal activities of the Issuer

4.1.1 Background information

The Issuer was incorporated in Malaysia under the Companies Act 1965 on 23 August 1991 as a private limited company under the name of Bright Focus Sdn Bhd. It was converted into a public company on 31 October 2006.

The registered office of the Issuer is Level 21, Maju Tower, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur Wilayah Persekutuan.

4.1.2 Principal activities

The principal activity of the Issuer is that of investment holding and the provision of management services to its subsidiary company.

The Issuer's only subsidiary company is MESB where the Issuer holds 96.83% in the issued and paid up capital of MESB.

Please refer to Section 4.2 for information on MESB.

4.1.3 Share capital

The authorised, issued and paid-up share capital of the Issuer as at 1 July 2013 are as follows:

	No of Ordinary Shares	Par Value (RM)	Total Value (RM)
Authorised Share Capital	500,000,000 ordinary shares	0.20	100,000,000.00
Issued and Fully Paid-Up Share Capital	290,500,000 ordinary shares	0.20	58,100,000.00

4.1.4 Shareholding structure

As at 1 July 2013, the Issuer is a wholly owned subsidiary of Maju Holdings.

4.1.5 Profile of directors

The directors of the Issuer and their respective profiles as at 1 July 2013 are as follows:

Name of Directors	Profile
Tan Sri Abu Sahid Bin Mohamed	Aged 61, Tan Sri Abu Sahid Bin Mohamed is the Group Executive Chairman of the Issuer. He was appointed to the Board of Directors of the Issuer on 3 May 2005. He is also presently the Group Executive Chairman of the Maju Group of Companies. He has been the driving force behind the growth of the Maju Group in all its activities over the past 35 years. He has made the Maju Group well diversified with activities in Construction, Property Development, Infrastructure, Services and Manufacturing. Tan Sri Abu Sahid also serves as the Executive Chairman of Ipmuda Berhad and Perwaja Holdings Berhad as well as Chairman of Kinsteel Bhd. He is a major shareholder of Perwaja Holdings Berhad, Kinsteel Bhd, Ipmuda Berhad and also Avalon Minerals Ltd in Australia. Tan Sri Abu Sahid is also a director of various other private limited companies in Malaysia.

Ong Wann Yi	Aged 52, Ong Wann Yi, is a director of the Issuer and was appointed to the Board of Director of the Issuer on 3 May 2005. Ong Wann Yi is currently the Finance Director of Ipmuda Berhad. He assumed the post in 2006 and is responsible for the overall finance and accounting functions of Ipmuda Group. He is also a director of several subsidiaries in the Group. Prior to his current position he was the Financial Controller of Maju Holdings. He joined Maju Group in 1992, after having had multifold experiences in various industries. Ong Wann Yi is an Associate Member of the Chartered Institute of Management Accountant (UK) and a member of the Malaysian Institute of Accountants. He also holds a Master Degree in Business Administration.

4.1.6 Existing Indebtedness of the Issuer

As at 1 July 2013, the Issuer does not have any other existing indebtedness save and except for the Term Loan, details of which are as set out below.

Lenders	:	SCBMB
Facility	:	Term loan facility of US$75,000,000
Outstanding principal payable	:	As at 1 July 2013 , the outstanding principal payable under the Term Loan is US$ 75,000,000

Part of the proceeds raised from the issuance of the Sukuk Musharakah shall be utilised by the Issuer to repay the Term Loan.

4.2 Corporate history and principal activities of MESB

4.2.1 Background information

MESB was incorporated in Malaysia under the Companies Act 1965 under the name of Konsortium Lapangan Terjaya Berhad as a public limited company. It was converted into a private limited company on 20 June 1997. On 10 March 2008, MESB changed its name to Maju Expressway Sdn Bhd.

The registered office of MESB is No. 1, Maju Expressway (MEX), 63000 Cyberjaya, Selangor Darul Ehsan.

4.2.2 Principal activities

The principal activities of MESB are as follows:

(a) to design and construct the MEX Highway;

(b) to provide other highway related facilities and services;

(c) to operate and maintain the MEX Highway and to collect toll for its own benefit during the Concession Period.

[The rest of this page is intentionally left blank]

4.2.3 Share capital

The authorised, issued and paid-up share capital of MESB as at 1 July 2013 are as follows:

	No of Ordinary Shares	Par Value (RM)	Total Value (RM)
Authorised Capital	1,000,000,000 ordinary shares	RM1.00 each	1,000,000,000
Issued and Fully Paid-Up Capital	60,000,000 ordinary shares	RM1.00 each	60,000,000

4.2.4 Shareholding structure

The shareholders of MESB as at 1 July 2013 and their shareholdings in MESB are as follows:

Substantial Shareholders	Country of Incorporation	No. of Shares	%
BFB	Malaysia	58,099,999	96.83
Ulimas Sdn Bhd	Malaysia	1,900,000	3.16
Tan Sri Abu Sahid Bin Mohamed *	Malaysian	1	0.01
		60,000,000	

** Holding on trust for BFB*

4.2.5 Profile of directors

The directors of MESB and their respective profiles as at 1 July 2013 are as follows:

Name of Directors	Profile
Tan Sri Abu Sahid Bin Mohamed	TAN SRI ABU SAHID BIN MOHAMED, a Malaysian aged 61, is the Group Executive Chairman of the Issuer. He was appointed to the Board of Directors of MESB on 8 April 1997 and was appointed as the Managing Director of MESB on 8 May 2008. He is also presently the Group Executive Chairman of the Maju Group of Companies. He has been the driving force behind the growth of the Maju Group in all its activities over the past 35 years. He has made the Maju Group well diversified with activities in Construction, Property Development, Infrastructure, Services and Manufacturing. Tan Sri Abu Sahid also serves as the Executive Chairman of Ipmuda Berhad and Perwaja Holdings Berhad as well as Chairman of Kinsteel Bhd. He is a major shareholder of Perwaja Holdings Berhad, Kinsteel Bhd, Ipmuda Berhad and also Avalon Minerals Ltd in Australia. Tan Sri Abu Sahid is also a director of various other private limited companies in Malaysia.

[The rest of this page is intentionally left blank]

Name of Directors	Profile
Tan Sri Mohd Bakri Bin Haji Omar	TAN SRI MOHD. BAKRI BIN HAJI OMAR, a Malaysian, aged 64, was appointed as the Director of MESB on 12 September 2006. He is presently the Chairman of MESB. He was previously the Inspector-General of Police, Royal Malaysian Police. He joined the Police Force on 1 January 1971 as a Cadet Assistant Superintendent of Police and thereafter served in several departments in the Police Force. He was the Officer In-Charge of several Police Districts including Mersing (Johor), Balik Pulau (Penang) and Petaling Jaya (Selangor). He has also served as the Chief Police Officer of Kedah and Kuala Lumpur and the Commissioner of Police Sabah. In 1987, he held the post of Officer In-Charge of Criminal Investigation Department in Kuala Lumpur. In 1992, Tan Sri Mohd Bakri bin Haji Omar was seconded to Malaysia Airport Berhad as its General Manager Security, Safety and Human Resource management and later in 1998 to the Ministry of Home Affairs as the Director-General of the National Narcotics Agency. Upon his return to Royal Malaysia Police Headquarters in October 1999, he assumed the post of Director of Management. On 10 March 2003, he was appointed the Deputy Inspector-General of Police, Royal Malaysia Police and eight months later, appointed as Inspector-General of Police on 6 November 2003. Tan Sri Mohd Bakri bin Haji Omar holds a Bachelor of Arts degree from the University of Malaya (1970) and Master of Arts in Political Science from the Ohio University, United States of America (1983). He also attended the Royal College of Defence Studies in London, United Kingdom (1995). He is currently a director of Perwaja Holdings Berhad and PFCE Berhad.
Dato' Ong Tee Thong	DATO' ONG TEE THONG, a Malaysian, aged 59, and was appointed as a Director of MESB on 4 October 1996. He holds a Bachelor of Science (Estate Management) degree form the University of Singapore. He is a member of the Institution of Surveyors, Malaysia. He started his career as a Valuation Officer in 1976 with the Valuation Division of the Treasury Department, Ministry of Finance, Malaysia and held the position of Acting Regional Director, Southern Region in 1980. He then joined the private sector and was initially involved in project management in the real estate industry. He subsequently became actively involved as a property developer undertaking and completing several commercial and residential projects in Johor Bahru. He served as the Chairman of the Housing Developers Association, Johor Branch for two terms from 1994 to 1998.

	He presently sits on the Board of several companies involved in property development and infrastructure project.
Mohd Fauzi Bin Yon	MOHD FAUZI BIN YON, a Malaysian, aged 62, and was appointed to the Board on 18 June 2003. He holds a Bachelor of Economics (honors) degree from University of Malaya. After graduating from University of Malaya in 1975, he joined the Ministry of Foreign Affairs, Malaysia. He served in various Malaysian Diplomatic Mission abroad between 1978 and 1993 before retiring from the Government service in 1995. The last position he held before his optional retirement at the Ministry of Foreign Affairs, Malaysia was as Principal Assistant Secretary covering political and economic affairs of the South East Asian Region. En. Mohd Fauzi Yon joined Maju Holdings Sdn Bhd ("Maju Holdings") as the Special Assistant to the Group Executive Chairman in August 1995 and is currently the Deputy Group Executive Chairman of Maju Group.
Nitchiananthan A/L Balasubramaniam	Ir NITCHIANANTHAN BALASUBRAMANIAM, age 50, a Malaysian was appointed as an Independent Non-Executive Director of MESB on 22 February 2010. Ir Nitchiananthan started his career in Minconsult Sdn Bhd in 1987 after graduating from the Indian Institute of Technology (IIT) Roorkee with a Bachelor of Civil Engineering (Hons.) Degree. He obtained a Masters degree in Highway/Transportation Engineering from the University of New South Wales, Sydney in 1989 upon which he joined HSS Integrated Sdn Bhd (HSSI). He is currently the Chief Operating Officer of HSSI and has been actively involved in the development of highways and railways/transit systems in Malaysia and overseas. He has 23 years of experience in the engineering consultancy industry. Ir Nitchiananthan is a Fellow of Institution of Engineers Malaysia and a Registered Professional Engineer with the Board of Engineers Malaysia. He is also the Honorary Secretary of the Chartered Institution of Highways & Transportation (CIHT, UK) Malaysian Branch.

[The rest of this page is intentionally left blank]

SECTION 5.0 THE CONCESSION

5.1 Salient Terms of the Concession Agreement

The Concession Agreement

(a) Grant of the Concession

On 22 October 1997, the Government and MESB entered into the Concession Agreement whereby the Government granted to MESB, inter alia, the exclusive right and authority to undertake the design, construction, maintenance, operation and management of the highway which starts at Kuala Lumpur from Jalan Tun Razak and terminates at KLIA.

However, the project as contemplated by the Concession Agreement was deferred during the Asian regional financial crisis. On 28 October 2003, the SSCA was signed which allowed MESB to proceed with such project on amended terms and conditions.

Pursuant to the SSCA, the Government decided to defer the design, construction, maintenance, operation and management by MESB of Section III of the MEX Highway. Within five (5) years of the publication in the Gazette of the amount of toll to be collected by MESB, MESB shall carry out a study to determine whether Section III is financially and economically viable before a decision is made by the Government whether to commence or defer the construction of Section III.

MESB had appointed Maju Holdings to conduct a feasibility study on the financial viability of Section III of MEX Highway which has been completed. MESB had presented the conclusion of study to the Government and both parties are in the midst of negotiations in respect of the development of Section III of the MEX Highway.

Recently, the Government and MESB had on 5 July 2013 entered into the FSCA whereby MESB is granted the right and authority to undertake the design, construction, maintainance, operations and management of the Seri Kembangan Interchange which provides for access to and from Seri Kembangan to the MEX Highway.

(b) Concession Period

Subject to the provisions of the Concession Agreement and TSCA, the Concession was granted for a period of thirty three (33) years commencing from the 6 December 2004, and subject to the provisions of the Concession Agreement and TSCA, ending on the thirty-third (33rd) anniversary of such date. Pursuant to the FSCA, the Concession Period will be further extended for a period of up to eight (8) years from 6 December 2037 to 5 December 2045. However, the continuation of the last two (2) years of the Additional Concession Period is dependent on MESB's ability to demonstrate to the satisfaction of the Government that the Actual IRR is lower than the agreed rate stated in the FSCA.

(c) Terms and conditions of the Concession

Subject to the terms and conditions of the Concession Agreement, MESB is granted the exclusive right and authority to undertake the Concession which is to:

- design and construct MEX Highway;
- supply and install tolling and other equipment (including telecommunication equipment) at the toll plazas (being for the purposes of the Concession Agreement be mainline toll plaza or ramp toll plaza as stipulated therein) and manage, operate and maintain the same on MEX Highway during the Concession Period (as referred to in 5.1.(b) above);

- exclusively demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using MEX Highway during the Concession Period (which for the purposes of collection of toll under the Concession Agreement is broken down into successive five (5) year periods, each referred to as an Operating Period);
- design, construct, manage, operate and maintain the Ancillary Facilities (essentially comprising rest and service areas as more specifically detailed in Appendix D of the Concession Agreement) during the Concession Period and to retain the income received or receivable and derived therefrom;
- operate and maintain at its own cost and expense (including, without limitation, utility charges thereby) MEX Highway during the Concession Period;
- design, construct, manage, operate and maintain an administrative office; and
- to design, construct, maintain, operate and manage the Seri Kembangan Interchange.

(d) Maintenance and Maintenance Bond

MESB shall maintain the completed MEX Highway in good condition and in accordance with the requirements of the Concession Agreement and based on sound engineering practices including the provision of routine maintenance.

MESB is further required, within ninety (90) days from the Availability Date of the entire MEX Highway, to issue to the Government a new Maintenance Bond having a maximum value of RM3.0 million as security for the due performance by MESB of its maintenance and structural overlay obligations for the remaining period of the Concession Period and a further twelve (12) months thereafter.

MESB shall ensure that the amount of the Maintenance Bond shall at all times, be not less than the amount stipulated above.

(e) Financing Arrangements for the Concession

MESB was granted Government Funding for the purpose of meeting all costs in relation to the Construction Works for Section I and the Putrajaya Link Interchange, which terms and conditions of the Government Funding (including payment terms thereof) shall be provided under the D&B Contract with the Government through LLM.

Save for the Government Funding, MESB shall be responsible for obtaining all finance, both debt and equity, necessary to undertake the Concession.
Pursuant to the Concession Agreement, the maximum amount of indebtedness owed by MESB to its financiers that will be assumed by the Government, will not exceed RM200 million.

(f) Paid Up Capital

MESB is required to have a paid up capital of RM5.0 million on the date of the SSCA and thereafter MESB shall over a period of six (6) months progressively increase its paid up capital to a minimum of RM30.0 million. Additional equity requirement will be funded by way of a shareholder loan to MESB to a minimum of RM70.0 million.

(g) Shareholding Structure

In clause 20.3 of the Concession Agreement, the shareholding structure of MESB is described to be as follows (as at the date of the execution of the Concession Agreement, namely, 22 October 1997):

Shareholder	Percentage in shareholding
Bright Focus Berhad	51%
Anson Perdana Berhad	30%
Hi-Summit Construction Sdn. Bhd.	19%

Pursuant to the Concession Agreement, MESB is not permitted to make any changes to the said shareholding structure nor are the shareholders of MESB permitted to make any change to their own shareholding structures within the first three (3) years from the date of the Second Supplemental Agreement save and except where MESB applies for its shares to be listed and quoted on the official list of the Bursa Malaysia, or in the case of the shareholders, where the relevant shareholders is itself listed and quoted on the Bursa Malaysia. Any intention to change the shareholding structure after the said period of three (3) years shall require the prior written approval of the Government through the Economic Planning Unit of the Prime Minister's Department.

MESB has undertaken several share issues and increased its issued share capital to RM60.0 million. As a result of such issues, the Issuer is now 96.83% shareholder of MESB.

(h) Toll

MESB may commence the demand, collection and retention of the agreed Toll (essentially being the toll that has been stipulated and agreed to between the Government and MESB) for MEX Highway on the date specified in the order published in the Gazette pursuant to the Federal Roads (Private Management) Act, 1984.

The Government shall publish as soon as practicable but not more than sixty (60) days from the Availability Date, MEX Highway or any section as the Federal Road pursuant to the Federal Roads Act 1959 and shall within reasonable time publish in the Gazette pursuant to Federal Roads (Private Management) Act 1984, the gazette toll for MEX Highway or section, as the case may be ("**Gazetted Toll**"). If there is unreasonable delay by the Government, the Concession Period shall be extended for such period as shall be necessary to compensate MESB for the consequence of such delay.

In the event that the Government imposes a toll rate for any class of vehicle for/during any year of the Concession which is lower than the agreed Toll for that class of vehicle, the Government shall compensate MESB for any reduction in toll collections for the relevant year of operation.

The compensation payable shall be certified and payable to MESB within ninety (90) days after the date of the joint certificate certifying such amount from the company auditor together with the auditor appointed by the Government. Any compensation paid by the Government pursuant to the Concession Agreement shall constitute part of MESB's toll revenue.[1]

(i) Termination of the Concession/ Default

(a) Termination by MESB due to Government default

In the event of any of the following circumstances, MESB may give a six (6) months' notice to the Government (or such other period as may be mutually agreed by both parties) of its intention to terminate the Concession:

(i) the Government without reasonable cause fails to perform or fulfil any of its obligation which adversely affects the right and authority of MESB to collect and retain toll; or

(ii) the Government is in breach of any of its obligation to make any payments under the Concession Agreement to MESB.

---

[1] *In view that there has not been any increase in the toll rate and that the current toll rate for year 2013 is lower than the agreed Toll for all class of vehicle, MESB has received and will be receiving the relevant compensation from the Government based on the provisions of the Concession Agreement for such reduction in toll collections until such time that the scheduled Toll has been gazetted by the Government.*

(b) *Termination by the Government due to MESB default*

In any of the following circumstances, the Government may give notice to MESB (being six months) of its intention to terminate the Concession:

(i) MESB is in breach of any material obligations under the Concession Agreement; or

(ii) an order is made or a resolution is passed for the winding up of MESB (except for the purposes of reconstruction or amalgamation not involving the realization of assets in which the interests of creditors are protected); or

(iii) MESB goes into liquidation or a receiver is appointed of the assets of MESB or MESB makes an assignment for the benefit of or enters into arrangement or composition with its creditors or stops payment or is unable to pay its debts; or

(iv) execution is levied against a substantial portion of MESB's assets, unless it has instituted proceedings in good faith to set aside such execution.

(c) *Termination by Government due to expropriation*

In addition to the above, the Government may terminate the Concession by expropriating the Concession or MESB by giving not less than three (3) months notice to that effect to MESB if the Government considers that such expropriation is in the national interest or national security.

(d) *Termination by Government due to corruption, unlawful or illegal activities*

Pursuant to the FSCA, the Government is entitled to terminate the Concession at any time by giving immediate written notice to that effect to MESB, if MESB, its personnel, servants or employees is convicted by a court of law for corruption or unlawful or illegal activities in relation to the Concession or any other agreement that MESB may have with the Government.

(j) <u>Step in rights of the Government</u>
Upon the occurrence and during the continuance of an event of default by MESB, the Government shall have the right but under no obligation, to assume the operational responsibility of MESB in order to continue the activities under the Concession. MESB shall cause the Lenders specifically to acknowledge the rights of the Government herein in the financing documents. In no event shall the Government's election to step herein shall be deemed to be a transfer of title of MESB's obligation under the Concession Agreement.

During such period the Government is operating the Concession, the Government shall not be liable:

(i) for any claims and demands of any kind resulting from any accident, damage, injury or death arising from the occupation and/or use of the Concession Area by the Government; or

(ii) for any actions, suits, claims, demands, proceedings, losses, damages, compensation, costs (including legal costs), charges and expenses whatsoever in respect of or arising from the Concession.

During such period the Government is operating the Concession, the Government shall ensure that the moneys collected during the period are utilised in the following manner:

(i) firstly, towards the operational cost of operating and maintaining the Concession, including the Government's cost;

(ii) secondly, towards the discharge of the payment obligation of MESB to the Lenders; and

(iii) thirdly, any surplus shall be paid to MESB or, if retained by the Government, shall be held on account of and for the benefit of MESB.

The Government shall only be obliged to make the payments above to the extent of all moneys actually received by the Government and no payment to the Lenders shall, in any way, be construed as any assumption by the Government of MESB's liabilities or obligations to the Lenders.[2]

(k) Default - Payment to Lenders

If the Concession Agreement is terminated or expropriated for pursuant to the Concession Agreement, the Government shall pay to the Lenders (provided such payment does not exceed the sum of RM200.0 million) within six (6) months after the date of such termination or the date of expropriation (as the case may be):

(i) a sum equal to the aggregate amount owing to the Lenders at the date of termination (after deducting the value of security including any toll at that time held by the Lenders); or

(ii) shall otherwise assume the liabilities and obligations of MESB to the Lenders within such period as aforesaid.[3]

(l) Force Majeure

Pursuant to the Concession Agreement, an event of force majeure shall mean an event not within the control of the party affected and which that party is unable to prevent, avoid or remove, which causes or can be reasonably expected to cause either party to fail to comply with its obligations. Events of force majeure include, amongst others, war, hostilities, natural catastrophe, labor unrest and other industrial disturbances which are not the fault of MESB or its contractors.

If an event of force majeure occurs at any time during the Concession Period, the Concession Period may be extended for such period as the parties may agree, failing which, it shall be determined by the minister responsible for roads.

In any case of force majeure where any part of MEX Highway has been destroyed or substantially damaged, MESB shall restore that part of the highway at its own costs and expenses to the condition in which it was immediately prior to the occurrence of that event of force majeure. However, MESB is to ensure whenever reasonably practicable, insurance is effected (whether by itself or by its contractor) to cover the occurrence of events of force majeure.

[2] *MESB's ability to pay dividends to the Issuer will be affected if the Government exercises its step-in rights given that any surplus from the toll collections may be retained by the Government.*

[3] *In view thereof, upon the full settlement of the MESB Islamic Securities, there will not be any payment by the Government to the Lenders and the Government will not assume any of the liabilities and obligations of MESB to the Lenders notwithstanding the Sukuk Musharakah is still subsisting.*

SECTION 6.0 THE MAJU EXPRESSWAY

6.1 Overview

MEX Highway is a strategic and the shortest direct linkage between the commercial centre of KL, the administrative centre of Putrajaya, the Multimedia Super Corridor of Cyberjaya and the KLIA/LCCT at Sepang with a journey time of approximately 30 minutes. It is a gateway to the nation and forms the backbone for the infrastructure of the region. MEX Highway is also the regional connectivity between the MRR1 at Jalan Tun Razak and MRR 2 at Kesas. The regional connectivity will relieve traffic congestion and act as a traffic dispersal in the KL commercial centre. MEX Highway will also serve as a catalyst to the development of the southern corridor of the Klang Valley.

MEX Highway consist of Section I, Section II, and the Putrajaya Link Interchange, with a total length of 26km, as follows:

- **Section I: Kampung Pandan Roundabout to Technology Park Malaysia**

  This section is approximately 13.0 km long. The elevated length of Section I is approximately 9.1 km and the remaining 3.9 km is at-grade (i.e., road level). Section I comprises 2 and 3 lane dual carriageways as well as the following ramps and interchanges:-

  a) Entry and exit ramps from Jalan Tun Razak and Kampung Pandan Roundabout to and from MEX Highway;

  b) Entry ramp from East-West Link to MEX Highway;

  c) Entry and exit ramps from Kuchai Lama Interchange, KL-Seremban Highway and New Pantai Expressway to and from MEX Highway; and

  d) Entry and exit ramps from Kesas to and from MEX Highway.

  A main line toll plaza is located at Salak South ("**Salak South Toll**").

- **Section II:Technology Park Malaysia to Putrajaya (ends at Putrajaya Ramp Toll Plaza)**

  This section is approximately 13.0 km long and ends at the Putrajaya ramp toll plaza ("**Putrajaya Toll**"). This section is at-grade and comprises a 3-lane dual carriageway.

  Putrajaya Link Interchange:

  This is a trumpet interchange which connects MEX Highway to the Putrajaya Link Road.

  Concession Area

  The Concession Area together with all the related entry and exit ramps, interchanges, toll plazas, traffic facilities and related ancillary facilities will fall under the responsibility of MESB. Ancillary facilities comprise rest and service areas with amenities such as food stalls, prayer rooms, public toilets, parking bays and public telephones.

- **Section III:Putrajaya/Cyberjaya to KLIA**

  In addition, there is Section III from Putrajaya to KLIA ("**Spur Link**") which has been deferred by the Government until MESB and the Government determine that the commencement of the Section III is financially and economically viable. MESB has submitted the feasibility study in relation to Spur Link to the Government and is currently in discussion with the Government for the development of Spur Link.

The Issuer and MESB do contemplate that in the event the construction of Spur Link proceeds, it is likely that the requisite financing will be undertaken by the Issuer or MESB or other entity(ies) to finance the construction of Spur Link (the "**Spur Link Financing**"). In this regard, there are conditions and restrictions imposed in relation to the incurrence of the Spur Link Financing which are provided in the Trust Deed, which is reproduced below for reference (*the capitalized words and expressions in the provisions reproduced below have the menings given to them in the Trust Deed*):

Clause 13.2(b) of the Trust Deed provides as follows:

"*The Issuer hereby undertakes with the Trustee that from the date of this Deed until all its liabilities under this Deed and the Sukuk Musharakah have been discharged that it shall not without the prior written consent of the Sukukholders by way of an Extraordinary Resolution, (and shall ensure and procure that MESB shall not, unless otherwise permitted under this Deed) give, provide, issue or grant any guarantee to or permit to exist any guarantee to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any person or be or become directly or indirectly or actually or contingently liable for any loss, damage or expense resulting from the non-payment or breach of any obligation of any other person.*"

Clause 13.2(j) of the Trust Deed further provides as follows:

"*The Issuer hereby undertakes with the Trustee that from the date of this Deed until all its liabilities under this Deed and the Sukuk Musharakah have been discharged that it shall not without the prior written consent of the Sukukholders by way of an Extraordinary Resolution, incur, assume or permit to exist any indebtedness (including any overdraft or form of borrowing from any other financial institutions and any loan or advances from its shareholders, subsidiaries or related corporations) save and except for (i) indebtedness arising under the Transaction Documents; and (ii) indebtedness arising from and under any loan or advances extended or given by any shareholder, subsidiary or related corporation of the Issuer which are fully subordinated to the Sukuk Musharakah. For purposes of this paragraph, the Issuer shall provide to the Trustee, with each annual certification delivered pursuant to Clause 13.1(a) above, a report which shall set out the compliance of the restrictions in this provision and such relevant details (including detailed computation for such restriction) of the compliance or (if applicable) non-compliance of this paragraph.*"

Further, Clause 13.3(a) of the Trust Deed also provides as follows:

"*The Issuer hereby undertakes with the Trustee that from the date of this Deed until all its liabilities under this Deed and the Sukuk Musharakah have been discharged that it shall ensure, cause and procure that MESB shall not without the prior written consent of the Sukukholders by way of an Extraordinary Resolution, incur, assume, guarantee or permit to exist any indebtedness (including any overdraft or form of borrowing from any other financial institutions and any loan or advance from its shareholders, subsidiaries, related corporations or associated companies) save and except for the following:*

(i) *the shareholders' loans and advances to be granted by the Issuer to MESB by utilising the proceeds raised from the issuance of the Sukuk Musharakah;*

(ii) *the indebtedness which is unfunded in such amount not exceeding Ringgit Malaysia Fifty Million (RM50,000,000.00) in aggregate on an unsecured basis at any time and throughout the tenure of the Sukuk Musharakah, which such indebtedness shall include without limitation to any indebtedness arising from any performance bond or any maintenance bond (but shall exclude the indebtedness arising from the Spur Link Financing which shall be subject to the conditions set out in sub-paragraph (iii) below);*

(iii) *the indebtedness arising from the Spur Link Financing provided always that all of the conditions set out below shall be complied with before the incurrence of the Spur Link Financing:*

(01) *the incurrence of the indebtedness arising from the Spur Link Financing shall not result in a downgrade of the then prevailing rating of the outstanding Sukuk Musharakah or the minimum rating of AA_2, whichever is the higher;*

(02) *the incurrence of the indebtedness arising from the Spur Link Financing would not and would not reasonably be expected to result in any breach to any term or condition of the Sukuk Musharakah and/or the Concession Agreement;*

(03) *the incurrence of the indebtedness arising from the Spur Link Financing would not have and would not reasonably be expected to have a Material Adverse Effect and is not prejudicial to the Sukukholders; and*

(04) *the prior written consent of the Sukukholders by way of an Extraordinary Resolution has been obtained and in full force and effect.*"

In addition to the above, MESB has also issued a letter of undertaking to and in favour of the Issuer (the "**MESB Undertaking Letter**") wherein MESB has agreed and undertaken that, among others:

(i) it shall not without the prior written consent of the Issuer, provide or permit to exist any guarantee to any party unless otherwise permitted under the MESB Undertaking Letter;

(ii) it shall not without the prior written consent of the Issuer, incur, assume, guarantee or permit to exist any additional indebtedness (including any overdraft or form of borrowing from any other financial institutions and any loan or advance from its shareholders, subsidiaries, related corporations or associated companies) save and except for the following:

(i) the shareholders' loans and advances to be granted by the Issuer to MESB by utilising the proceeds raised from the issuance of the Sukuk Musharakah;

(ii) the indebtedness which is unfunded in such amount not exceeding Ringgit Malaysia Fifty Million (RM50,000,000.00) in aggregate on an unsecured basis at any time and throughout the tenure of this Letter, which such indebtedness shall include without limitation to any indebtedness arising from any performance bond or any maintenance bond (but shall exclude the indebtedness arising from the Spur Link Financing); and

(iii) the Spur Link Financing which may only be incurred subject to the fulfilment of all the following conditions:

(01) no breach to the terms and conditions of the Concession Agreement;

(02) the incurrence of the Spur Link Financing will not have a Material Adverse Effect;

(03) fulfilment of such other conditions as may be required by the Issuer; and

(04) the prior written consent of the Issuer's (or that of its assignee to the extent when the Issuer has assigned its rights, title, interests and benefits under this Letter) has been obtained.

As a security for the payment and redemption of the Sukuk Musharakah, the Issuer is required to assign all its rights, interest, title and benefits in and under the MESB Undertaking to and in favour of the Trustee (the "**Assignment of Undertaking**"). In the notice of assignment to be issued by the Issuer to MESB in respect of the assignment contemplated by the Assignment of Undertaking, on and from the date of the said notice, the Issuer is required to inform and instruct MESB that the Trustee shall be entitled to exercise all the Issuer's rights, powers and discretions pursuant to and as provided in the Assignment of Undertaking. In furtherance to the foregoing, in the event MESB requires any approval, consent or instruction in relation to or under the MESB Undertaking, MESB shall only seek such approval, consent or instruction from the Trustee and all notices and communications in connection with or required under the MESB Undertaking shall be addressed and sent to the Trustee (with a copy extended to the Issuer). Accordingly, MESB will be required to deal with the Trustee. By virtue thereof, if MESB intends to incur Spur Link Financing, MESB is required to obtain the prior written consent of the Trustee.

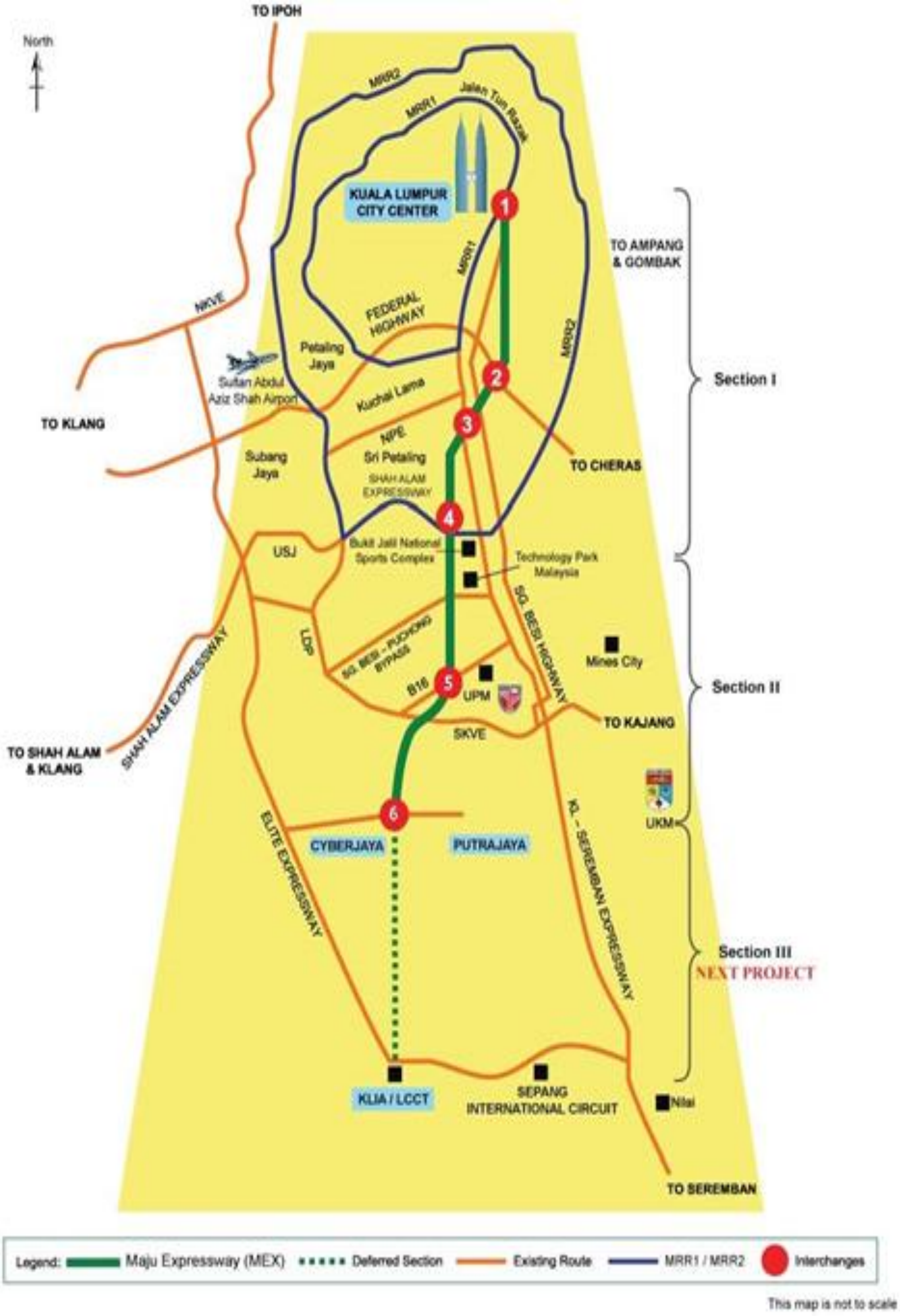
Premised upon the above, the Issuer and MESB will not be able to incur, assume, guarantee or permit to exist any indebtedness for the Spur Link Financing without first seeking the prior written consent of the Sukukholders.

Seri Kembangan Interchange

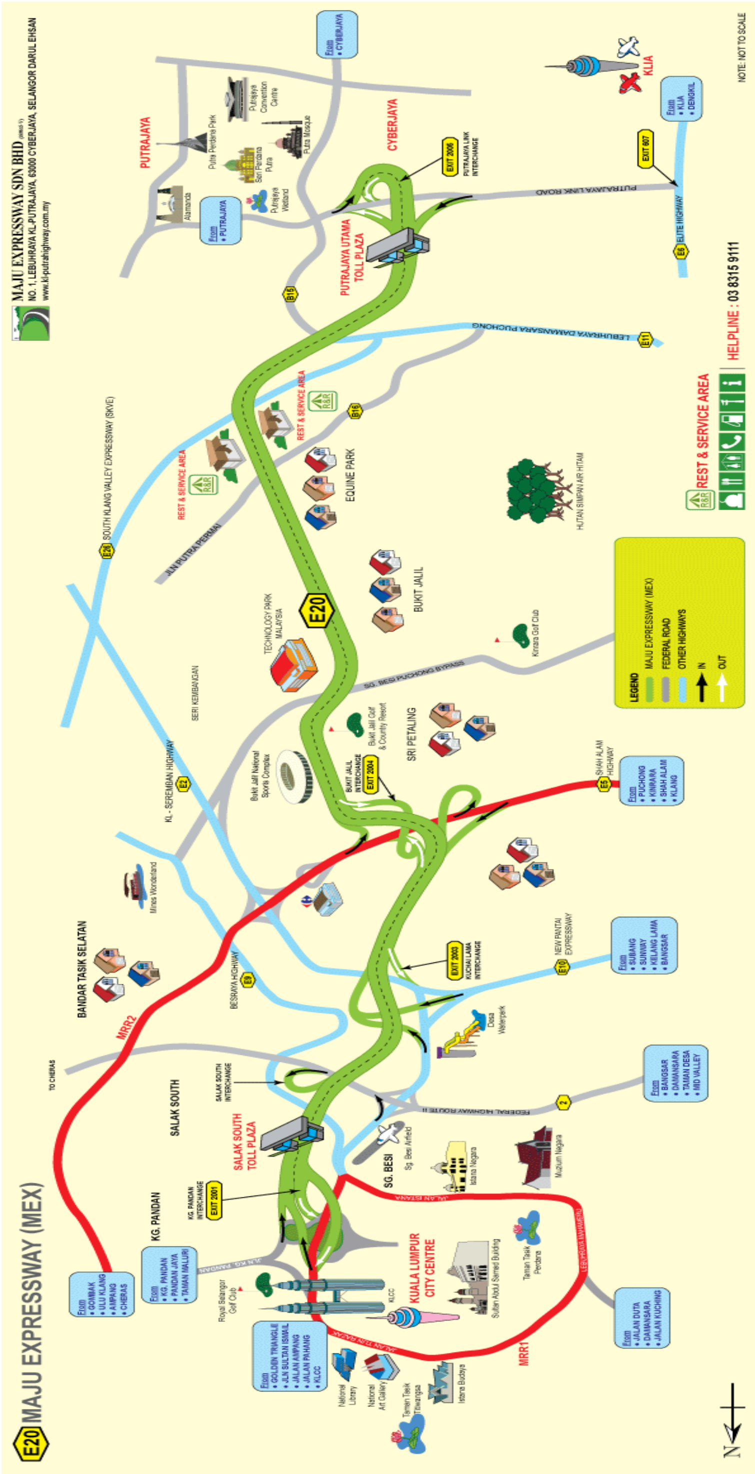
This interchange to be constructed by MESB is located at kilometre 16.5 of the MEX Highway and is a trumpet interchange that provides for access to and from Seri Kembangan to the MEX Highway.

The map below shows the alignment of MEX Highway, the various interchanges along MEX Highway and the existing roads and highways.

[The rest of this page is intentionally left blank]



1. KG PANDAN INTERCHANGE
2. SALAK SOUTH INTERCHANGE
3. KUCHAI LAMA INTERCHANGE
4. BUKIT JALIL INTERCHANGE
5. PROPOSED SERI KEMBANGAN INTERCHANGE
6. PUTRAJAYA LINK INTERCHANGE



E20 MAJU EXPRESSWAY (MEX)
MAJU EXPRESSWAY SDN BHD
NO. 1, LEBUHRAYA KL-PUTRAJAYA, 63000 CYBERJAYA, SELANGOR DARUL EHSAN
www.kl-putrajayahighway.com.my
HELPLINE : 03 8315 9111
REST & SERVICE AREA
LEGEND
MAJU EXPRESSWAY (MEX)
FEDERAL ROAD
OTHER HIGHWAYS
IN
OUT
NOTE: NOT TO SCALE
KUALA LUMPUR CITY CENTRE
SALAK SOUTH TOLL PLAZA
PUTRAJAYA UTAMA TOLL PLAZA
PUTRAJAYA
CYBERJAYA
KLIA
KG. PANDAN
SALAK SOUTH
BANDAR TASIK SELATAN
SG. BESI
SRI PETALING
BUKIT JALIL
EQUINE PARK
MRR1
MRR2
EXIT 2001
EXIT 2003
EXIT 2004
EXIT 2006
EXIT 607

6.2 Toll Systems and Toll Collection

(i) Toll systems

A toll plaza each is and will be located at the Salak South, Seri Kembangan, and Putrajaya, at km3, km16.5 and km24 of MEX Highway. MEX Highway operates as an 'open toll' collection system. Under this system, the vehicle is charged a fixed toll tariff according to the class of vehicle upon reaching an open toll plaza, regardless of the distance travelled. Two (2) toll systems are operated for collection of toll, namely:-

- Manual Toll Collection
- Electronic Toll Collection (Touch 'n Go and Smart Tag system)

Both cash collection and electronic toll collection systems are used in an effort to increase user convenience, facilitate speedier transactions, increase throughput at toll plazas and reduce manpower costs.

(ii) Toll fares

Under the Concession Agreement, MESB has the right and responsibility to exclusively demand, collect and retain toll for its own benefit from all vehicles liable to pay toll using MEX Highway during the Concession Period.

MEX Highway was completed in December 2007 whilst tolling commenced in January 2008.

Please refer to Appendix II (*Cashflow Projections of the Issuer and MESB*) for details of the toll rates.

6.3 Operations, Maintenance and Management of MEX Highway

MESB is responsible for the operations, maintenance and management ("**OMM**") of MEX Highway. Maintenance and operation works have commenced in December 2007 (upon the completion of MEX Highway). Broadly, the OMM tasks include the following:

(i) Operations

Operations principally comprise:

(a) the operation of the toll collection system;
(b) management of traffic on MEX Highway; and
(c) emergency and recovery works.

Effective traffic management is required for safe, smooth and faster traffic flow. In this respect, traffic surveillance and telecommunication facilities including CCTV, emergency phones and electronic message boards are put in place to manage the following:

(a) Accidents;
(b) Heavy traffic flow; and
(c) Obstruction due to repair and maintenance works.

There is close liaisons with the relevant authorities to ensure that emergency cases are attended to without delay. In addition, a 24-hour traffic patrolling, vehicle breakdown and accident service are also provided.

With respect to toll booths and lanes, the traffic flow and trends are monitored by a traffic control and surveillance system in order to manage the number of toll booths and lanes opened during the operations to minimise traffic disruptions and delay.
Regular maintenance is also scheduled and is carried out so as to minimise the disruption to traffic, including scheduling the works during non-peak hours.

(ii) Maintenance
Maintenance works comprise routine maintenance and heavy repairs.

Routine maintenance involves work that is repetitive, cyclical or periodic in nature. It is performed to maintain MEX Highway in good condition and help traffic flow. Routine maintenance includes maintenance of grass, landscaping and servicing of ancillary facilities.

Heavy repairs to maintain the structure and form of MEX Highway are essential for the safety and availability of MEX Highway. They include repairs to pavement, bridges, slopes and drainage, and equipment replacement.

(iii) Management
The management of MESB entails the day-to-day operations and management of administrative, human resource and other functions to ensure the smooth daily operations of MEX Highway.

6.4 Services Agreement

MESB has entered into a service agreement with Maju Holdings in 22 October 2008 and renewed up to 28 February 2014 which Maju Holdings is required to provide corporate, management support and consultancy services to MESB.

MESB has the right to terminate the agreement if Maju Holdings fails to perform any of its obligations under this agreement, and in the case of a failure capable of being remedied, it is not so remedied within thirty (30) days after a request to remedy the same has been given to Maju Holdings or in the case of Maju Holdings going into liquidation whether compulsory or voluntary (except for the purpose of reconstruction, amalgamation or other similar purpose not involving the realisation, amalgamation or other similar purpose not involving the realisation of assets), MESB is entitled to terminate the agreement by giving not less than fourteen (14) days notice to that effect.

6.5 Historical Traffic

The historical average ADT volume for MEX Highway since commencement of tolling operations on 17 January 2008 is as follows:

Year	Salak South Toll	Putrajaya Toll	Total
2008	22,369	26,675	**49,044**
2009	29,070	36,221	**65,291**
2010	34,191	44,771	**78,962**
2011	38,136	51,915	**90,051**
2012	40,939	57,690	**98,629**

6.6 Traffic Projections

Please refer to the extract of the traffic report for MEX Highway which sets out the forecast of the traffic volumes and revenue for MEX Highway until the end of the Concession Period which has been prepared by SKM CB and is annexed in Appendix IV (*Extract of the Traffic Report for MEX Highway*).

[The rest of this page is intentionally left blank]

SECTION 7.0 MESB ISLAMIC SECURITIES

7.1 Acquisition of the MESB Islamic Securities

Part of the proceeds raised from the issuance of the Sukuk Musharakah will be utilised by the Issuer to fund the Proposed Acquisition. The MESB Islamic Securities, once purchased by the Issuer, will be held by the Issuer and the Sukuk Trustee (or such other party nominated by the Sukuk Trustee acting on the instructions of the Sukukholders) until the maturity of the MESB Islamic Securites. Therefore, after the completion of the Proposed Acquisition, the IMTNholders for the MESB Islamic Securities will be the Issuer and the Sukuk Trustee (or its nominee).

The authority and power to and for the Sukuk Trustee to hold such part of the MESB Islamic Securities and to exercise powers of an IMTNholders will be provided in the Trust Deed.

Such part of the MESB Islamic Securites to be owned by the Issuer will be charged by the Issuer to and in favour of the Sukuk Trustee as security for the Sukuk Musharakah. Accordingly, the Sukukholders will have benefit of and interest over the security created by MESB to secure the MESB Islamic Securities.

7.2 Brief summary and the structure of the MESB Islamic Securities

7.2.1 General Description

Pursuant to the MESB Trust Deed, MESB has issued the MESB Islamic Securities under the Shariah principle of Musharakah pursuant to the terms and subject to the conditions of the MESB Trust Deed. As at 1 July 2013, the nominal value of MESB Islamic Securities outstanding is Ringgit Malaysia Five Hundred and Fifty Million (RM550,000,000.00).

7.2.2 Security

The MESB Islamic Securities is secured by the following:

(a) a debenture dated 1 June 2010 executed between MESB and the Security Agent incorporating, inter alia, a first ranking fixed and floating charge over all the present and future assets, rights and interest of MESB ("**Debenture**"); and

(b) an assignment dated 1 June 2010 executed between MESB, Malaysian Trustees and the Security Agent incorporating, inter alia (1) first ranking assignment of all contractual rights, interests, titles and benefits of MESB arising under the project agreements but excluding toll revenue located at the section from Putrajaya to KLIA which has been deferred by Government and (2) a first ranking fixed charge over the designated accounts and the credit balances therein and (3) a first ranking assignment of MESB's rights, interests, titles, and benefits in all relevant takaful certificates/ insurance policies.

[The rest of this page is intentionally left blank]

7.2.3 Maturity Profile

The maturity profile of MESB Islamic Securities is as follows:

Tranche	Issue Amount (RM)	Issue Date	Maturity Date	Profit Rate(%)
1	50,000,000.00	15 June 2010	15 June 2015	5.65%
2	50,000,000.00	15 June 2010	15 June 2016	5.80%
3	50,000,000.00	15 June 2010	15 June 2017	5.95%
4	50,000,000.00	15 June 2010	15 June 2018	6.10%
5	50,000,000.00	15 June 2010	14 June 2019	6.25%
6	50,000,000.00	15 June 2010	15 June 2020	6.40%
7	50,000,000.00	15 June 2010	15 June 2021	6.55%
8	50,000,000.00	15 June 2010	15 June 2022	6.70%
9	50,000,000.00	15 June 2010	15 June 2023	6.85%
10	50,000,000.00	15 June 2010	14 June 2024	7.00%
11	50,000,000.00	15 June 2010	13 June 2025	7.15%
Total	**550,000,000.00**			

7.2.4 Other Principal Terms and Conditions of the MESB Islamic Securities

The full summary of the Principal Terms and Conditions of MESB Islamic Securities, including the representations and warranties, covenants and dissolution events are set out in Appendix V (*Principal Terms and Conditions of MESB Islamic Securities*) as annexed hereto.

7.2.5 Changes to terms of the MESB Islamic Securities

(1) As part of the Proposed Acquisition, the following terms of the MESB Islamic Securities will be revised (the "**Proposed Variation of Terms**"):

(a) that no rating requirement will apply to the MESB Islamic Securities after the Proposed Acquisition; and

(b) that the MESB Islamic Securities shall become non-tradable and non-transferable.

(2) The Proposed Variation of Terms will require the approval of the IMTNholders, i.e. the Issuer and the Sukuk Trustee (post the Proposed Acquisition). Pursuant to the provisions of the MESB Trust Deed and given that the Issuer is a related corporation to MESB, the Issuer will not be entitled to vote at any meeting of the IMTNholders. Hence, the approval will be sought from the Sukuk Trustee in its capacity as an IMTNholder. With the authority conferred upon the Sukuk Trustee in the Trust Deed, the Sukuk Trustee will be entitled to decide on the Proposed Variation of Terms (acting on the instructions of the Sukukholders).

[The rest of this page is intentionally left blank]

SECTION 8.0 INDUSTRY OVERVIEW

This section provides a general economy overview and a specific industry overview, which may direct and indirectly affect the business performance of the Issuer. The following paragraphs are extracted from the relevant sections of the various sources as disclosed herein. Neither the Issuer, the Lead Arranger nor any other party has verified or will be held responsible for any information contained herein.

8.1 Overview of the Economic and Financial Developments in Malaysia in the First Quarter of 2013

Strong domestic demand sustained growth amid weaker external demand in the first quarter.

The global economy grew at a modest pace in the first quarter of 2013. The growth in the US remained slow, while the economic performance in most European economies remained weak amidst the ongoing policy challenges and domestic structural concerns. In Asia, economic activity continued to expand, although at a slower pace, as domestic demand continued to outweigh weakness in external demand. Amid this weaker external environment, the Malaysian economy expanded by 4.1% in the first quarter (4Q 2012: 6.5%), supported by stronger domestic demand that expanded by 8.2% during the quarter (4Q 2012: 7.8%). On the supply side, while the domestic-oriented industries continued to register sustained growth, activity in the major economic sectors was weighed down by the weak external conditions.

Domestic demand remained robust, increasing by 8.2% during the quarter (4Q 2012: 7.8%). Private consumption recorded a strong growth of 7.5% (4Q 2012: 6.2%), driven by sustained income growth and favourable labour market conditions. This was further supported by the implementation of the minimum wage policy. Growth in public consumption, however, moderated to 0.1% (4Q 2012: 1.2%), amidst lower spending on supplies and services.

On the supply side, growth in the manufacturing sector slowed, weighed down by the weak external conditions. Despite the weakness in trade-related activity, the services sector continued to expand, driven largely by sub-sectors catering to the domestic market. Growth in the agriculture sector was sustained on account of higher production of palm oil, while the mining sector declined due to lower production of crude oil. In the construction sector, growth remained firm, led mainly by the civil engineering sub-sector.

The headline inflation rate, as measured by the annual change in the Consumer Price Index (CPI), was slightly higher at 1.5% in the first quarter (4Q 2012: 1.3%). The increase was attributed mainly to higher inflation in the food and non-alcoholic beverages category.

In the external sector, the current account surplus narrowed in the first quarter to RM8.7 billion, equivalent to 3.9% of GNI, due to a lower goods surplus, as well as a larger services deficit and income outflows. The financial account turned around to record a net inflow of RM1 billion (4Q 2012: -RM10.3 billion), as inflows of direct and portfolio investment from non-residents outweighed outflows arising from direct and portfolio investment undertaken by residents. The overall balance of payments recorded a surplus of RM4 billion (4Q 2012: +RM5.9 billion).

The international reserves of Bank Negara Malaysia amounted to RM431.2 billion (equivalent to USD139.6 billion) as at 29 March 2013. This reserve level has taken into account the quarterly adjustment for foreign exchange revaluation changes. As at 30 April 2013, the reserves position amounted to RM433.3 billion (equivalent to USD140.3 billion), sufficient to finance 9.5 months of retained imports and is 4.3 times the short-term external debt.

The Overnight Policy Rate (OPR) was maintained at 3.00% during the first quarter of 2013. At the prevailing level of the OPR, monetary conditions remain supportive of economic activity.

[The rest of this page is intentionally left blank]

Reflecting the unchanged OPR, the interbank rates of all maturities were relatively stable. In terms of retail interest rates, the average quoted fixed deposit (FD) rates of commercial banks were relatively unchanged during the quarter. The average base lending rate (BLR) of commercial banks remained at 6.53%, while the weighted average lending rate (ALR) on loans outstanding edged lower to 5.50% as at end-March (end-December 2012: 5.52%).

Total gross financing raised by the private sector through the banking system and the capital market amounted to RM244.7 billion (4Q 2012: RM262.2 billion). On a net basis, banking system loans and PDS outstanding expanded at an annual growth rate of 11% as at end-March (end-December 2012: 12.4%).

Net funds raised in the capital market moderated to RM16.7 billion in the first quarter (4Q 2012: RM37.7 billion), reflecting mainly the significantly higher redemption of debt securities (RM32.2 billion; 4Q 2012: RM13.1 billion). Overall gross financing from the capital market, however, remained firm for both the private and public sectors. In the private sector, RM22.6 billion of gross funds were raised through the issuance of private debt securities, while another RM1 billion was raised in the equity market. In the public sector, gross funds raised increased to RM25.3 billion (4Q 2012: RM21.6 billion).

Movements of the ringgit and other regional currencies in the first quarter were driven mainly by the uncertainties over the timing of the withdrawal of quantitative easing measures in the US and developments in Europe. These in turn resulted in a withdrawal of funds from emerging market assets. The ringgit was also affected by domestic uncertainties during this period in the run-up to the General Elections. Overall, the ringgit depreciated by 1.0% against the US dollar, but appreciated against the Japanese yen (8.4%), pound sterling (5.2%) and euro (2.0%). The ringgit's performance against regional currencies was mixed. The ringgit appreciated against the Korean won (3.3%) and Singapore dollar (0.5%), but depreciated against the Indonesian rupiah, Chinese renminbi, Philippine peso and Thai baht by between 0.2% and 5.2%.

Between 1 April and 10 May 2013, the ringgit appreciated against the Japanese yen (10.9%), US dollar (3.4%), pound sterling (1.8%), and euro (1.7%). The ringgit strengthened against regional currencies by between 2.2% and 4.6%.

Despite continued volatility in the global financial markets, financial stability remained intact throughout the quarter. Effective financial intermediation was supported by sound financial institutions, orderly financial market conditions and sustained confidence in the financial system.

The banking system continued to remain resilient, with strong capital buffers, sustained profitability and ample liquidity. While the new capital standards under Basel III have been phased in since January 2013, the banking system remained well-capitalised, with the Common Equity Tier-1 Capital Ratio, Tier 1 Capital Ratio and Total Capital Ratio at 12.2%, 13.1% and 14.5% respectively. Similarly, the insurance sector recorded a strong capital adequacy ratio of 221.6%, and a capital buffer in excess of RM22.7 billion.

Going forward, the global economy is expected to continue to expand, but downside risks to growth will remain. In the advanced economies, economic recovery continues to be vulnerable to policy uncertainties and the risk of contagion. The divergent policies across regions are also resulting in spillover effects on global financial conditions. Nevertheless, in Asia, growth will continue to be sustained by domestic demand, underpinned by income growth and healthy labour market conditions, and supported by continued policy flexibility.

For the Malaysian economy, domestic demand is expected to remain as the key driver of growth, driven by sustained private sector expansion and supported by the public sector. While global developments will continue to present downside risks, intra-regional trade is expected to reinforce the growth performance.

(Source: Economic and Financial Developments In Malaysia In The First Quarter Of 2013, Bank Negara Malaysia)

8.2 Outlook of the Malaysian Economy in 2013

The Malaysian economy is expected to strengthen further and projected to grow at a faster rate of 4.5% - 5.5% in 2013. Growth will be supported by improving exports and strong domestic demand on the assumption that global growth will pick up, especially during the second half of 2013. The growth projection is premised upon the expectation of an improvement in the resolution of the debt crisis in the euro area and stronger growth momentum im the economis of Malaysia's major trading partners. Domestic demand is expected to maintain its strong momentum driven by robust private investment and strong private consumption. Private sector activity will be supported by an accommodative monetary policy in an environment of low inflation coupled with a robust financial sector. Recovery in the external sector, particularly increasing external demand from regional economies and major trading partners will further provide the impetus for a private-led growth. The overall public expenditure is expected to increase, led by higher NFPE's capital investment which will further augment growth. Thus, nominal GNI per capita is expected to increase from 6.4% to RM32,947 (2012: 4.4%; RM30,956). In terms of PPP, per capita income is expected to grow 4.4% to reach USD16,368 (2012:3.2%; USD15,676)

Given that domestic economic activity is expected to strengthen further in 2013, inflation is estimated to increase moderately, partly mitigated by further capacity expansion in the economy. The key supply side factors that will influence inflation, namely prices of energy and food commodities are expected to ease during the first half of 2013, but are likely to trend up during the second half on the assumption that global growth continues to pick up pace. Hence, for 2013, the average inflation rate is estimated to be between 2% and 3%.

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

8.3 Overview and Outlook of the Industry

The performance of the land transport segment is expected to remain steady supported by initiatives to upgrade roads and public transport infrastructure to ensure a seamless movement of goods and service. During the first six months of 2012, the number of vehicles on tolled highways increased 4.5%to 761.4 million (January – June 2011: 7.1%; 728.4 million). In 2012, the Eastern Dispersal Link Expressway (EDL) in Johor Bahru; the Section 2 of the South Klang Valley Expressway (SKVE) connecting Saujana Putra to Teluk Panglima Garang; and a part of the East Coast Expressway Phase 2 (LPT2) in Terengganu were opened to increase connectivity, and reduce travel time and congestion.

Consistent with efforts to enhance the productive capacity of the economy, the economic services sector is estimated to spend RM30.4 billion or 60.9% of total development expenditure in 2012 (2011: RM28.2 billion; 60.7%). Of this, the transport subsector is given the largest sum of RM10.1 billion or 20.2% (2011: RM10.1 billion; 21.8%). This is to finance the construction, maintenance and upgrading of roads and bridges, railways, airports, ports and jetties, and rural infrastructure. Major ongoing projects in the subsector include the construction of the East Coast Highway (LPT) Phase II from Jabor to Kuala Terengganu, widening of the existing Central Spine Federal Road between Kota Bharu (Kelantan) – Simpang Pelangai (Pahang) and roadworks between Sapulut – Kalabakan (Sabah).

In 2012, a sum of RM978 million is allocated to five regional growth corridors for the construction of roads, improvement of public transport services, development of tourist and housing areas, agropolitan schemes, industrial parks, water supply projects and treatment plants. The recently completed Johor Bahru – Nusajaya coastal highway facilitates easy access to Iskandar Malaysia, reducing the cost of doing business.

[The rest of this page is intentionally left blank]

The economic services sector will be allocated the largest sum at RM30 billion or 62.9% of total development expenditure in 2013. Focus will be on infrastructure development and improving public transport as they contribute to productive capacity and efficiency in the economy. Towards this, RM9.4 billion is allocated for the transport subsector, including RM4.2 billin for improving access and connectivity in urban public transport. Substantial provision is also made for the construction, maintenance and upgrading of roads and bridges, railways, airports, ports and jetties as well as rural infrastructure. Major ongoing transport projects include the East Coast Highway (LPT) Phase II from Jabor to Kuala Terengganu and the Central Spine Federal Road (Package 3). New projects slated for the year include upgrading of roadworks between Donggongan to Simpang Jalan Papar Spur (Package 1)(Sabah), Pekan-Nenasi-Endau (Pahang); and Batu Maung to Pulau Pinang Second Bridge (Bayan Lepas Expressway) as well as upgrading of rail infrastructure in Lembah Klang (Phase 1). Construction of the West Coast Highway from Taiping to Banting is also expected to commence in 2013.

(Source: Economic Report 2012/2013, Ministry of Finance Malaysia)

[**The rest of this page is intentionally left blank**]

SECTION 9.0 OTHER INFORMATION

9.1 Material litigation

9.1.1 As at 1 July 2013, the Issuer is engaged in the following litigation:

High Court Civil Suit No. D3-22-1958-2003 – Hi-Summit Construction Sdn Bhd ("Hi-Summit"), Dato' Suhaimi Bin Ibrahim ("Dato' Suhaimi"), Irwan Shah Bin Abdullah @ D.J. Dave ("Irwan") and Abdul Rahmat Bin Ramli ("Abdul Rahmat") v Konsortium Lapangan Terjaya Sdn Bhd (currently known as Maju Expressway Sdn Bhd"), Ulimas Sdn Bhd, Bright Focus Sdn Bhd and Anson Perdana Berhad ("High Court Civil Suit")

The Plaintiffs had filed a High Court Civil Suit No. D3-22-1958-2003 against MESB and the shareholders of MESB which includes the Issuer. The Plaintiffs' claim against the Issuer include, among others, the following:

(a) that the Shareholders' Agreement was invalid.

(b) that the distribution of the concession works were not proportionate to the shareholding interest of Hi-Summit in MESB. It was claimed that based on the agreement between the shareholders' of MESB and as set out in the Concession Agreement, the construction works for the Maju Expressway Highway as awarded by the Government of Malaysia should be distributed based on each shareholder's shareholding interest in MESB. Hence, it was claimed that the relevant portion of construction works ought to be granted to Hi-Summit. It was further claimed that Hi-Summit had never agreed to certain term of the Shareholders' Agreement and that the transfer of the MESB shares by Hi-Summit to Ulimas Sdn Bhd was invalid in view that Hi-Summit had not authorised the transfer of the said shares.

In view of the above, Hi-Summit had sought for among others, the following remedies against the Issuer and MESB:

(i) a declaration that the defendants which include the Issuer and MESB are not entitled to transfer such portion of the MESB shares which were previously owned by Hi-Summit (the "**Disputed MESB Shares**") to Ulimas Sdn Bhd or any other party or alternatively, a court order that Ulimas Sdn Bhd shall transfer the Disputed MESB Shares back to Hi-Summit;

(ii) a declaration that Hi-Summit was entitled to be given a portion of the concession works granted by the Government of Malaysia pursuant to the Concession Agreement and such portion should be allocated based on its shareholding interest in MESB;

(iii) an injunction against MESB, the Issuer and Anson Perdana Berhad from transferring any of the MESB shares which were previously owned by Hi-Summit to any other party;

(iv) damages; and

(v) costs

9.1.2 The Kuala Lumpur High Court had struck off the High Court Civil Suit on 4 October 2004 based on grounds that the High Court Civil Suit was commenced without the proper authorisation from the Board of Directors of Hi-Summit.

[The rest of this page is intentionally left blank]

9.1.3 The Appeal was filed by Hi-Summit to have the High Court Civil Suit reinstated on grounds that Hi-Summit has obtained a board of directors' resolution authorising them to initiate the action and that the decision to initiate the action has been ratified pursuant to the said resolution. The Appeal which was initially fixed for hearing on 17 May 2013 is now fixed for a mention on 20 September 2013 in order to fix a hearing date. This is because the Court of Appeal intends for the hearing of the Appeal to take place after the Court of Appeal had arrived at a decision for the Appeal Relating to Originating Summons (as defined below).

On a further note, the shareholders of Hi-Summit namely, Dato' Suhaimi, Irwan and Abdul Rahmat had filed the Originating Summons to apply for leave from the High Court under Section 181A of the Companies Act to continue its claim against Ulimas Sdn Bhd, Anson Perdana Berhad and MESB. However, the Issuer had applied to intervene the Originating Summons and the Issuer's application to intervene was granted.

The Originating Summons was dismissed by the High Court on 20 February 2013 and the matter is currently pending appeal at the Court of Appeal (the "**Appeal Relating to Originating Summons**"). The hearing for the Appeal Relating to Originating Summons which was initially fixed on 17 May 2013 which was then postponed to 29 July 2013 has now been fixed for continued hearing on 20 September 2013.

9.1.4 The High Court Civil Suit may potentially have an effect on the shareholders and shareholding structure of MESB, in that in the event the High Court of Malaya decides in favour of Hi-Summit, the shareholding structure of MESB will be subject to changes whereby Ulimas Sdn Bhd will cease to be a shareholder of MESB and the Disputed MESB Shares will be transferred to and registered in the name of Hi-Summit. In addition, the High Court Civil Suit may also potentially have some financial implications on the Issuer if the Issuer and/or MESB is found to be liable to pay any damage arising from the claims made by Hi-Summit under the High Court Civil Suit. Neither the Issuer nor MESB has made any provision for such damage which may arise from the claims made by Hi-Summit under the High Court Civil Suit.

9.1.5 Other than as disclosed in paragraphs 9.1.1 and 9.1.2, the directors of the Issuer do not know of any other proceedings pending or threatened or of any fact likely to give rise to any proceedings which might materially and adversely affect the position or business of the Issuer or MESB.

9.2 Material contracts outside the ordinary course of business

As at 1 July 2013, the Issuer had not entered into any contracts which are or may be material, not being contracts entered into in the ordinary course of business which are subsisting.

9.3 Related party transactions

As at 1 July 2013, the directors of the Issuer are not aware of any related party transactions which have been entered into.

9.4 Material contingent liabilities and capital commitments

As at 1 July 2013, the directors of the Issuer are not aware of any significant contingent liabilities.

There are no outstanding capital commitments in respect of capital expenditure as at 1 July 2013.

9.5 Disclosure by the Issuer

(a) The directors of the Issuer confirmed that neither the Issuer or themselves have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the last ten (10) years prior to the date of Information Memorandum or any document relating to the offer, issue or invitation;

(b) The directors of the Issuer confirmed that apart from those already disclosed in this Information Memorandum, there is no other information which is material to the investors/Sukukholders.

9.6 Potential Conflict of Interest Situations

The following advisors, in their respective capacities, have confirmed their respective conflict of interest situations as follows:

Standard Chartered Saadiq Berhad as the Lead Arranger
SCBMB has, in the ordinary course of its business, granted the Term Loan to the Issuer. The Issuer will repay the Term Loan by using part of the proceeds arising from the issuance of the Sukuk Musharakah.

In light that SCBMB is a related corporation to SCSB, there may also be a potential conflict in SCSB acting as the Lead Arranger and Lead Manager for the issuance of the Sukuk Musharakah.

As a mitigating measure and to address the potential conflicts of interest set out above, the potential conflicts of interest situations elaborated above have been brought to the attention of the Board of Directors of the Issuer and they are fully aware of the same. Despite such potential conflict of interest situations, the Board of Directors of the Issuer are prepared to proceed with the issuance of the Sukuk Musharakah based on the present arrangement and terms.

Messrs Wong & Partners as the Solicitor
After making enquiries as were reasonable in the circumstances, Messrs Wong & Partners is not aware of any circumstances which give rise to a possible conflict of interest in its capacity as the legal counsel to the Lead Arranger in relation to the Sukuk Musharakah.

TMF Trustees Malaysia Berhad as the Sukuk Trustee and the Security Agent
After making enquiries as were reasonable in the circumstances, TMF Trustees Malaysia Berhad is not aware of any existing or potential conflict of interest in its capacity as the Sukuk Trustee and Security Agent in relation to the Sukuk Musharakah.

ZJ Advisory Sdn Bhd as the Financial Adviser
After making enquiries as were reasonable in the circumstances, ZJ Advisory Sdn Bhd is not aware of any existing or potential conflict of interest in its capacity as the Financial Adviser to the Issuer in relation to the Sukuk Musharakah.

Crowe Horwath as the Reporting Accountant
After making enquiries as were reasonable in the circumstances, Crowe Horwath is not aware of any existing or potential conflict of interest in its capacity as the Reporting Accountant in relation to the Sukuk Musharakah.

[The rest of this page is intentionally left blank]

9.7 Information relating to the Term Loan

The Issuer is currently on an internal watchlist with its primary commercial lending institution, namely, SCBMB, due to the potential inability of the Issuer to repay the Term Loan, which was provided to the Issuer as a bridge financing, on the current due date of 30 September 2013. As part of the constant evaluation of the credit quality of its loan portfolio and for close monitoring of credit exposures, SCBMB has an "Early Alert" ("**EA**") process wherein accounts that show early signs of problems are placed on an EA internal watchlist of SCBMB (the "**EA Watchlist**") to ensure enhanced scrutiny and review on an ongoing basis. The Issuer was placed on the EA Watchlist by SCBMB on August 2012 primarily as a result of early signs of potential delay in repayment of the Term Loan, and is being closely monitored ever since. Notwithstanding the foregoing, the Issuer continued to service the payment of interest falling due and payable under the Term Loan. A part of the proceeds raised from the issuance of the Sukuk Musharakah would be used by the Issuer to repay the Term Loan in full and upon repayment of the Term Loan, the Issuer will be removed from the EA Watchlist of SCBMB.

[The rest of this page is intentionally left blank]

APPENDIX I

Principal Terms and Conditions of the Sukuk Musharakah

The information set out in this Appendix I are not intended as a summary of the legal documentation entered or to be entered into in connection with the Sukuk Musharakah. To understand all the terms and conditions of the Sukuk Musharakah, the investors are advised to read the legal documentation concerned and obtain such necessary professional advice on the same.

Words and expression used and defined in this Appendix I shall, in the event of inconsistency with the definition sections of this Information Memorandum, only be applicable for this Appendix I.

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

1. BACKGROUND INFORMATION

(a) **Issuer**

(i)	**Name**	:	Bright Focus Berhad (the "**Issuer**")
(ii)	**Address**	:	No. 1, Maju Expressway (MEX) 63000 Cyberjaya Selangor Darul Ehsan
(iii)	**Business Registration No.**	:	223607-M
(iv)	**Date and Place of Incorporation**	:	23 August 1991 / Malaysia
(v)	**Date of Listing, where applicable**	:	Not applicable
(vi)	**Status on residence, i.e. whether it is a resident controlled company or non-resident controlled company**	:	Resident controlled company Bumiputera controlled company
(vii)	**Principal Activities**	:	Investment holding and the provision of management services to its subsidiary company
(viii)	**Board of Directors (as at 15 April 2013)**	:	1. Tan Sri Abu Sahid Bin Mohamed 2. Ong Wann Yi
(ix)	**Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders**	:	see table below

Shareholder	No. of Ordinary Shares of RM0.20 each	%
Maju Holdings Sdn Bhd ("**MHSB**")	290,500,000	100.0

(x)	**Authorised, issued and paid-up capital**	:	**<u>Authorised Capital:</u>** RM100,000,000 comprising 500,000,000 ordinary shares of RM0.20 each
		:	**<u>Issued and Paid-Up Capital:</u>** RM58,100,000 comprising 290,500,000 ordinary shares of RM0.20 each

(xi) Disclosure of the following: • If the issuer or its board members have been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five years prior to the date of application; and • If the issuer has been subjected to any action by the stock exchange for any breach of the listing requirements or rules issued by the stock exchange, for the past five years prior to the date of application. Where the issuer is a special purpose vehicle and is a conduit to another entity which receives proceeds from the proposed issue or offer, the information as set out in sub-paragraph 2.01(a) must also be provided on the said entity.	: The Issuer and each of its directors have not been convicted or charged with any offence under the securities laws, corporation laws or other laws involving fraud or dishonesty in a court of law, for the past five (5) years prior to the date of the application for approval to the Securities Commission ("**SC**") in respect of the Sukuk Musharakah (as defined in item 2(c) below).

2. PRINCIPAL TERMS AND CONDITIONS ("PTC") IN RELATION TO THE PROPOSAL

(a) Names of the parties involved in the proposal, where applicable:

(i)	**Principal Adviser**	:	Standard Chartered Saadiq Berhad ("**SCSB**")
		:	
(ii)	**Lead Arranger**	:	SCSB
(iii)	**Co-arranger**	:	Not applicable
(iv)	**Solicitor**	:	Wong & Partners
(v)	**Financial Adviser**	:	ZJ Advisory Sdn Bhd
(vi)	**Technical Adviser**	:	Not applicable
(vii)	**Sukuk Trustee**	:	TMF Trustees Malaysia Berhad ("**TMF**")
(viii)	**Shariah Adviser**	:	Standard Chartered Saadiq Berhad
(ix)	**Guarantor**	:	Not applicable
(x)	**Valuer**	:	Not applicable
(xi)	**Facility Agent**	:	SCSB
(xii)	**Primary Subscriber(s) (under bought-deal arrangement) and Amount subscribed (where applicable)**	:	To be determined prior to issuance of the Sukuk Musharakah. In the event that the Sukuk Musharakah is issued on a bought-deal basis, there must be two or more primary subscribers.
(xiii)	**Underwriter and amount underwritten**	:	Not applicable
(xiv)	**Central Depository**	:	Bank Negara Malaysia ("**BNM**")
(xv)	**Paying Agent**	:	BNM
(xvi)	**Reporting Accountant**	:	Crowe Horwath
(xvii)	**Calculation Agent**	:	Not applicable
(xviii)	**Others (please specify)**		

	(1) Lead Manager	:	SCSB and any other financial institution(s) to be identified later, if any. SCSB and these other financial institution(s) will be collectively referred to as the "**Joint Lead Managers**".
	(2) Musharakah Partner	:	2 or more holders of the relevant Sukuk Musharakah
	(3) Security Agent	:	TMF
(b)	**Islamic principles used**	:	Musharakah (Profit and loss sharing) A partnership arrangement between two (2) or more parties to finance a business venture whereby all parties contribute capital either in the form of cash or in kind for the purpose of financing the said venture. Any profit derived from the venture will be distributed based on a pre-agreed profit sharing ratio, but a loss will be shared on the basis of capital contribution.
(c)	**Facility description**	:	Proposed issuance of Islamic medium term notes of up to RM1.35 billion in nominal value (the "**Sukuk Musharakah**") under the Shariah principle of Musharakah. The Sukuk Musharakah shall be issued under the Islamic principle of Musharakah which is one of the Shariah principles and concepts approved by the Shariah Advisory Council ("**SAC**") of the SC. Under the Musharakah structure, the potential investors shall form a Musharakah ("**Musharakah**") among themselves to invest directly into the Shariah compliant business of the Issuer (the "**Musharakah Venture**") via subscription of the Sukuk Musharakah to be issued by the Issuer (the "**Musharakah Arrangement**").

A Musharakah shall be formed for each series of the Sukuk Musharakah having the same Issue Date and Maturity Date. The Issuer will issue Sukuk Musharakah to investors ("**Sukukholders**"). Proceeds raised from the Sukuk Musharakah shall be used as capital contributions of the Sukukholders in the Musharakah Venture (the "**Musharakah Capital**"). Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of its interest in the business (the "**Trust Assets** ") for the benefit of the Sukukholders and manages the Musharakah Venture .

The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. The capital contribution ratio of the Musharakah Partners in the Musharakah Venture shall be based on their respective capital contribution.

The return expected by the Sukukholders under and from the relevant Musharakah Venture shall be the yield for the respective tranche of the Sukuk Musharakah up to the respective maturity date of the Sukuk Musharakah or the declaration of a Dissolution Event (as defined below), whichever is applicable (the "**Expected Return**").

The Sukukholders will be entitled to income generated from the Musharakah Venture throughout the tenure of the Musharakah (their respective "**Entitlements**") and the rights of the Sukukholders against the Issuer under the Purchase Undertaking (as defined below).

The profit derived from the Musharakah Venture shall be distributed based on a pre-agreed profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any loss arising from the Musharakah Venture shall be borne by each Musharakah Partner in proportion to each Musharakah Partner's respective capital contribution in the Musharakah Venture.

The Sukukholders will be represented through the Sukuk Trustee acting as their agent and trustee for their participation in the Musharakah Venture. The Sukuk Trustee on behalf of the Sukukholders shall appoint the Issuer as the manager (the "**Manager**") to manage the Musharakah Venture, for which the Issuer (in its capacity as the Manager) shall be paid an incentive management fee (the "**Incentive Fee**"). The Issuer shall continue to manage its business operations for the Sukukholders and in consideration thereof, the Sukukholders will agree that all Entitlements accruing to the Sukukholders in any given period which is over and above any portion of the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, will be paid to, and will belong to, the Issuer as an Incentive Fee for acting as the Manager.

In respect of Sukuk Musharakah, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk Musharakah per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed on periodic basis to the Sukukholders.

In the event that the Entitlements accruing to the Sukukholders in any given period are less than the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, the Issuer in its capacity as the obligor shall make advance payments equal to such shortfall (the "**Advance Payments**"). The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price (as defined below) payable under the Purchase Undertaking.

The Issuer will declare and issue an undertaking (the "**Purchase Undertaking**") to and in favour of the Sukuk Trustee (for and on behalf of the Sukukholders), wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at the Exercise Price on Dissolution Date. The Exercise Price payable by the Issuer shall be determined based on a pre-agreed formula.

Under the Purchase Undertaking to be issued by the Issuer, the Issuer shall purchase the Sukukholder's interest in the Musharakah Venture at the Exercise Price upon the earlier of (such date shall be referred to as the "**Dissolution Date**"):

1) the Maturity Date; and
2) the declaration of a Dissolution Event.

Upon payment of the Exercise Price by the Issuer, the Musharakah Venture of the relevant Sukuk Musharakah tranche shall be dissolved and the relevant Sukuk Musharakah held by the Sukukholders shall be cancelled.

Please refer to Annexure for the illustrative diagram of the Sukuk Musharakah transaction structure.

(d)	**Identified assets**	:	The Trust Assets.

(e) Purchase and selling price/rental (where applicable) : Not applicable.

(f) Issue / sukuk programme size (RM) : The aggregate outstanding nominal value of the Sukuk Musharakah at any point in time shall not exceed RM1.35 billion.

(g) Tenure of issue/sukuk programme : Tenure of the Sukuk Musharakah

The Sukuk Musharakah shall be issued in a single issuance and have tenures of between five (5) year and twenty (20) years from issuance.

It is expected that the Sukuk Musharakah will consist of sixteen (16) series as per the table below:

Series	Tenure (years)	Nominal Value (RM'million)
1	5	10.0
2	6	30.0
3	7	40.0
4	8	40.0
5	9	50.0
6	10	50.0
7	11	70.0
8	12	90.0
9	13	100.0
10	14	110.0
11	15	110.0
12	16	110.0
13	17	130.0
14	18	130.0
15	19	140.0
16	20	140.0
		1,350.0

Note: The details of the series are subject to change prior to the issuance of the Sukuk Musharakah.

(h)	**Availability period of sukuk programme**	:	Not applicable. However the Sukuk Musharakah must be issued within one (1) year from the date of approval by the SC.
(i)	**Profit/coupon/rental rate**	:	The expected profit rate will be determined at the point of issuance of the relevant Sukuk Musharakah.
(j)	**Profit/coupon/rental payment frequency**	:	Semi-annual or such other period as the Issuer and the Lead Manager may agree in arrear from the date of issue of the relevant Sukuk Musharakah with the last profit payment payable on the maturity dates of the relevant Sukuk Musharakah.
(k)	**Profit/coupon/rental payment basis**	:	Actual/365 days
(l)	**Security/Collateral, where applicable**	:	The Sukuk Musharakah shall be secured by the following (collectively, the "**Security Documents**"): (i) a first ranking charge to be created by the Issuer over (a) the Issuer's entire shareholding in Maju Expressway Sdn Bhd ("**MESB**"); and (b) all the Islamic medium term notes of RM550.0 million (the "**Existing Securities**") issued by MESB and owned or to be owned by the Issuer (the "**Securities Charge**"); (ii) a legal assignment to be created by the Issuer over all its rights, interest, title and benefits in and under the MESB Undertaking (the "**Assignment of Undertaking**"). The term "**MESB Undertaking**" means the irrevocable letter of undertaking to be issued by MESB to and in favour of the Issuer providing such undertakings and covenants as applicable to MESB and as contemplated by this Principal Terms and Conditions and such other undertakings as may be requested by the Lead Manager;

(iii) a legal assignment to be created by the Issuer over the Issuer's revenues and income including but not limited to any dividends and distributions received or receivable by the Issuer, whether income or capital in nature, and the payment and repayment of shareholder's loans and advances received or receivable by the Issuer (the "**Assignment of Revenues**");

(iv) a first ranking fixed charge to be created by the Issuer over the Issuer Designated Accounts (as defined hereafter) and the credit balances therein (the "**Charge over Accounts**"); and

(v) any other security as may be required by the RAM Ratings or the Solicitors.

Note: The Securities Charge shall be created and perfected within one (1) month after the issuance of the Sukuk Musharakah.

(m) Details on utilisation of proceeds by issuer/obligor and originator (in the case of ABS). If proceeds are to be utilised for project or capital expenditure, description of the project or capital expenditure, where applicable

: The utilisation of proceeds are as follows:

Utilisation of proceeds	**Amount up to (RM' million)**
(i) To fund the purchase of Existing Securities	550
(ii) To advance to MESB for its working capital and capital expenditure (including but not limited to finance the construction of the Seri Kembangan interchange)	120
(iii) To refinance a term loan obtained by the Issuer from Standard Chartered Bank Malaysia Berhad (the "**Issuer Term Loan**")	240
(iv) For additional payments arising from the purchase of the Existing Securities	90

(v) For general corporate purposes of the Group (as defined below) which are Shariah compliant, which include working capital required for the businesses, projects and investments that are being undertaken and to be undertaken in the future by the Group	290
(vi) To pay fees, expenses and all other amounts payable under or related to the Sukuk Musharakah	10
(vii) To fund the IFSA (as defined below) described in section (n) below	50
Total	**1,350**

In any case, all utilization of funds from the issuance of the Sukuk Musharakah shall be for Shariah compliant purposes only.

Note:

1. In the event that the amount allocated for purposes set out in any of the items (iii) to (vi) above is not utilised in whole or in part for such purposes, the Issuer may utilise such unutilised amount for any of the other purposes set out in items (iii) to (vi) above.

2. In the event that the Issuer confirms in writing to the Sukuk Trustee that MESB is not proceeding with the construction of Seri Kembangan interchange, the entire sum of RM120 million may be utilised by MESB to fund its working capital requirements.

3. For the avoidance of doubt, utilisation of proceeds for item (ii) and (v) above, may include the reimbursement to MESB of the preliminary costs incurred in respect of the Spur Link (as defined below).

4. The term "**Group**" shall mean the Issuer, MESB and Maju Holdings Sdn Bhd and where the context so requires, references to "**member(s) of the Group**" shall mean any one or more of them.

(n) Sinking fund and designated accounts, where applicable : The Issuer shall open and maintain the following Shariah-compliant designated accounts with a bank to be appointed by the Issuer which is acceptable to the Lead Manager:

<u>Issuer Designated Accounts</u>

<u>Issuer Disbursement Account ("**IDA**")</u>

The Sukuk Trustee shall be the sole signatory of the IDA at all times.

The purpose of the IDA is to deposit the issuance proceeds of the Sukuk Musharakah. Funds in the IDA shall be applied as per the proposed utilisation of proceeds set out in item 2(m) above.

The proceeds raised from the issuance of the Sukuk Musharakah of up to RM120 million (the "**Relevant Proceeds**") for purposes of funding the construction of Seri Kembangan Interchange will be transferred into the Issuer Disbursement Account. Any withdrawal of any part of the Relevant Proceeds to pay or fund the construction costs for the construction of Seri Kembangan Interchange shall only be made upon the Sukuk Trustee's receipt of a report (in form and substance satisfactory to the Sukuk Trustee) from the Independent Consulting Engineer and certified true copies of the relevant certificates satisfactory to the Sukuk Trustee certifying the work carried out under the construction and/or invoices and other documentary evidences (in form and substance acceptable to the Sukuk Trustee) relating to such completed work carried out under construction of the Seri Kembangan Interchange. In the event the Issuer confirms in writing to the Sukuk Trustee that the construction of the Seri Kembangan interchange is not proceeding, the Relevant Proceeds may be utilised towards funding the working capital requirements of MESB.

Within three (3) months after the commencement of the Seri Kembangan Interchange tolling or upon full settlement of the construction claim whichever is later, all amounts standing to the credit of the IDA shall be transferred to the IOA (as defined below) and the IDA shall thereafter be closed.

<u>Issuer Operating Account (“**IOA**”)</u>

The Sukuk Trustee shall be the sole signatory of the IOA at all times.

The purpose of the IOA is to deposit all revenue and income received by the Issuer (including all proceeds and redemptions sums arising from or under the Existing Securities) and all amounts standing to the credit of the IDA upon closure of the IDA and shall be applied in the following order of priority:

(i) payment of taxes and duties;

(ii) payment of profit and principal payments, fees, commissions and other payments payable under the Sukuk Musharakah;

(iii) payment to the IFSA to meet the relevant requirements;

(iv) payment for working capital of the Issuer ; and

(i) for payments of distributions to the shareholder of the Issuer subject to meeting the conditions under item 2(w)(iii) below; and

(v) investments in Permitted Investments (as defined below).

Issuer Finance Service Account ("**IFSA**")

The Sukuk Trustee shall be the sole signatory of the IFSA at all times.

The Issuer shall open the IFSA for purposes of depositing amounts that are transferred from the IDA and IOA .

An initial deposit equivalent to an amount payable in respect of any profit and principal payments of the Sukuk Musharakah for the next 6 months shall be deposited and paid into the IFSA upon first issuance of the Sukuk Musharakah

The Issuer shall at all times thereafter maintain an amount equivalent to an amount payable in respect of any principal and profit payments of the Sukuk Musharakah for the next 6 months (the "**Minimum Required Balance**").

The monies in the IFSA may be withdrawn to the extent that funds in the IOA are insufficient to fulfil the Issuer's payment obligations in respect of the principal and profit of the Sukuk Musharakah.

In the event that the balance held in the IFSA is less than or exceeds the Minimum Required Balance, the shortfall or excess shall be topped from or released to the IOA, as the case may be. The Issuer shall top up the IFSA so as to comply with the Minimum Required Balance within 30 days from the day that the balance held in IFSA is less than the then prevailing Minimum Required Balance.

Issuer Compensation Account ("**ICA**")

The ICA shall be jointly operated by the Issuer and the Sukuk Trustee.

			The purpose of the ICA is to deposit all revenue and income received by the Issuer which originates from the cash payment or compensation from the Government of Malaysia ("**GOM**") to MESB. The monies in the ICA may only be transferred into the IOA in equal amounts over the number of years that the compensation was meant for. Any balance standing to the credit of the ICA may be utilised by the Issuer for investments in Permitted Investments. "Compensation" shall refer to any lump sum payment received from GOM to compensate MESB pursuant to the terms of the Concession Agreement (as defined below) For the avoidance of doubt, it shall exclude any compensation received from GOM in respect of a particular operating year, i.e. compensation received from GOM in previous year(s) which is in respect of any particular operating year.
(o)	**Rating**	:	The indicative rating for the Sukuk Musharakah is AA2.
	• Credit rating assigned (please specify if this is an indicative rating or if the credit rating is not assigned for the full amount in the case of sukuk programme, adequate disclosures under paragraph 10.02 of these guidelines to be made)		
	• Name of rating agency		RAM Rating Services Berhad ("**RAM Ratings**").
(p)	**Mode of Issue**	:	Book building or private placement (on a best effort basis) or on a bought deal basis, each without prospectus.

(q)	**Selling restriction, including tradability, i.e. tradable or non-tradable**	:	<u>**Selling Restrictions at issuance**</u> The Sukuk Musharakah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any of the categories of persons or in the circumstances specified under: (i) Schedule 6 (or Section 229(1)(b)); or (ii) Schedule 7 (or Section 230(1)(b)), read together with Schedule 9 (or Section 257(3)) of the Capital Market and Services Act 2007 ("**CMSA**"), as amended from time to time. <u>**Selling Restrictions thereafter**</u> The Sukuk Musharakah shall not be offered, sold or delivered, directly or indirectly, nor may any document or other material in connection therewith be distributed in Malaysia, other than to persons falling within any of the categories of persons or in the circumstances specified under Schedule 6 (or Section 229(1)(b)) read together with Schedule 9 (or Section 257(3)) of the CMSA, as amended from time to time. The Sukuk Musharakah are tradable and transferable subject to the Selling Restriction above.
(r)	**Listing status and types of listing. where applicable**	:	The Sukuk Musharakah may be listed on Bursa Malaysia Securities Berhad ("**Bursa Securities**") under an Exempt Regime pursuant to Chapter 4B of the Bursa Securities Main Market Listing Requirements. The SC will be notified accordingly in event of such listing.
(s)	**Other regulatory approvals required in relation to the issue, offer or invitation to subscribe or purchase sukuk, and whether or not obtained**	:	None

(t) Conditions Precedent : To include but not limited to the following (all have to be in form and substance acceptable to the Lead Manager):

Main Documentation

1) The Transaction Documents (other than the Securities Charge) have been executed and, where applicable, stamped and presented for registration.

2) All relevant notices and acknowledgements (where applicable) shall have been made or received as the case may be.

3) Receipt of certified true copies of all duly executed Project Agreements (as defined below).

Issuer and MESB

1) Receipt of certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association.

2) Receipt of certified true copies of the Forms 24, 44 and 49.

3) A certified true copy of board resolutions authorising, among other actions, the execution of the Transaction Documents (as defined below).

4) A list of authorised signatories and their respective specimen signatures.

5) Receipt of the search results and winding up search results on the Issuer confirming that the Issuer and MESB is not and/or has not been wound up.

General

1) The approval from the SC and, where applicable, all other regulatory authorities.

2) The Sukuk Musharakah has received the requisite rating as stated in this Principal Terms and Conditions.

3) Evidence that all transaction fees, costs and expenses have been or will be paid in full by the date of the issuance of the Sukuk Musharakah.

4) If applicable, the requisite consent and/or indulgence from the existing Issuer's financiers/lenders which would be in the form and substance acceptable to the Lead Manager for the Sukuk Musharakah and the creation of collateral as prescribed in item 2 (l) above.

5) Receipt of satisfactory legal opinion from the Solicitors confirming amongst others:-

   i) all approvals/ consents (be it regulatory or contractual) which are required shall have been duly obtained for the Sukuk Musharakah and for the execution of the Transaction Documents;

   ii) the Transaction Documents are legally valid, binding and enforceable and that all the conditions precedent in relation to the Transaction Documents have been fulfilled or waived, as the case may be.

6) Evidence of the confirmation from the Shariah Adviser that the structure of the Sukuk Musharakah and the Transaction Documents are in compliance with Shariah principles.

7) Evidence that the Issuer Designated Accounts have been established in accordance with the provisions of Transaction Documents and an amount equivalent to the initial Minimum Required Balance has been or will be deposited into the IFSA by the issuance of the Sukuk Musharakah.

8) Receipt of a letter from the Reporting Accountant stating among others, the assumptions adopted in the cashflow projections and the accuracy of the mathematical calculations of the cashflow projections based on the underlying assumptions.

9) Receipt of a report from the Independent Traffic Consultant confirming among others, the traffic projections and the assumptions thereto prepared in relation to the 26 kilometres highway traversing from Kuala Lumpur to Putrajaya which is more particularly described and defined in the Concession Agreement (as defined below) (the "**Highway**").

10) Certification from the Independent Insurance / takaful Consultant(s) that all policies are in full force and effect, are adequate for the Project and "**Project**" means the design and construction of the Highway, provision of other highway related facilities and services, and operation and maintenance of the Highway and collection of toll for MESB's benefit during the concession period.

11) Certification issued by the Issuer in the form prescribed by the Lead Manager confirming the accuracy of the representations and warranties contained in the Transaction Documents in all respect.

12) Confirmation from the Issuer that no Dissolution Event (as defined below) has occurred and is continuing or shall occur if the relevant issuance is made.

13) Receipt by the Security Agent a certified true copy of the MESB Undertaking.

14) The requisite resolutions of the holders of the Existing Securities approving the purchase by the Issuer of the Existing Securities.

15) The approval from the SC to waive the compliance by MESB of the relevant provisions prescribed under the Trust Deed Guidelines as may be applicable to the Existing Securities.

16) A redemption statement cum letter of undertaking, in form and substance acceptable to the Lead Manager, from the lender of the Issuer Term Loan addressed directly to the Facility Agent undertaking, amongst others (i) to execute the relevant discharge documents and (ii) to refund the sum equivalent to the redemption sum in the event any discharge document is not registered for whatever reasons.

17) A certified true copy of the Memorandum of Association of the Issuer reflecting that during the tenure of the Sukuk Musharakah, the Issuer will not (i) undertake any business other than related to the Concession Agreement (including investment in MESB); and (ii) enter into any voluntary winding-up.

18) Receipt of a certified true copy of the duly executed Fourth Supplemental Concession Agreement made between MESB and the GOM in relation to the construction of the Seri Kembangan Interchange.

19) Receipt of a duly executed letter of undertaking by Ulimas Sdn Bhd in favour of the Issuer pursuant to which Ulimas Sdn Bhd shall undertake (a) not to take any step to wind up MESB; (b) not to restrict declaration or payment of dividends by MESB to its shareholders; and (c) to direct the directors of MESB to do all acts to give effect to the undertakings in (a) and (b) above.

20) Such other conditions precedent as advised by the Solicitors.

Conditions Subsequent : To include but not limited to the following (all have to be in form and substance acceptable to the Lead Manager):

1) The Securities Charge are executed, created and perfected within 30 days from the issuance of the Sukuk Musharakah.

2) Receipt of a satisfactory report from the Independent Consulting Engineer addressing matters in relation to the construction of the Seri Kembangan Interchange within 90 days or such other period as the Sukuk Trustee may agree from full compliance of conditions precedent.

3) A certified true copy of the Memorandum of Association of MESB reflecting that during the tenure of the Sukuk Musharakah, MESB will not (i) undertake any business other than related to the Concession Agreement; and (ii) enter into any voluntary winding-up.

(u) Representations and Warranties : To include but not limited to the following for the Issuer and MESB (collectively, "**Companies**" and references to Companies shall mean each or any of them as the context may require):

<u>Applicable to both the Issuer and MESB</u>

(i) each of the Companies is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its property and assets;

(ii) the memorandum and articles of association of the Companies incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, the Issuer to execute and deliver and perform the transactions contemplated by the Transaction Documents to which it is a party in accordance with their terms;

(iii) neither the execution and delivery of any of the Transaction Documents by the Issuer, nor the performance of any of the transactions contemplated by the Transaction Documents by the Issuer, did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which the Companies or any of its assets is bound or which is applicable to the Companies or any of its assets, (b) cause any limitation on the Companies or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of the Companies' assets;

(iv) each of the Transaction Documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of the Companies (where applicable) enforceable in accordance with its terms;

(v) the audited financial statements (including the income statement and balance sheet) of the Companies shall be prepared on a basis consistently applied and in accordance with generally accepted accounting principles in Malaysia and give a true and fair view of the results of their operations and the state of their affairs and in particular disclose all material liabilities (actual or contingent) of the Companies;

(vi) no litigation, arbitration or administrative proceeding or claim which might by itself or together with any other such proceedings or claims either have a material adverse effect on the financial condition of any of the Companies or materially and adversely affect the Companies' ability to perform its obligations under the Transaction Documents to which it is a party in accordance with their terms, is presently in progress or pending or, to the best of the knowledge, information and belief of the Companies (after due and careful enquiry), threatened against the

Companies or any of its or their assets;

(vii) the Companies are not aware of and have no reason to believe that any event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would likely to constitute, a contravention of, or default under, any agreement or instrument by which the Companies or any of their assets are bound or affected, being a contravention or default which might either have a material adverse effect on the financial condition of any of the Companies or materially and adversely affect the Companies' ability to perform its or their obligations under the transaction documents in accordance with their terms;

(viii) the Companies are in compliance and will comply with any applicable laws and regulations;

(ix) the Companies have disclosed to the Lead Arranger and/or the Facility Agent prior to the date of the Transaction Documents, all facts relating to the Companies know or should reasonably know and which are material for disclosure to the Sukuk Trustee, the Lead Arranger, the Lead Manager and the Facility Agent in the context of the Transaction Documents; and

(x) any other representations and warranties as advised by the Solicitors.

Applicable to MESB only

(xi) MESB has obtained all permits, approvals and licenses required for the Project and all of these are in full force and effect.

(v) Events of default, dissolution event and enforcement event, where applicable : Events of Default/Dissolution Events to include but not limited to the following:

Applicable to the Issuer and/or MESB

(i) the Issuer fails to pay any amount due from it or them under any of the Transaction Documents on the due date or, if so payable, on demand;

(ii) any representation or warranty made or given by the Companies under the Transaction Documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the Sukuk Musharakah or any of the Project Agreements and/or any of the Transaction Documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Companies does not remedy the failure within a period of thirty (30) days after the Companies became aware or having been notified by the Sukuk Trustee or the Security Agent of the failure;

(iii) the Issuer or MESB fails to observe or perform its or their obligations under any of the Transaction Documents or the Sukuk Musharakah or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and in the case of a failure which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer or MESB became aware or having been notified by the Sukuk Trustee or the Security Agent of the failure;

(iv) there has been a breach by the Issuer or MESB of any of its or their obligations under any of their existing contractual obligations which may materially and adversely affect the Companies' ability to perform its obligations under the Transaction Documents to which it is a party and, if in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer or MESB does not remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Sukuk Trustee or the Security Agent of the breach;

(v) any indebtedness for borrowed moneys of the Companies becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Companies are not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Companies in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or any of the Companies goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;

(vi) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer or MESB, or distress, legal process, sequestration or any form of execution is levied or enforced or taken against the Issuer which may have a Material Adverse Effect on the Companies, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this paragraph (vi), references to "**substantial**" shall mean such value equivalent to or more than 5% of the Issuer's or MESB's net tangible assets as reflected in their latest audited financial statements, where applicable.

(vii) the Issuer or MESB fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;

(viii) any step is taken for the winding up, dissolution or liquidation of the Issuer or MESB or a resolution is passed for the winding up of the Issuer or MESB or a petition for winding up is presented against the Issuer or MESB and the Issuer or MESB has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the Issuer or MESB;

(ix) the Issuer or MESB convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Sukuk Trustee, unless during or following such reconstruction the Issuer or MESB becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against the Issuer or MESB;

(x) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Sukuk Trustee may materially and adversely impairs or prejudices the ability of the Issuer or MESB to comply with the terms and conditions of the Sukuk Musharakah or the Transaction Documents;

(xi) the Issuer or MESB is deemed unable to pay any of its debts or becomes unable to pay any of its or their debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts under section 218(2) of the Companies Act 1965;

(xii) any creditor of the Issuer or MESB exercises a contractual right to take over the financial management of the Issuer or MESB and such event in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

(xiii) the Issuer or MESB changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

(xiv) at any time any of the provisions of the transaction documents in respect of the Sukuk Musharakah is or becomes invalid, illegal, void, voidable or unenforceable or ceases to be binding which in the opinion of the Sukuk Trustee may have a Material Adverse Effect;

(xv) the Issuer or MESB repudiates any of the Transaction Documents to which it is a party or the Issuer or MESB does or causes to be done any act or thing evidencing an intention to repudiate any of the Transaction Documents to which it is a party;

(xvi) any of the assets, undertakings, rights or revenue of the Issuer or MESB are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Sukuk Trustee may have a Material Adverse Effect on the Issuer or MESB;

(xvii) any event or events has or have occurred or a situation exists which in the opinion of the Sukuk Trustee may have a Material Adverse Effect on the Issuer or MESB, and in the case of the occurrence of such event or situation which in the opinion of the Sukuk Trustee is capable of being remedied, the Issuer or MESB does not remedy it within a period of thirty (30) days after the Issuer or MESB became aware or having been notified by the Sukuk Trustee or the Security Agent of the event or situation;

(xviii) an event of default or dissolution event has occurred under the Existing Securities; or

(xix) such other event as may be advised by the Solicitors.

<u>Applicable to the Issuer only</u>

(i) if the Issuer disposes, whether wholly or partly, its shareholdings in MESB.

<u>Applicable to MESB only</u>

(i) at any time any of the provisions of the Project Agreements is or becomes invalid, illegal, void, voidable or unenforceable or ceases to be binding;

(ii) any of the project counterparties to the Project Agreements repudiates any of the Project Agreements or any of the project counterparties to the Project Agreements does or causes to be done any act or thing evidencing an intention to repudiate any of the Project Agreements;

(iii) if at any time MESB commits a breach of any term or any obligation of or under any of the Project Agreements (whether or not resulting in a termination of such Project Agreement) except:

(a) where such a breach is not materially prejudicial to the interest of the Sukukholders; and

(b) is remedied by MESB within thirty (30) days from the notice of such breach from GOM.

(iv) if any of the Project Agreements is terminated (whether by way of breach of condition or otherwise) or a termination event or an event of default occurs under any of the Project Agreements.

Upon the occurrence of a Dissolution Event referred to above, the Sukuk Trustee may or shall (if directed to do so by a special resolution of the Sukukholders and subject to it being indemnified to its satisfaction) declare that: (i) a Dissolution Event has occurred; (ii) exercise its rights under the Purchase Undertaking and declare that the Exercise Price payable under the Purchase Undertaking and all other sums payable under the Sukuk Musharakah and the Transaction Documents are immediately due and payable in full in accordance with the terms of the relevant Transaction Documents; and (iii) the Sukuk Trustee and the Security Agent shall have the right to institute such proceedings and to take such steps as it/they think fit including enforcing remedies under each of the Transaction Documents.

Upon payment of the Exercise Price by the Issuer, the Musharakah Venture shall be dissolved and the Sukuk Musharakah held by the Sukukholders shall be cancelled.

(w) Covenants : **<u>Financial Covenants</u>**

<u>Finance Service Cover Ratio ("**FSCR**")</u>

The Issuer shall maintain a FSCR of at least 1.25 times at all times.

The FSCR is the ratio of Available Cash Flow (as defined hereunder) to the aggregate of:

(a) all principal obligations paid by the Issuer under the Sukuk Musharakah for the preceding 12 months; plus

(b) all principal obligations paid by the Issuer under any other financing/ borrowing for the preceding twelve (12) months; plus

(c) all coupon/profit/mark up payments paid under the Sukuk Musharakah and such financings/ borrowings of the Issuer for the preceding 12 months.

The FSCR calculations shall be duly confirmed by the Issuer's external auditors and based on the Available Cash Flow as per the latest audited accounts of the Issuer on an annual basis. For the avoidance of doubt, any double counting shall be disregarded.

The Issuer shall submit a compliance certificate to the Sukuk Trustee, the Rating Agency and the Facility Agent, which certificate shall be signed by two (2) directors of the Issuer and an external auditor certifying the compliance of the FSCR.

Available Cash Flow

In any annual period, the sum of:

(i) all revenue and income received by the Issuer and any other receipts of a capital or revenue nature under any contract or agreement;

(ii) all distribution, returns and realised gains received by the Issuer; and

(iii) all credit balances in the Issuer Designated Accounts including accrued profit payments retained by or on behalf of the Issuer and the amount utilised from the Issuer Designated Accounts for Permitted Investments at the beginning of the relevant 12 month period;.

less:

(i) taxes paid or such other contributions paid by the Issuer; and

(ii) the total amount spent on operating expenses of the Issuer.

Information Covenants

To include but not limited to the following:

Applicable to the Issuer and MESB

(i) the Companies shall provide to the Sukuk Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the Sukuk Musharakah and that there does not exist or had not existed, from the date the Sukuk Musharakah were issued, any Event of Default, and if such is not the case, to specify the same;

(ii) the Companies shall deliver to the Sukuk Trustee the following:

  (a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its financial statements for that year which shall contain the income statements and balance sheets of the Companies and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Sukuk Trustee;

(b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly financial statements for that period which shall contain the income statements and balance sheets of the Companies which are duly certified by any one of its directors;

(c) at least thirty (30) days in advance of the beginning of each financial yearly period, an annual budget prepared by MESB that is acceptable to the Sukuk Trustee setting out the estimated yearly costs and expenses required and necessary to carry on the operation and maintenance of the Highway (the "**Annual Budget**");

(d) promptly, such additional financial or other information relating to the Companies' business and its operations as the Sukuk Trustee may from time to time reasonably request in order to discharge its duties and obligations as trustee to the extent permitted by law;

(e) promptly, all notices or other documents received by the Companies from any of its or their shareholders or its of their creditors which contents may materially and adversely affect the interests of the Sukukholders, and a copy of all documents dispatched by the Issuer or MESB to its or their shareholders (or any class of them) in their capacity as shareholders or its creditors generally, which contents may affect the interests of the Sukukholders, at the same time as these documents are dispatched to these shareholders or creditors; and

(f) promptly, any other accounts, report, notice, statement or circular issued to shareholders which the Sukuk Trustee shall at its discretion circulate the accounts, report, notice, statement or circular to the registered Sukukholders who fall within Schedules 6 and 7 of the CMSA,

(iii) the Companies shall promptly notify the Sukuk Trustee of any change in its board of directors;

(iv) the Companies shall promptly notify the Sukuk Trustee or the Facility Agent in writing of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against the Companies before any court or tribunal or administrative agency which may have Material Adverse Effect;

(v) the Companies shall promptly give notice to the Sukuk Trustee or the Facility Agent in writing in the event that it becomes aware of any of the following:

(a) of the occurrence of any Event of Default or any event which (with the expiry of a grace period, the giving of notice, the making of any determination under the transaction documents relating to the Sukuk Musharakah or any combination of the foregoing) would constitute an Event of Default (the "**Potential Event of Default**") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Sukuk Trustee to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default;

(b) the occurrence of any event that has caused or could cause, one or more of the following:

(i) any amount secured or payable under the Sukuk Musharakah to become immediately payable;

(ii) the Sukuk Musharakah to become immediately enforceable; or

(iii) any other right or remedy under the terms, provisions and covenants of the transaction documents have become immediately enforceable

(c) any circumstance that has occurred that would materially prejudice the Companies or any security included in or created by the Transaction Documents;

(vi) the Companies shall promptly notify the Sukuk Trustee or the Facility Agent in writing of any change in withholding tax position or taxing jurisdiction of the Issuer (where applicable);

(vii) the Companies shall promptly notify the Sukuk Trustee or the Facility Agent in writing of any substantial change in the nature of the business of any of the Companies;

(viii) the Companies shall promptly notify the Sukuk Trustee and the Rating Agency of any circumstance that has occurred that would materially prejudice the Companies;

(ix) the Companies shall promptly notify the Sukuk Trustee and the Rating Agency of any other matter which may materially prejudice the interests of the Sukukholders; and

(x) the Companies shall promptly provide to the Sukuk Trustee such information on the section of the Highway which is about 18 kilometres in length from Putrajaya to Kuala Lumpur International Airport (the "**Spur Link**") as provided to the lenders of Spur Link if any.

Applicable to the Issuer only

(i) the Issuer shall notify the Sukuk Trustee or the Facility Agent in writing (with reasonable details) on a quarterly basis the progress utilisation of the proceeds of the Sukuk Musharakah for the construction of the Seri Kembangan Interchange, with the first notification to be given on the date the Issuer first utilises the proceeds of the Sukuk Musharakah to fund the construction of the Seri Kembangan Interchange;

(ii) the Issuer shall promptly notify the Sukuk Trustee of any change in the utilization of proceeds of the Sukuk Musharakah, where the Information Memorandum or any agreement entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to be utilized;

(iii) the Issuer shall ensure that the rating for the Sukuk Musharakah is made available throughout the tenure of the Sukuk Musharakah unless the rating is suspended or withdrawn by the Rating Agency, and in this regard, the Issuer undertakes and covenants to provide relevant information on continuous basis to the Rating Agency, so that timely dissemination of relevant information and rating analysis can be made available to the Sukukhholders; and

(iv) any other covenants as advised by the Solicitors.

Shareholding Covenant

(i) The Issuer shall not change its shareholding in MESB.

(ii) The Issuer shall not approve, change, permit to change, or suffer any change of shareholders, whether legal or beneficial, or any transfer or disposal, legally or beneficially, of, any part of its issued share capital or any change in its shareholding structure which will result in the Issuer ceases to be a subsidiary of the Maju Group. The "**Maju Group**" means Maju Holdings Sdn Bhd and its subsidiaries from time to time.

Positive Covenants

To include but not limited to the following:

Applicable to the Issuer and MESB

(i) the Companies shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its or their business or for the Companies to enter into or perform their obligations under the Transaction Documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of the Companies or the priority or rights of the financiers under the Transaction Documents and the Companies shall comply with the same;

(ii) the Companies shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the Transaction Documents;

(iii) the Companies shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;

(iv) the Companies shall promptly perform and carry out all their obligations under the Transaction Documents to which it is a party (including but not limited to redeeming the Sukuk Musharakah on the relevant Maturity Date(s) or any other date on which the Sukuk Musharakah are due and payable) and ensure that they shall immediately notify the Sukuk Trustee in the event that the Companies are unable to fulfil or comply with any of the provisions of the Transaction Documents;

(v) the Companies shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of the Companies for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of the Companies;

(vi) the Companies shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;

(vii) the Companies shall maintain the takaful/insurances required by the Transaction Documents and the Project Agreements;

(viii) the Companies shall give to the Sukuk Trustee such information as it may require in order to discharge its duties and obligations as trustee under the trust deed relating to the Companies' affairs to the extent permitted by law;

(ix) the Companies shall keep proper books and accounts at all times and to provide the Sukuk Trustee and any person appointed by the trustee (for example the auditors) access to such books and accounts;

(x) the Companies shall file all relevant tax returns and pay all taxes promptly upon the same becoming due except to the extent that taxes are being contested in good faith or an adequate reserve has been set aside with respect thereto;

(xi) the Companies shall preserve and maintain good and valid title to its properties and assets; and

(xii) such other covenants as may be advised by the Solicitors.

Applicable to the Issuer only

(i) the Issuer shall open and maintain the Issuer Designated Accounts for the purpose stated and make payments from such accounts only as permitted under the Transaction Documents, and comply with the terms and conditions of the Transaction Documents in all matters concerning the Issuer Designated Accounts;

(ii) the Issuer shall maintain a paying agent in Malaysia;

(iii) the Issuer shall procure that the paying agent shall notify the Sukuk Trustee in the event that the paying agent does not receive payment from the Issuer on the due dates as required under the trust deed and the terms and conditions of the Sukuk Musharakah;

(iv) the Issuer shall ensure that the contractors to be appointed by MESB for the Seri Kembangan Interchange is acceptable to the Sukuk Trustee and the Rating Agency;

(v) the operation of the Sukuk Musharakah shall at all times be governed by guidelines issued and to be issued by the SC and/or other authorities having jurisdiction over matters pertaining to the Sukuk; and

(vi) the Issuer shall maintain at all times throughout the tenor of the Sukuk Musharakah, the Trustees' Reimbursement Account for Sukukholders' Actions (the "**Trustees' Reimbursement Account**") with a sum of RM30,000 to be set up from the moneys received by the Issuer when the Sukuk Musharakah are issued. The Trustees' Reimbursement Account shall be operated by the Sukuk Trustee and the money in the Trustees' Reimbursement Account shall only be used strictly by the SukukTrustee in carrying out their duties in relation to the occurrence of Event of Default / Dissolution Event or enforcement events which are provided under the Transaction Documents in respect of the Sukuk Musharakah.

Applicable to MESB only

(i) MESB shall ensure that there is no restriction to prevent the distribution of dividends or any form of income or capital distribution to the Issuer unless such distribution will result in a breach of applicable laws and the Project Agreements.

Negative Covenants

To include but not limited to the following:

Applicable to the Issuer and MESB

(i) the Companies shall not provide or permit to exist any guarantee to any party save and except for such guarantees required for the Spur Link provided always that the issuance of such guarantee will not result in a downgrade of the prevailing rating of the outstanding Sukuk Musharakah;

(ii) the Companies shall not incur capital expenditure exceeding a threshold to be agreed, other than capital expenditure which has already been planned and included in the budget provided (and approved as the case may be) for the relevant year, without the written consent of the Sukuk Trustee or the agent as may be approved;

(iii) the Companies shall not dispose any assets in excess of RM10.0 million in aggregate in any financial year, except where the asset disposal is solely for the purposes of facilitating Shariah concepts used in Islamic financing facilities granted to the Issuer;

(iv) the Companies shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the Transaction Documents unless otherwise required under the law or to increase its authorised capital or for the purpose of fulfilling any regulatory requirements which may be applicable in connection with the listing of the shares of the Issuer;

(v) the Companies shall not reduce their authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of their share capital into stock, or by consolidating, dividing or sub-dividing all or any of their shares, or by any other manner and for the avoidance of any doubt, listing of shares of the Issuer shall not be restricted by this covenant;

(vi) except otherwise contemplated in the Transaction Documents, the Companies shall not enter into any agreement with its subsidiaries (if any) or associated companies except for agreement entered into:

(a) in the ordinary course of its business;

(b) on an arms-length basis; and

(c) which will not have a Material Adverse Effect on the Companies;

For the purposes of this Principal Terms and Conditions and the Transaction Documents, Material Adverse Effect refers to any event or circumstances the occurrence of which has resulted in, or will be likely to result in material adverse effect on:

(a) the assets, business or condition (financial or otherwise) of the Companies;

(b) MESB's ability under any Project Agreement, to perform or comply with any of its obligations under the Transaction Documents to which it is a party;

(c) the Project or any rights or benefits of the Companies thereunder; or

(d) the rights and benefits available to the Sukukholders under any provisions of the Transaction Documents.

Any reference in the Transaction Documents to any event or circumstance which “has” or which “would have” a Material Adverse Effect shall be construed accordingly.

(vii) the Companies will not consolidate or amalgamate or merge with or into, or transfer all or substantially all their assets to or acquire all or substantially all the assets (including shares and/or stocks of any class, partnership or joint venture interest) of another entity; where, for the avoidance of doubt, either of the Companies will be deemed to have acquired substantially all of the ordinary shares of another entity if that entity becomes a subsidiary of either of the Companies as a result of the acquisition;

(viii) the Companies will not enter into any voluntary winding-up;

(ix) such other covenants as may be advised by the Solicitors.

Applicable to the Issuer only

(i) the Issuer shall not open any other accounts other than the Issuer Designated Accounts and the Trustees' Reimbursement Account;

(ii) except otherwise contemplated in the Transaction Documents, the Issuer shall not incur any additional indebtedness (including any loans or advances from its shareholders, subsidiaries or associated companies) save and except for such loans or advances from its shareholders, subsidiaries, related corporations or associated companies which are fully subordinated to the Sukuk Musharakah;

(iii) the Issuer shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract, and those security as contemplated under the Transaction Documents to which it is a party;

(iv) the Issuer shall not declare or pay any dividends or make any distribution (such payments and distributions shall be referred to as "**Distributions**") whether income or capital in nature to its shareholders unless the following conditions are met:

(a) no Event of Default / Dissolution Event (or event or condition which, with the giving of notice, the passage of time, or both, would become an Event of Default / Dissolution Event) has occurred or would have occurred following such payment or distribution of dividends/distributions;

(b) any amount under the IFSA is due or any instalment on any of the payments under the arrangements pertaining to the Sukuk Musharakah is overdue and unpaid or if any of the payments under the arrangements pertaining to the Sukuk Musharakah which has become payable has not been paid as a consequence of default by the Issuer; and

(c) the Projected FSCR (to be calculated on each Distribution Date (as defined below)) does not fall below 2.25 times after any such Distributions;

The maximum amount of Distributions allowed in any particular calendar year shall be capped as follows:

Period	Dividend Restrictions
From the date of issuance of the Sukuk Musharakah until the third anniversary thereof	No Distributions allowed
From the start of the fourth anniversary until the tenth anniversary of the date of issuance of the Sukuk Musharakah	Distributions are capped at 50% of the maximum dividends payable based on the Projected FSCR of 2.25 times after such Distributions
From the start of the eleventh anniversary of the date of the issuance of the Sukuk Musharakah onwards	No cap on Distributions provided Projected FSCR is at least 2.25 times after such Distributions

Projected FSCR

Following any Distribution, the Projected FSCR shall be calculated for the next principal payment date as follows:

$$\frac{A + B + C}{A + D}$$

where:

A = the actual total principal and profit payments made after the previous principal payment date up to the date the Distribution is made ("**Distribution Date**");

B = the actual closing cash balances in the Issuer Designated Accounts (net of the Distribution) including Permitted Investments as at the Distribution Date;

C = the projected net cashflow before financing from the Distribution Date up to the next principal payment date; and

D = the projected total principal and profit payments due and payable from the Distribution Date up to and including the next principal payment date.

For the avoidance of doubts, for purposes of calculating the Projected FSCR, (i) the closing cash balances of the Issuer as at the Distribution Date shall exclude balances in the Issuer Compensation Account; and (ii) if no Distribution is made in any 12-month period between one principal payment date and the next principal payment date, the Projected FSCR need not be calculated; and (iii) any double counting should be disregarded. For purposes of testing the Projected FSCR, the Issuer shall submit a compliance certificate signed by a director of the Issuer and addressed to the Sukuk Trustee and the Facility Agent.

(v) the Issuer shall not make any payments (whether in relation to principal, profit, mark up or otherwise) to its shareholders, subsidiaries, related corporations or associated companies in connection with any loans or advances from its shareholders, subsidiaries, related corporations or associated companies unless the conditions described in paragraph (iv) above which relates to 'Distributions' are met.

(vi) the Issuer shall not use the proceeds raised from the Sukuk Musharakah except for the purposes set out in this Principal Terms and Conditions;

(vii) the Issuer will not cancel, surrender, abandon or otherwise change in any manner the nature or scope of their existing business or suspend or threaten to suspend any part of their business;

(viii) except otherwise contemplated in the Transaction Documents, the Issuer shall not lend any money to any party other than to the Issuer's directors, officers or employees as part of their terms of employment; and

(ix) the Issuer shall not have any subsidiaries other than MESB.

(x) the Issuer shall not sell, dispose, transfer or otherwise deal with the Existing Securities or any part thereof unless the prior written consent of the Sukuk Trustee has first been obtained.

Applicable to MESB only

(i) MESB shall not incur any additional indebtedness (including any loans or advances from its shareholders, subsidiaries or associated companies) save and except where:

(a) such indebtedness, which is unfunded (including but not limited to performance bonds and maintenance bonds) does not exceed RM50.0 million in aggregate and is unsecured; or

(b) such indebtedness contemplated in the Transaction Documents.

For avoidance of doubt, the above additional indebtedness limit will not be applicable to the additional financing for the Spur Link (the "**Spur Link Financing**") subject to all of the following conditions:

(a) no downgrade to the prevailing rating of the outstanding Sukuk Musharakah and subject to a minimum rating of AA2, whichever is the higher;

(b) no breach to the terms and conditions of the Sukuk Musharakah and Concession Agreements;

(c) will not have a Material Adverse Effect and is not prejudicial to the Sukukholders; and

(d) such other conditions as may be advised by the Solicitors.

(ii) MESB shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding (01) liens arising in the ordinary course of business by operation of law and not by way of contract and (02) the existing security created by MESB to secure the Existing Securities.

For avoidance of doubt, the restriction on creation of security referred to above will not be applicable to the Spur Link Financing subject to all of the following conditions:-

(a) no downgrade to the prevailing rating of the outstanding Sukuk Musharakah and subject to a minimum rating of AA2, whichever is the higher;

(b) no breach to the terms and conditions of the Sukuk Musharakah and Concession Agreements;

(c) will not have a Material Adverse Effect and is not prejudicial to the holders of the Sukuk Musharakah;

(d) consents from the Sukukholders and the Sukuk Trustee have been obtained; and

(e) such other conditions as may be advised by the Solicitors.

(iii) save and except for payments or repayments of loans and/or advances granted or to be granted by the Issuer to MESB, MESB shall not make any payments (whether in relation to principal, profit, mark-up or otherwise) to its directors, related corporations or associated companies in connection with any loans or advances from its directors, related corporations or associated companies;

(iv) except otherwise contemplated by the Transaction Documents, MESB shall not lend any money to any party other than to the Issuer and to MESB's directors, officers or employees as part of their terms of employment;

(v) MESB will not carry on any business other than its undertaking and enjoyment of the Concession (as defined in the Concession Agreement) and the maintenance of roads and such ancillary activities permitted under the Concession Agreement and to demand, collect, retain and distribute tolls, on behalf of other persons awarded concessions by GOM;

(vi) MESB will not cancel, surrender, abandon or otherwise change in any manner the nature or scope of their existing business or the Project; or suspend or threaten to suspend any part of its business;

(vii) MESB shall not agree to waive any breach or proposed breach of any of the Project Agreements which would have a Material Adverse Effect and/or materially prejudice the interest of the Sukukholders;

(viii) MESB shall not incorporate or establish or permit the incorporation or establishment of or permit to subsist or exist, any subsidiary;

(ix) MESB shall not construct or undertake the construction of Spur Link if such construction will result in a downgrade to the prevailing rating of the outstanding Sukuk Musharakah;

(x) MESB shall not, and shall not agree to, amend, vary, terminate (except due to lapse of time), replace or supplement any Project Agreements save and except for those relating to the Seri Kembangan Interchange and/or the Spur Link which amendments, variations, termination, replacement or supplement would have a Material Adverse Effect. Subject to the above, MESB shall give prior written notice of not less than thirty (30) days to the Sukuk Trustee of any proposed amendments, variations, terminations, replacements or supplements of any of the Project Agreements and provide reasonable details;

(xi) MESB shall not do or omit to do any act, or execute or omit to execute any document which may render any of the Project Agreements or any insurance or takaful to be illegal, void, voidable or unenforceable;

(xii) MESB shall not reissue or early redeem the Existing Securities;

(xiii) MESB shall not change any of the terms and conditions of the Existing Securities without the prior written consent of the Sukuk Trustee.

(x) Provisions on buy-back and early redemption of sukuk :

<u>Redemption</u>

Unless previously redeemed or purchased and cancelled, the Sukuk Musharakah will be redeemed by the Issuer at 100% of their nominal value on their respective maturity dates pursuant to the relevant Exercise Price and all Sukuk Musharakah redeemed shall be cancelled and cannot be resold.

<u>Repurchase and Cancellation</u>

The Issuer or any of its subsidiaries or any of its agent and/or interested persons may at any time purchase the Sukuk Musharakah at any price in the open market or by private treaty, but these repurchased Sukuk Musharakah, if purchased by the Issuer or by its subsidiaries or by its agents, shall be cancelled and cannot be resold, or, if purchased by the Issuer's interested persons, the Sukuk Musharakah need not be cancelled but they will not entitle such interested persons to vote at any meeting of the Sukukholders.

<u>Early Redemption of Sukuk Musharakah</u>

The Issuer may redeem in whole (and not in part) any particular series of the Sukuk Musharakah before its Maturity Date at a price or prices and on such terms as may be agreed between the Issuer, the Sukukholders and the Lead Manager subject to the following conditions:

(i) the Issuer shall have issued a notice to the Sukuk Trustee (the "**Early Redemption Notice**") not less than 21 days and not more than 60 days before the date of the proposed redemption (the "**Early Redemption Date**"). The Early Redemption Notice must specify the Early Redemption Date, and the particulars of the series of the Sukuk Musharakah that the Issuer wishes to cancel;

(ii) the relevant Sukukholders together with the Issuer have agreed on the early redemption price via a letter issued by the Sukuk Trustee on behalf of the relevant Sukukholders duly accepted by the Issuer within three (3) business days before the Early Redemption Date; and

(iii) the Early Redemption Date must fall on a Periodic Distribution Date.

<u>On the Maturity Date:</u>

Exercise Price = Musharakah Capital *plus* Expected Return as agreed by the Issuer on the date the Sukuk Musharakah are issued *less* aggregate of the Entitlements paid to the Sukukholders up to the Maturity Date.

The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price payable.

<u>On the declaration of a Dissolution Event:</u>

Exercise Price = Musharakah Capital *plus* Expected Return as agreed by the Issuer on the date the Sukuk Musharakah are issued *less* aggregate of the Entitlements paid to the Sukukholders up to the declaration of a Dissolution Event. For avoidance of doubt, the Exercise Price will be adjusted to be equivalent to the accreted value of the relevant tranche of Sukuk Musharakah plus accrued but unpaid profit (if any) up to the date the Exercise Price is paid.

The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price payable.

(y) Other principal terms and conditions for the proposal

(i) Issue Price : The Sukuk Musharakah may be issued at premium, at par or at a discount at an issue price to be determined prior to issuance.

(ii)	**Form and Denomination**	:	The Sukuk Musharakah shall be issued in accordance with (1) the "Participation and Operation Rules for Payment and Securities Services issued by MyClear ("**MyClear Rules**") and (2) MyClear Procedures, or their replacement thereof (collectively the "**MyClear Rules and Procedures**") applicable from time to time. Each tranche of the Sukuk Musharakah shall be represented by a global certificate to be deposited with BNM, and shall be exchanged for definitive bearer form only in certain limited circumstances. The denomination of the Sukuk Musharakah shall be RM1,000 or in multiples of RM1,000 at the time of issuance or such other denomination as may be mutually agreed between the Issuer and the Facility Agent.
(iii)	**Right to Make Permitted Investments**	:	Monies standing to the credit of the Issuer Designated Accounts shall be permitted to be invested in Permitted Investments (as defined below), provided that: (i) such funds utilised for Permitted Investments shall, where necessary, be remitted back to the relevant Issuer Designated Accounts to meet any payment obligations of the Issuer at least five (5) days before such payment obligations are due and payable; and (ii) shall be denominated in Ringgit Malaysia.
(iv)	**Permitted Investments**	:	For the purposes of the Sukuk Musharakah, Permitted Investments are the Shariah Compliant investments / products listed below: (i) deposits with licensed Islamic financial institutions in Malaysia; or

			(ii) Islamic bankers acceptances, Islamic bills and other Islamic money market instruments by licensed financial institutions with a short term rating of P1 and a minimum long term rating of AA3/AA- or their equivalent; or (iii) Islamic treasury bills, Islamic money market instruments, and sukuk issued by BNM or GOM; or (iv) sukuk issued by quasi government or government related corporations with a short term rating of P1 and a minimum long term rating of AA3/AA- or their equivalent or sukuk guaranteed by the GOM; or (v) sukuk issued by corporations with a short term rating of P1 and a minimum long term rating of AA3/AA- or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short term rating of P1 or a minimum long term rating of AA3/AA- or their equivalent.
(v)	**Compensation for late and/or default payment(s) ("Ta'widh")**	:	In the event of overdue payments of any amount due under the Purchase Undertaking, the Issuer shall pay the compensation on such overdue amount at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.
(vi)	**Taxation**	:	All payments by the Issuer shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.

(vii)	**Governing Law**	:	Laws of Malaysia
(viii)	**Jurisdiction**	:	The Issuer shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.
(ix)	**Project Agreements**	:	(i) Concession Agreement dated 22 October 1997; (ii) Supplemental Concession Agreement dated 29 April 1998; (iii) Second Supplemental Concession Agreement dated 28 October 2003; (iv) Third Supplemental Concession Agreement dated 21 December 2006; and (the items under (i) to (iv) above shall collectively be referred to as the "**Concession Agreement**") (v) Any other amendment(s) or variation(s) of the items under (i) to (iv) above and addition(s) to the items under (i) to (iv) above and any other instrument(s) executed supplemental thereto or in substitution thereof.
(x)	**Transaction Documents**	:	(i) the Subscription Agreement; (ii) the Trust Deed; (iii) Securities Lodgement Form for Central Securities Depository and Paying Agency Services; (iv) Musharakah Agreement; (v) Management Agreement; (vi) Purchase Undertaking; (vii) the Security Documents; and (viii) Any other documents or any such other agreements that may be advised by the Solicitors.
(xi)	**Status**	:	The Sukuk Musharakah will constitute direct, unconditional and secured obligations of the Issuer and shall at all times rank pari passu, without discrimination, preference or priority

amongst themselves and shall rank in priority against all other present and future unsecured and unsubordinated obligations of the Issuer, subject to those preferred by law and/or the Transaction Documents.

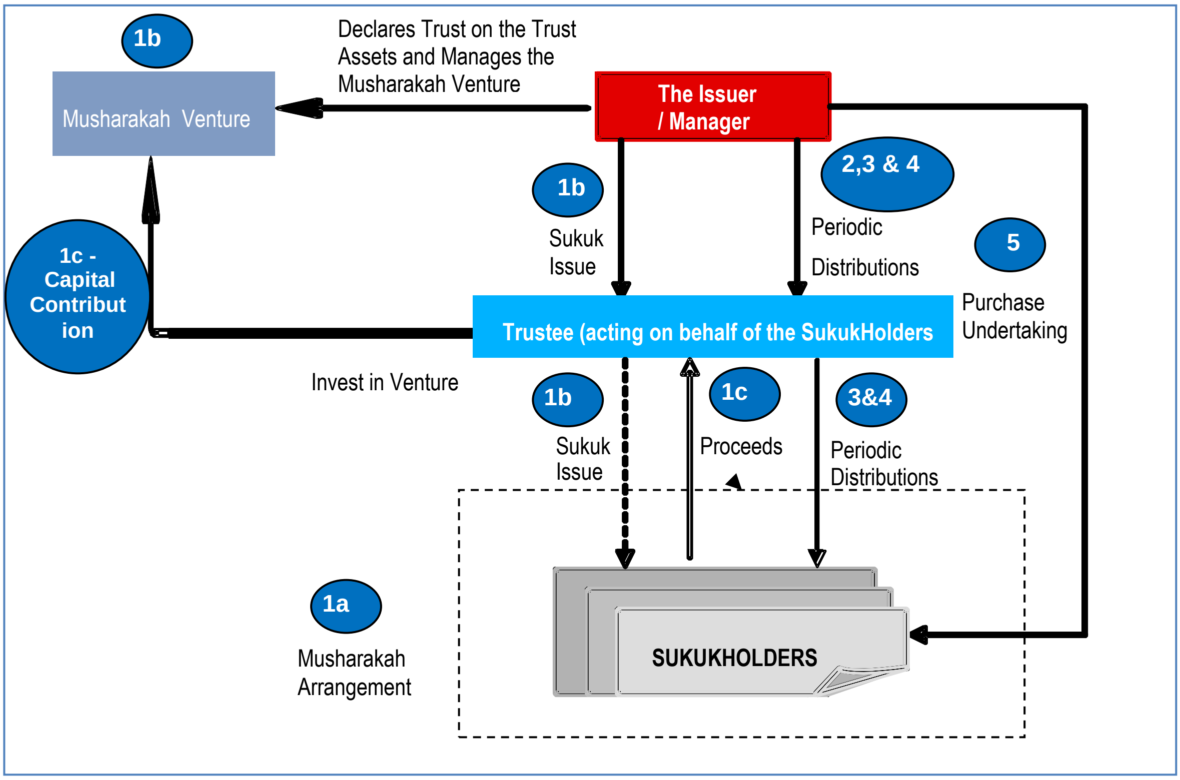
(xii) Disclosure of Information : The Issuer hereby expressly agrees, confirms and consents that the Principal Adviser, the Lead Arranger, the Lead Manager, the Sukuk Trustee, the Security Agent, the Facility Agent, the Sukukholders, the Central Depository, the Paying Agent and the Shariah Adviser (collectively, the "**Transaction Parties**") are authorised by the Issuer to do the following without further notification or concurrence of the Issuer:

(a) to disclose to the Central Credit Bureau, Central Credit Reference Information System or such other authority or body established by BNM, the SC and any other governmental authority having jurisdiction over the Transaction Parties and RAM Ratings any information relating to the Sukuk Musharakah including the balance outstanding;

(b) to disclose information on the Issuer's business (including the Sukuk Musharakah, its accounts and/or future accounts) to any person(s) within the group of companies of the Transaction Parties and such person(s) within the same group of companies shall be entitled to make such disclosure to each other, the Shariah Adviser and to any person which is a legal, accounting, auditing or other third party providing services to the Transaction Parties provided that the Transaction Parties and such person(s) shall take all reasonable care to ensure that such information shall remain confidential amongst themselves; or

		(c) to such other parties as may be advised by the Solicitors with prior written consent of the Issuer and documented in the Sukuk Agreements.
(xiii) Transaction Expenses	:	All legal and professional fees, the cost of due diligence exercises, stamp duties, taxes and any other out-of-pocket expenses incurred in connection with the Sukuk Musharakah, including professional due diligence fees, Shariah advisory fee and fees payable to the RAM Ratings, the Lead Arranger, the Lead Manager, the Facility Agent, the Sukuk Trustee and the Security Agent, shall be borne by the Issuer.
(xiv) Other Conditions	:	The Sukuk Musharakah shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, or BNM.

Annexure



Step 1 (a) The potential investors in relation to the Sukuk Musharakah shall form a Musharakah ("**Musharakah**") among themselves to invest directly into the Shariah compliant business of the Issuer (the "**Musharakah Venture**") via subscription of the Sukuk Musharakah to be issued by the Issuer (the "**Musharakah Arrangement**"). A Musharakah shall be formed for each series of the Sukuk Musharakah having the same Issue Date and Maturity Date.

(b) The Issuer will issue Sukuk Musharakah to investors ("**Sukukholders**").

(c) Proceeds raised from the Sukuk Musharakah shall be used as capital contributions of the Sukukholders in the Musharakah Venture. Each Sukuk Musharakah shall represent the respective Sukukholder's undivided proportionate interest in the Musharakah Venture. Simultaneously, the Issuer shall make a declaration that it holds on trust a percentage of its interest in the business (the "**Trust Assets**") for the benefit of the Sukukholders and manages the Musharakah Venture.

Step 2 The participation by the Sukukholders in the Musharakah Venture is via the subscription of Sukuk Musharakah issued by the Issuer. The capital contribution ratio of the Musharakah Partners in the Musharakah Venture shall be based on their respective capital contribution. The return expected by the Sukukholders under and from the relevant Musharakah Venture shall be the yield for the respective tranche of the Sukuk Musharakah up to the respective maturity date of the Sukuk Musharakah or the declaration of a Dissolution Event (as defined below), whichever is applicable (the "**Expected Return**").

The Sukukholders will be entitled to income generated from the Musharakah Venture throughout the tenure of the Musharakah (their respective "**Entitlements**") and the rights of the Sukukholders against the Issuer under the Purchase Undertaking (as defined below).

Step 3 The profit derived from the Musharakah Venture shall be distributed based on a pre-agreed profit sharing ratio which will be determined prior to the issuance of the Sukuk Musharakah. Any loss arising from the Musharakah Venture shall be borne by each Musharakah Partner in proportion to each Musharakah Partner's respective capital contribution in the Musharakah Venture.

Step 4 The Investors will be represented through a Trustee acting as their agent and trustee for their participation in the Musharakah Venture. The Trustee on behalf of the Sukukholders' shall appoint the Issuer as the manager (the "**Manager**") to manage the Musharakah Venture, for which the Issuer (in its capacity as the Manager) shall be paid an incentive management fee (the "Incentive Fee"). The Issuer shall continue to manage its business operations for the holders of the Sukuk Musharakah and in consideration thereof, the Investors will agree that all Entitlements accruing to the Investors in any given period which is over and above any portion of the Expected Periodic Distribution that are required to be paid to the Investors during such period, will be paid to, and will belong to, the Issuer as an Incentive Fee for acting as the Manager.

In respect of Sukuk Musharakah, income from the Musharakah Venture of up to an amount equal to a certain percentage of the face value of the Sukuk Musharakah per annum, calculated on the basis of the actual number of days in the relevant period ("**Expected Periodic Distribution**") shall be distributed on periodic basis to the Sukukholders.

In the event that the Entitlements accruing to the Sukukholders in any given period are less than the Expected Periodic Distribution that are required to be paid to the Sukukholders during such period, the Issuer in its capacity as the obligor shall make advance payments equal to such shortfall (the "A**dvance Payments**"). The Issuer will be entitled to deduct the aggregate of the Advance Payments from the Exercise Price (as defined in the PTC) under the Purchase Undertaking (as defined below).

Step 5 The Issuer will declare and issue an undertaking (the "**Purchase Undertaking**") to and in favour of the Trustee (for and on behalf of the Sukukholders), wherein the Issuer undertakes to purchase the Sukukholders' interest in the Musharakah Venture at the Exercise Price on Dissolution Date. The Exercise Price payable by the Issuer shall be determined based on a pre-agreed formula. Under the Purchase Undertaking to be issued by the Issuer, the Issuer shall purchase the Sukukholder's interest in the Musharakah Venture at the Exercise Price upon the earlier of (such date shall be referred to as the "**Dissolution Date**"):

1) the Maturity Date; and
2) the declaration of a Dissolution Event.

Upon payment of the Exercise Price by the Issuer, the Musharakah Venture of the relevant Sukuk Musharakah tranche shall be dissolved and the relevant Sukuk Musharakah held by the Sukukholders shall be cancelled.

APPENDIX II

Cashflow Projections of the Issuer and MESB

Crowe Horwath.

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

Our Ref.: AUDIT/CSU1/LKW/SKYT

30 July 2013

The Board of Directors
Bright Focus Berhad
No.1, Maju Expressway (MEX)
63000 Cyberjaya
Selangor Darul Ehsan

Standard Chartered Saadiq Berhad
Level 11, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur

Dear Sirs

BRIGHT FOCUS BERHAD
CASH FLOW PROJECTIONS FOR THE FINANCIAL YEARS ENDING 31 DECEMBER 2013 TO 2033

We have reviewed the cash flow projections of Bright Focus Berhad (referred to as "BFB" or "the Company") and Maju Expressway Sdn. Bhd. ("MESB") for the twenty-one (21) financial years ending from 31 December 2013 to 2033 ("Financial Years"), as set out in the accompanying statements (which we have stamped for the purpose of identification) in accordance with International Standards on Assurance Engagements 3400 - The Examination of Prospective Financial Information, applicable to the review of projections. The Directors of BFB are solely responsible for the preparation and presentation of the cash flow projections and the assumptions on which the cash flow projections are based.

The cash flow projections have been prepared solely for inclusion in the Information Memorandum in connection with the proposed issuance of Islamic Medium Term Notes pursuant to the Shariah principle of Musharakah ("Sukuk Musharakah") of up to RM1.35 billion by BFB and should not be used for other purposes.

Our review has been undertaken to enable us to form an opinion as to whether the projections, in all material respects, is properly prepared on the basis of the assumptions made by the Directors and are presented on a basis consistent with the accounting policies adopted and disclosed by the BFB and MESB in its audited financial statements for the financial year ended 31 December 2012.

Crowe Horwath™

The cash flow projections cover an extended future period of time for which there are inherent risks and, therefore, should be treated with caution. Due to the extended future period of time, there is an inherent limitation on the ability of the Directors to make best-estimate assumptions. The Directors, in preparing the cash flow projections have therefore, out of necessity, based them on hypothetical assumptions about future events and actions that have not yet occurred and may not occur. Even if the events anticipated under the hypothetical assumptions occur, actual results during the projection periods may vary materially from the Directors' cash flow projections, as it is often the case that some events and circumstances do not occur as expected, or could not be reasonably foreseen. There is, therefore, a considerable degree of subjective judgement involved in the preparation of the cash flow projections. The users of the Information Memorandum should have regard to the risk factors as set out in the Information Memorandum.

As set out in MESB's Specific Assumptions in paragraph B2.2, the Directors projected MESB's Annual Average Daily Traffic volume ("AADT") and toll revenue for the Financial Years based on the projected base case revenue as set out in the Traffic Consultant's report dated 5 March 2013 (the extract of which is provided in the Information Memorandum) prepared by SKM Colin Buchanan for the three toll plazas at Salak South, Putrajaya and Seri Kembangan. Accordingly, the achievability of the projected toll revenue for the Financial Years is dependent on MESB's ability to achieve the projected AADT volume, otherwise it could result in a consequential impact to the cash flow projections for the Financial Years.

Subject to the matters stated in the preceding paragraphs:-

(a) nothing has come to our attention which causes us to believe that the assumptions made by the Directors, as set out in the accompanying statements, do not provide a reasonable basis for the preparation of the cash flow projections; and

(b) the cash flow projections, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors of BFB, as set out in the accompanying statements and are presented on the basis consistent with the accounting policies adopted and disclosed by BFB and MESB in their audited financial statements for the financial year ended 31 December 2012.

Yours faithfully

Crowe Horwath
Firm No : AF 1018
Chartered Accountants

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

A. Cash Flow Projections for the Financial Years Ending ("FYE") from 31 December 2013 to 31 December 2033

A1. Cash Flow Projections of BFB

(Amounts shown in RM'million)	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Cash Flows From Operating Activities											
Redemption of Existing Securities	-	-	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
Profit received from Existing Securities	17.6	35.2	33.8	30.9	28.0	25.0	21.9	18.7	15.5	12.2	8.8
Repayment of Advance from MESB	-	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4	14.4
Dividend received from MESB	-	-	-	-	-	-	50.0	60.0	60.0	70.0	140.0
Profit received	-	3.1	2.5	3.1	3.6	4.1	4.2	5.1	5.9	6.6	7.4
Income tax paid	(4.4)	(1.7)	(1.2)	(0.8)	(0.9)	(1.0)	(1.1)	(1.3)	(1.5)	(1.7)	(1.9)
Net Cash From Operating Activities	**13.2**	**51.0**	**99.5**	**97.6**	**95.1**	**92.4**	**139.5**	**146.9**	**144.3**	**151.6**	**218.8**
Cash Flows From/(For) Financing Activities											
Proceeds from Sukuk Musharakah	1,350.0	-	-	-	-	-	-	-	-	-	-
Purchase of Existing Securities	(550.0)	-	-	-	-	-	-	-	-	-	-
Repayment of Term Loan	(240.0)	-	-	-	-	-	-	-	-	-	-
Advance to MESB	(120.0)	-	-	-	-	-	-	-	-	-	-
Capital expenditure and working capital of the Group	(340.0)	-	-	-	-	-	-	-	-	-	-
Profit payment on Sukuk Musharakah	-	(76.5)	(76.5)	(76.5)	(76.5)	(76.5)	(76.0)	(74.7)	(72.9)	(71.0)	(68.5)
Repayment on Sukuk Musharakah	-	-	-	-	-	(10.0)	(30.0)	(40.0)	(40.0)	(50.0)	(50.0)
Net Cash From/(For) Financing Activities	**100.0**	**(76.5)**	**(76.5)**	**(76.5)**	**(76.5)**	**(86.5)**	**(106.0)**	**(114.7)**	**(112.9)**	**(121.0)**	**(118.5)**
Net Increase/(Decrease) In Cash and Cash Equivalents	**113.2**	**(25.5)**	**23.0**	**21.2**	**18.6**	**5.9**	**33.4**	**32.2**	**31.4**	**30.6**	**100.2**
Cash And Cash Equivalent Brought Forward	**12.4**	**125.6**	**100.1**	**123.2**	**144.3**	**162.9**	**168.9**	**202.3**	**234.5**	**266.0**	**296.6**
Cash And Cash Equivalent Carried Forward	**125.6**	**100.1**	**123.2**	**144.3**	**162.9**	**168.9**	**202.3**	**234.5**	**266.0**	**296.6**	**396.8**

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

A. Cash Flow Projections for the FYE from 31 December 2013 to 31 December 2033 (Cont'd)

A1. Cash Flow Projections of BFB (Cont'd)

(Amounts shown in RM'million)	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033
Cash Flows From Operating Activities										
Redemption of Existing Securities	50.0	50.0	-	-	-	-	-	-	-	-
Profit received from Existing Securities	5.3	1.8	-	-	-	-	-	-	-	-
Repayment of Advance from MESB	14.4	14.4	74.4	67.2	-	-	-	-	-	-
Dividend received from MESB	160.0	180.0	200.0	200.0	200.0	230.0	230.0	260.0	280.0	350.0
Profit received	9.9	12.5	15.0	18.2	21.2	22.7	25.2	27.3	30.5	34.1
Income tax paid	(2.5)	(3.1)	(3.8)	(4.6)	(5.3)	(5.7)	(6.3)	(6.8)	(7.6)	(8.5)
Net Cash From Operating Activities	**237.2**	**255.5**	**285.7**	**280.9**	**215.9**	**247.1**	**248.9**	**280.5**	**302.9**	**375.6**
Cash Flows For Financing Activities										
Profit payment on Sukuk Musharakah	(65.9)	(62.2)	(57.4)	(51.9)	(45.7)	(39.3)	(32.8)	(25.1)	(17.2)	(8.7)
Repayment on Sukuk Musharakah	(70.0)	(90.0)	(100.0)	(110.0)	(110.0)	(110.0)	(130.0)	(130.0)	(140.0)	(140.0)
Net Cash For Financing Activities	**(135.9)**	**(152.2)**	**(157.4)**	**(161.9)**	**(155.7)**	**(149.3)**	**(162.8)**	**(155.1)**	**(157.2)**	**(148.7)**
Net Increase In Cash and Cash Equivalents	**101.3**	**103.3**	**128.3**	**119.0**	**60.2**	**97.7**	**86.1**	**125.4**	**145.6**	**226.9**
Cash And Cash Equivalent Brought Forward	**396.8**	**498.0**	**601.4**	**729.7**	**848.7**	**909.0**	**1,006.7**	**1,092.8**	**1,218.2**	**1,363.8**
Cash And Cash Equivalent Carried Forward	**498.0**	**601.4**	**729.7**	**848.7**	**909.0**	**1,006.7**	**1,092.8**	**1,218.2**	**1,363.8**	**1,590.7**

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

A. Cash Flow Projections for the FYE from 31 December 2013 to 31 December 2033 (Cont'd)

A2. Cash Flow Projections of Maju Expressway Sdn. Bhd. ("MESB")

(Amounts shown in RM'million)	FYE 2013	FYE 2014	FYE 2015	FYE 2016	FYE 2017	FYE 2018	FYE 2019	FYE 2020	FYE 2021	FYE 2022	FYE 2023
Cash Flows From Operating Activities											
Toll collections	101.6	110.6	122.3	131.9	141.3	194.7	204.4	224.1	238.6	253.1	344.3
Payments for operating activities	(19.7)	(22.2)	(22.8)	(23.4)	(24.0)	(25.0)	(25.6)	(26.4)	(27.1)	(27.9)	(29.3)
Cash from operations	81.9	88.4	99.5	108.5	117.3	169.6	178.7	197.7	211.5	225.2	315.0
Income tax paid	(0.5)	(0.8)	(0.9)	(0.9)	(1.0)	(1.2)	(7.3)	(40.7)	(43.9)	(47.5)	(73.5)
Net Cash From Operating Activities	**81.4**	**87.7**	**98.6**	**107.6**	**116.3**	**168.5**	**171.5**	**157.1**	**167.6**	**177.7**	**241.5**
Cash Flows (For)/From Investing Activities											
Capital expenditure	-	(21.9)	-	-	-	-	-	(4.5)	(27.0)	(20.9)	-
Construction of Seri Kembangan Interchange	(120.0)	-	-	-	-	-	-	-	-	-	-
Profit received	1.8	3.0	3.5	3.6	4.0	4.7	6.8	7.8	8.2	8.3	8.7
Net Cash (For)/From Investing Activities	**(118.2)**	**(18.9)**	**3.5**	**3.6**	**4.0**	**4.7**	**6.8**	**3.3**	**(18.8)**	**(12.5)**	**8.7**
Cash Flows From/(For) Financing Activities											
Advance from BFB	120.0	-	-	-	-	-	-	-	-	-	-
Profit payment on Existing Securities	(35.2)	(35.2)	(33.8)	(30.9)	(28.0)	(25.0)	(21.9)	(18.7)	(15.5)	(12.2)	(8.8)
Repayment on Existing Securities	-	-	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Repayment of Advance to BFB	-	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)	(14.4)
Dividend paid	-	-	-	-	-	-	(51.6)	(62.0)	(62.0)	(72.3)	(144.6)
Net Cash From/(For) Financing Activities	**84.8**	**(49.6)**	**(98.2)**	**(95.3)**	**(92.4)**	**(89.4)**	**(137.9)**	**(145.1)**	**(141.9)**	**(148.9)**	**(217.8)**
Net Increase In Cash and Cash Equivalents	**48.0**	**19.1**	**3.9**	**15.8**	**27.9**	**83.8**	**40.3**	**15.3**	**7.0**	**16.3**	**32.5**
Cash And Cash Equivalent Brought Forward	**72.3**	**120.3**	**139.5**	**143.4**	**159.2**	**187.1**	**270.9**	**311.2**	**326.4**	**333.4**	**349.7**
Cash And Cash Equivalent Carried Forward	**120.3**	**139.5**	**143.4**	**159.2**	**187.1**	**270.9**	**311.2**	**326.4**	**333.4**	**349.7**	**382.2**

Initialed For Identification Purposes Only
Crowe Horwath.
AF 1018

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

A. Cash Flow Projections for the FYE from 31 December 2013 to 31 December 2033 (Cont'd)

A2. Cash Flow Projections of MESB (Cont'd)

(Amounts shown in RM'million)	FYE 2024	FYE 2025	FYE 2026	FYE 2027	FYE 2028	FYE 2029	FYE 2030	FYE 2031	FYE 2032	FYE 2033
Cash Flows From Operating Activities										
Toll collections	360.7	377.6	395.7	413.5	427.7	441.7	459.8	481.3	502.7	525.0
Payments for operating activities	(30.1)	(30.9)	(31.8)	(32.7)	(33.5)	(34.4)	(35.4)	(36.4)	(37.4)	(38.2)
Cash from operations	330.6	346.7	363.8	380.9	394.2	407.3	424.4	444.9	465.3	486.8
Income tax paid	(78.4)	(83.5)	(88.7)	(94.6)	(98.5)	(103.5)	(108.8)	(114.5)	(120.1)	(125.9)
Net Cash From Operating Activities	**252.2**	**263.2**	**275.1**	**286.3**	**295.7**	**303.8**	**315.6**	**330.4**	**345.2**	**360.9**
Cash Flows From/(For) Investing Activities										
Capital expenditure	-	-	-	(5.5)	(38.8)	-	-	-	-	-
Profit received	9.6	10.2	10.8	10.9	11.3	12.9	14.8	17.2	19.1	21.0
Net Cash From/(For) Investing Activities	**9.6**	**10.2**	**10.8**	**5.4**	**(27.5)**	**12.9**	**14.8**	**17.2**	**19.1**	**21.0**
Cash Flows For Financing Activities										
Profit payment on Existing Securities	(5.3)	(1.8)	-	-	-	-	-	-	-	-
Repayment on Existing Securities	(50.0)	(50.0)	-	-	-	-	-	-	-	-
Repayment of Advance to BFB	(14.4)	(14.4)	(74.4)	(67.2)	-	-	-	-	-	-
Dividend paid	(165.2)	(185.9)	(206.5)	(206.5)	(206.5)	(237.5)	(237.5)	(268.5)	(289.2)	(361.5)
Net Cash For Financing Activities	**(235.0)**	**(252.1)**	**(280.9)**	**(273.7)**	**(206.5)**	**(237.5)**	**(237.5)**	**(268.5)**	**(289.2)**	**(361.5)**
Net Increase In Cash and Cash Equivalents	**26.7**	**21.3**	**4.9**	**17.9**	**61.6**	**79.2**	**92.9**	**79.1**	**75.2**	**20.5**
Cash And Cash Equivalent Brought Forward	**382.2**	**408.9**	**430.2**	**435.2**	**453.1**	**514.7**	**593.9**	**686.8**	**765.9**	**841.1**
Cash And Cash Equivalent Carried Forward	**408.9**	**430.2**	**435.2**	**453.1**	**514.7**	**593.9**	**686.8**	**765.9**	**841.1**	**861.6**

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections

The principal bases and assumptions upon which the cash flow projections of BFB and MESB have been prepared are as follows:

B1. Specific Assumptions Relating To BFB

1. BFB is an investment holding company holding a 96.83% equity interest in MESB. The Company's sources of cash flow are redemption and profit from the existing RM550.0 million Islamic medium term notes issued by MESB ("Existing Securities"), dividend income, interest income, repayment of advances and/or any other proceeds of an income or capital nature from MESB.

2. Surplus fund of BFB will be able to generate an interest income at the rate of 2.5% per annum over the projection years.

3. Sukuk Musharakah

   3.1 BFB will issue a Sukuk Musharakah amounting to RM1.35 billion in July 2013 with maturity periods ranging from FYE 2018 to FYE 2033.

   3.2 The RM1.35 billion Sukuk Musharakah will be utilised for the following purposes:-

   (a) to fund the purchase of the Existing Securities;

   (b) to advance to MESB for its working capital and capital expenditure (including but not limited to finance the construction of the Seri Kembangan interchange ("Advance"));

   (c) to refinance a term loan obtained by BFB from Standard Chartered Bank Malaysia Berhad;

   (d) for additional payments arising from the purchase of Existing Securities;

   (e) for general corporate purposes of BFB, MESB and Maju Holdings Sdn. Bhd. ("the Group") which are Shariah compliant, which include working capital required for the business, projects and investments that are being undertaken and to be undertaken in the future;

   (f) to pay fee, expenses and all other amounts payable under or related to the Sukuk Musharakah; and

   (g) to fund the finance service account.

   3.3 Profit on Sukuk Musharakah will be paid on a semi-annually basis commencing 6 months from the date of issuance of the Sukuk Musharakah. The profit rates range from 4.40% to 6.20% and is assumed to be paid in the month of incurrence.

   3.4 There will be no change in the rating of Sukuk Musharakah of BFB throughout the projection years.

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B1. Specific Assumptions Relating To BFB (Cont'd)

4 Profit is payable by MESB on the Advance at the rate of 12.0%.

5 Dividends on ordinary shares will be declared and paid by MESB to BFB throughout the projection years under review commencing in FYE 2019.

B2. Specific Assumptions Relating To MESB

1. It is assumed that the Concession Agreement, First Supplemental Concession Agreement, Second Supplemental Concession Agreement and Third Supplemental Concession Agreement (collectively known as "CA") awarded to MESB to design, build and operate the Maju Expressway ("MEX") will remain in force for the projection years, and that there will be no significant changes to the terms and conditions of the Agreements which would have a material impact to the cash flows projections.

2. Toll Revenue

 2.1 MESB's projected toll revenue as illustrated in the financial projections is based on the projected base case revenue during the concession period as set out in the Traffic Consultant's report dated 5 March 2013 prepared by SKM Colin Buchanan for the 3 toll plazas which are the mainline toll plaza at Salak South ("Salak South Toll"), the ramp toll plaza at Putrajaya ("Putrajaya Toll") and the new interchange toll plaza at Seri Kembangan ("Seri Kembangan Interchange").

 2.2 The toll revenue is calculated using the projected base case traffic volume during the concession period and applying the scheduled toll rates as stipulated in the CA.

 2.3 MESB is not expected to apply the toll review mechanism and the revenue sharing as stipulated in the CA as the assumed toll revenue for the substantial period between FYE 2013 and FYE 2033 is expected to be lower than the projected toll revenue threshold as stipulated in the CA.

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B2. Specific Assumptions Relating To MESB (Cont'd)

2. Toll Revenue (Cont'd)

2.4 The assumed Annual Average Daily Traffic volume ("AADT") in the projected base case for the toll plazas is set out in the table below.

FYE	Putrajaya	Salak South	Seri Kembangan	Total *
2013	59,898	45,547	-	105,445
2014	65,107	49,574	-	114,681
2015	62,140	55,619	14,810	132,569
2016	67,165	59,991	15,541	142,696
2017	72,101	64,315	16,276	152,691
2018	72,864	66,273	16,334	155,471
2019	76,699	69,419	16,663	162,780
2020	82,741	74,771	17,545	175,057
2021	88,277	79,644	18,302	186,223
2022	93,781	84,582	19,060	197,423
2023	94,009	87,626	19,123	200,758
2024	98,487	92,171	19,915	210,574
2025	103,093	96,898	20,715	220,706
2026	108,057	101,929	21,460	231,447
2027	112,952	107,044	22,199	242,194
2028	116,875	111,171	22,550	250,596
2029	120,774	115,334	22,837	258,945
2030	123,048	122,004	23,192	268,244
2031	128,839	128,332	23,943	281,114
2032	134,552	134,798	24,684	294,034
2033	140,505	141,595	25,430	307,531
Total *	**2,021,964**	**1,888,637**	**380,579**	**4,291,180**

* - *discrepancies in total amount due to rounding.*

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B2. Specific Assumptions Relating To MESB (Cont'd)

2. Toll Revenue (Cont'd)

2.5 The assumed traffic revenue in the projected base case for the toll plazas is set out in the below:-

FYE	Putrajaya	Salak South	Seri Kembangan	Total *
2013	71,076,157	30,564,998	-	101,641,155
2014	77,323,280	33,295,082	-	110,618,361
2015	73,854,323	37,382,362	11,064,035	122,300,719
2016	79,889,892	40,351,523	11,619,023	131,860,437
2017	85,810,810	43,285,062	12,175,673	141,271,545
2018	121,436,638	55,998,273	17,222,610	194,657,521
2019	128,046,496	58,745,437	17,599,285	204,391,218
2020	140,781,618	64,479,356	18,886,095	224,147,068
2021	150,234,000	68,692,995	19,705,839	238,632,834
2022	159,618,222	72,957,355	20,523,464	253,099,041
2023	225,259,403	90,469,979	28,555,356	344,284,738
2024	235,863,920	95,118,245	29,722,412	360,704,577
2025	246,765,651	99,951,713	30,900,690	377,618,055
2026	258,547,119	105,105,350	31,998,653	395,651,122
2027	270,128,226	110,334,126	33,084,621	413,546,974
2028	279,503,593	114,583,336	33,607,721	427,694,650
2029	288,836,424	118,873,478	34,036,044	441,745,945
2030	297,534,959	127,269,038	34,948,595	459,752,592
2031	311,410,198	133,811,639	36,064,990	481,286,827
2032	325,058,104	140,483,097	37,162,735	502,703,935
2033	339,271,058	147,493,378	38,267,161	525,031,598
Total *	**4,166,250,091**	**1,789,245,822**	**497,145,002**	**6,452,640,912**

* - *discrepancies in total amount due to rounding.*

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B2. Specific Assumptions Relating To MESB (Cont'd)

2. Toll Revenue (Cont'd)

2.6 The Scheduled Toll Rates are as follows:-

Putrajaya Toll

Vehicle Type	FYE 2008 to FYE 2012 RM	FYE 2013 to FYE 2017 RM	FYE 2018 to FYE 2022 RM	FYE 2023 to FYE 2037 RM
Class 1	2.50	3.50	4.90	6.90
Class 2	5.00	7.00	9.80	13.80
Class 3	7.50	10.50	14.70	20.70
Class 4	1.30	1.80	2.50	3.50
Class 5	2.50	3.50	4.90	6.90

Salak South Toll

Vehicle Type	FYE 2008 to FYE 2012 RM	FYE 2013 to FYE 2017 RM	FYE 2018 to FYE 2022 RM	FYE 2023 to FYE 2037 RM
Class 1	1.50	2.00	2.50	3.00
Class 2	3.00	4.00	5.00	6.00
Class 3	4.50	6.00	7.50	9.00
Class 4	0.80	1.00	1.30	1.50
Class 5	1.50	2.00	2.50	3.00

Seri Kembangan Interchange

Vehicle Type	FYE 2015 to FYE 2017 RM	FYE 2018 to FYE 2022 RM	FYE 2023 to FYE 2037 RM
Class 1	2.20	3.10	4.30
Class 2	4.40	6.20	8.70
Class 3	6.60	9.20	13.00
Class 4	1.10	1.60	2.20
Class 5	2.20	3.10	4.30

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B2. Specific Assumptions Relating To MESB (Cont'd)

2. Toll Revenue (Cont'd)

2.6 The Scheduled Toll Rates are as follows (Cont'd):-

Note:-

Class 1	*A vehicle with two axles and three and four wheels but excluding a taxi and a bus*
Class 2	*A vehicle with two axles and six wheels, but excluding a bus*
Class 3	*A vehicle with three or more axles*
Class 4	*A taxi*
Class 5	*A bus*

3. It is assumed that the deferred section of MEX from Putrajaya to Kuala Lumpur International Airport will not commence during the projection years under review.

4. It is assumed that there is no ancillary revenue generated from MEX over the projection years.

5. Capital Expenditure

The costs of repairs and replacement of assets are as follows:-

5.1 Pavement resurfacing and strengthening of MEX road is carried out once every 7 years commencing FYE 2014 at the base costs of RM0.70 million per km. This is escalated at the compounded rate of 3% per annum to adjust for inflation.

5.2 Motor vehicles and office equipment are assumed to be replaced every 7 years commencing FYE 2014. The cost is assumed to be RM4.5 million in FYE 2020, and thereafter it is adjusted for inflation at the compounded rate of 3% per annum.

5.3 The replacement of row fencing, toll plazas upkeep, toll equipment and traffic surveillance system is assumed to be done once every 15 years. The total cost of replacement is assumed to be RM20.9 million for the next cycle of replacement in FYE 2022 for Putrajaya and Salak South Toll and RM5.7 million for Seri Kembangan Interchange in FYE 2028.

5.4 The costs in 5.1 to 5.3 are assumed to be paid in the year of incurrence of those items.

5.5 There will be no major capital expenditure to be incurred over the projection years except for planned capital expenditure as set out in assumption 5.1 to 5.3 above.

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B2. Specific Assumptions Relating To MESB (Cont'd)

6. It is assumed that 55% of Class 1 users of MEX will utilise the Electronic Toll Collection System.

7. All operating costs are escalated at an annual rate of 3% in the projections years (except such costs which are assumed to be fixed in nature) and are expected to be incurred as projected. The costs are assumed to be paid in the month of incurrence.

8. The Existing Securities expenses are expected to be incurred as projected and are assumed to be paid in the month of incurrence.

B3. General Assumptions

1. There will be no significant changes to the management or management policies currently adopted by BFB and/or MESB ("the Companies").

2. There will be no material changes in the present tax legislation or government regulations, which will have a significant effect on the Companies.

   It is assumed that the statutory tax rate for Malaysia will be 25% for FYE 2013 onwards. Taxes on profits will be paid in the same year in which they are incurred.

3. There will be no material changes in the existing contract arrangements entered into with other parties and principal activities of the Companies other than as planned.

4. There will be no industrial disputes or any other abnormal factors, which will adversely affect the operations of the Companies.

5. There will be no significant changes in the prevailing economic and political conditions in Malaysia and elsewhere which will adversely affect the activities or performance of the Companies.

6. There will be no significant changes in the market conditions and in lending guidelines and other operational regulations or restrictions or legislations or government regulations which will adversely affect the activities of the Companies or the market in which it operates.

7. There will be no material changes in the prices of merchandise goods that will adversely affect the Companies' activities.

8. There will be no significant changes in the prices of labour and other operating costs other than those incorporated in the projection.

Initialed For Identification Purposes Only

Crowe Horwath.

AF 1018

BRIGHT FOCUS BERHAD ("BFB" OR "THE COMPANY")

B. Principal Bases And Assumptions Relating To Cash Flows Projections (Cont'd)

B3. General Assumptions (Cont'd)

9. There will be no significant changes in the market conditions and in lending guidelines and other operational regulations or restrictions or legislations or government regulations which will adversely affect the activities of the Companies.

10. There will be no major disputes or disruptions in the operations or other abnormal factors, which will adversely affect the activities and performance of the Companies.

11. There will be no unusual circumstances, events or transactions that will materially affect the operations and financial results of the Companies.

12. There will be no major proceedings against the Companies which will adversely affect the activities or performance of the Companies or give rise to any contingent liabilities which will materially affect the position or business of the Companies.

13. Inflation rates will not fluctuate significantly from their present levels. The effects of inflation, where applicable, have been incorporated in the projection of capital expenditure, replacement assets and operating overheads.

14. There will be no serious natural disaster which will occur that will significantly affect the toll plaza facilities and operations, which will adversely affect the activities and performance of the Companies.

APPROVAL BY THE BOARD OF DIRECTORS OF BRIGHT FOCUS BERHAD

Approved and adopted by the Board of Directors in accordance with a resolution dated 30 JUL 2013

TAN SRI ABU SAHID BIN MOHAMED
DIRECTOR

ONG WANN YI
DIRECTOR

APPENDIX III

Audited Financial Statements of the Issuer and MESB for the financial year ended 31 December 2012

BRIGHT FOCUS BERHAD

(Incorporated in Malaysia)

Company No: 223607 - M

FINANCIAL REPORT
for the financial year ended 31 December 2012

Contents

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to the subsidiary.

The subsidiary is a single purpose company which has been awarded a concession of a highway project. In accordance with the terms of the Concession Agreement, the principal activities of the subsidiary are:

(a) to design and construct 26 kilometres of the highway traversing from Kuala Lumpur to Putrajaya ("Highway");

(b) to provide other highway related facilities and services; and

(c) to operate and maintain the Highway and to collect toll for its own benefit during the concession period of 33 years.

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

RESULTS

	The Group RM	The Company RM
Profit/(Loss) after taxation for the financial year	2,946,155	(138,107)
Attributable to:-		
Owners of the Company	2,899,909	(138,107)
Non-controlling interests	46,246	-
	2,946,155	(138,107)

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate. The financial statements of the Company are prepared on the basis of accounting principles applicable to a going concern as explained in Note 4.2 to the financial statements.

CONTINGENT AND OTHER LIABILITIES

The contingent liability is disclosed in Note 29 to the financial statements. At the date of this report, there does not exist:

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

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

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

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

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the financial year.

HOLDING COMPANY

The holding company is Maju Holdings Sdn. Bhd., a company incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows:

Tan Sri Abu Sahid Bin Mohamed
Ong Wann Yi

DIRECTORS' INTERESTS

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

	Number Of Ordinary Shares Of RM0.20 Each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Deemed Interest				
(Through Holding Company)				
Tan Sri Abu Sahid Bin Mohamed	290,500,000	-	-	290,500,000

DIRECTORS' INTERESTS (CONT'D)

	Number Of Ordinary Shares Of RM1 Each			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Subsidiary				
- Maju Expressway Sdn. Bhd.				
Direct Interest				
Tan Sri Abu Sahid Bin Mohamed (Held In Trust For Bright Focus Berhad)	1	-	-	1
Deemed Interest				
(Through Bright Focus Berhad)				
Tan Sri Abu Sahid Bin Mohamed	58,099,999	-	-	58,099,999
Holding Company				
- Maju Holdings Sdn. Bhd.				
Direct Interest				
Tan Sri Abu Sahid Bin Mohamed	91,000,000	-	-	91,000,000

The other director holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

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

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 31 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 9 MAY 2013

Tan Sri Abu Sahid Bin Mohamed

Ong Wann Yi

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENT BY DIRECTORS

We, Tan Sri Abu Sahid Bin Mohamed and Ong Wann Yi being the two directors of Bright Focus Berhad, state that, in our opinion, the financial statements set out on pages 11 to 68 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Group and of the Company at 31 December 2012 and of their results and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 29 MAY 2013

Tan Sri Abu Sahid Bin Mohamed

Ong Wann Yi

STATUTORY DECLARATION

I, Muniruddeen Bin KMS Abdul Aziz, I/C No. 570912-01-5729 being the officer primarily responsible for the financial management of Bright Focus Berhad, do solemnly and sincerely declare that the financial statements set out on pages 11 to 68 are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Muniruddeen Bin KMS Abdul Aziz,
I/C No. 570912-01-5729
at Kuala Lumpur in the Federal Territory
on this 29 MAY 2013

PESURUHJAYA SUMPAH
W502
HAJI ABDUL AZIZNI
BIN ABU BAKAR
MALAYSIA

Muniruddeen Bin KMS Abdul Aziz

Before me

Level 16, Menara Tokio Marine Life,
189, Jalan Tun Razak, 50400 Kuala Lumpur.

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHT FOCUS BERHAD

(Incorporated in Malaysia)
Company No: 223607 - M

Report on the Financial Statements

We have audited the financial statements of Bright Focus Berhad, which comprise the statements of financial position as at 31 December 2012 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 11 to 68.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
BRIGHT FOCUS BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 223607 - M

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

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

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiary have been properly kept in accordance with the provisions of the Act.

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

(c) Our audit report on the financial statements of the subsidiary did not contain any qualification or any adverse comment made under Section 174(3) of the Act.

Crowe Horwath™

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BRIGHT FOCUS BERHAD (CONT'D)
(Incorporated in Malaysia)
Company No: 223607 - M

Other Matters

1. As stated in Note 4.1(a) to the financial statements, Bright Focus Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/14 (J)
Chartered Accountant

29 MAY 2013

Kuala Lumpur

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM	The Group 1.1.2011 RM	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
ASSETS							
NON-CURRENT ASSETS							
Investment in a subsidiary	6	-	-	-	56,100,000	56,100,000	56,100,000
Plant and equipment	7	1,188,543	2,001,556	2,376,001	-	-	-
Concession assets	8	1,346,373,499	1,358,214,509	1,368,829,437	-	-	-
		1,347,562,042	1,360,216,065	1,371,205,438	56,100,000	56,100,000	56,100,000
CURRENT ASSETS							
Inventories and consumables	9	43,451	72,942	72,222	-	-	-
Trade and other receivables	10	105,337,893	105,255,106	83,910,176	14	54,080	54,033
Amount due from holding company	11	198,524,362	184,908,004	-	238,756,282	225,129,726	10,000
Amount due from a subsidiary	12	-	-	-	-	321,169	321,169
Tax refundable		377	5,155	1,713	377	1,755	1,713
Deposits with licensed banks	13	21,461,491	66,238,126	75,856,329	55,005	814,427	810,285
Short-term investments	14	2,214,244	-	1,008,084	-	-	-
Cash and bank balances		61,041,071	14,275,508	437,212	12,380,427	13,529,438	3,295
		388,622,889	370,754,841	161,285,736	251,192,105	239,850,595	1,200,495
TOTAL ASSETS		1,736,184,931	1,730,970,906	1,532,491,174	307,292,105	295,950,595	57,300,495

The annexed notes form an integral part of these financial statements.

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF FINANCIAL POSITION AT 31 DECEMBER 2012 (CONT'D)

	Note	The Group 31.12.2012 RM	The Group 31.12.2011 RM	The Group 1.1.2011 RM	The Company 31.12.2012 RM	The Company 31.12.2011 RM	The Company 1.1.2011 RM
EQUITY AND LIABILITIES							
EQUITY							
Share capital	15	58,100,000	58,100,000	58,100,000	58,100,000	58,100,000	58,100,000
Accumulated losses		(56,035,755)	(58,935,664)	(57,312,471)	(948,398)	(810,291)	(812,505)
Equity attributable to owners of the Company		2,064,245	(835,664)	787,529	57,151,602	57,289,709	57,287,495
Non-controlling interests		46,246	-	-	-	-	-
TOTAL EQUITY		2,110,491	(835,664)	787,529	57,151,602	57,289,709	57,287,495
NON-CURRENT LIABILITIES							
Long-term borrowings	16	531,642,600	529,537,464	527,487,666	-	-	-
Deferred revenue	20	945,777,862	953,888,072	958,226,825	-	-	-
		1,477,420,462	1,483,425,536	1,485,714,491	-	-	-
CURRENT LIABILITIES							
Other payables and accruals	21	25,946,784	8,222,354	3,864,975	20,768,003	385,886	13,000
Provision for construction and development costs		-	-	72,306	-	-	-
Amount due to holding company		-	-	40,220,434	-	-	-
Short-term borrowings	16	230,707,194	240,158,680	1,831,439	229,372,500	238,275,000	-
		256,653,978	248,381,034	45,989,154	250,140,503	238,660,886	13,000
TOTAL LIABILITIES		1,734,074,440	1,731,806,570	1,531,703,645	250,140,503	238,660,886	13,000
TOTAL EQUITY AND LIABILITIES		1,736,184,931	1,730,970,906	1,532,491,174	307,292,105	295,950,595	57,300,495

The annexed notes form an integral part of these financial statements.

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
REVENUE	22	69,719,518	62,947,646	-	-
COST OF SALES		(26,435,639)	(24,516,328)	-	-
GROSS PROFIT		43,283,879	38,431,318	-	-
OTHER INCOME		9,045,035	9,233,500	23,446	24,189
		52,328,914	47,664,818	23,446	24,189
ADMINISTRATIVE EXPENSES		(8,343,337)	(8,112,470)	(160,538)	(20,343)
OTHER EXPENSE		(318,955)	(298,168)	-	-
FINANCE COSTS		(40,736,097)	(40,866,583)	-	-
PROFIT/(LOSS) BEFORE TAXATION	23	2,930,525	(1,612,403)	(137,092)	3,846
INCOME TAX EXPENSE	25	15,630	(10,790)	(1,015)	(1,632)
PROFIT/(LOSS) AFTER TAXATION		2,946,155	(1,623,193)	(138,107)	2,214
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		2,946,155	(1,623,193)	(138,107)	2,214

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		The Group		The Company	
		2012	**2011**	**2012**	**2011**
	Note	RM	RM	RM	RM
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,899,909	(1,623,193)	(138,107)	2,214
Non-controlling interests		46,246	-	-	-
		2,946,155	(1,623,193)	(138,107)	2,214
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		2,899,909	(1,623,193)	(138,107)	2,214
Non-controlling interests		46,246	-	-	-
		2,946,155	(1,623,193)	(138,107)	2,214

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

The Group	Share Capital RM	Accumulated Losses RM	Attributable To Owners Of The Company RM	Non-Controlling Interests RM	Total Equity RM
Balance at 1.1.2011	58,100,000	(57,312,471)	787,529	-	787,529
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,623,193)	(1,623,193)	-	(1,623,193)
Balance at 31.12.2011/1.1.2012	58,100,000	(58,935,664)	(835,664)	-	(835,664)
Profit after taxation/Total comprehensive income for the financial year	-	2,899,909	2,899,909	46,246	2,946,155
Balance at 31.12.2012	58,100,000	(56,035,755)	2,064,245	46,246	2,110,491

The Company	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 1.1.2011	58,100,000	(812,505)	57,287,495
Profit after taxation/Total comprehensive income for the financial year	-	2,214	2,214
Balance at 31.12.2011/1.1.2012	58,100,000	(810,291)	57,289,709
Loss after taxation/Total comprehensive expenses for the financial year	-	(138,107)	(138,107)
Balance at 31.12.2012	58,100,000	(948,398)	57,151,602

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

		The Group		The Company	
		2012	2011	2012	2011
	Note	RM	RM	RM	RM
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES					
Profit/(Loss) before taxation		2,930,525	(1,612,403)	(137,092)	3,846
Adjustments for:-					
Amortisation of concession assets	8	11,538,353	10,482,052	-	-
Depreciation of plant and equipment	7	862,893	845,386	-	-
Interest expense		39,925,874	40,056,359	-	-
Plant and equipment written off		-	289	-	-
Government funding recognised	20	(8,110,210)	(7,411,377)	-	-
Interest income		(934,825)	(1,822,123)	(23,446)	(24,189)
Operating profit/(loss) before working capital changes		46,212,610	40,538,183	(160,538)	(20,343)
Changes in Working Capital:					
Receivables		(151,425)	(21,837,750)	54,066	(48)
Inventories and consumables		29,491	(720)		-
Payables		17,724,430	4,357,379	20,382,117	372,886
Holding company		(22,518,858)	(225,128,438)	(22,529,056)	(225,119,726)
Subsidiary		-	-	321,169	-
CASH FROM/(FOR) OPERATIONS		41,296,248	(202,071,346)	(1,932,242)	(224,767,231)
Income tax refunded/(paid)		20,408	(14,231)	363	(1,673)
NET CASH FROM/(FOR) OPERATING ACTIVITIES/ BALANCE CARRIED FORWARD		41,316,656	(202,085,577)	(1,931,879)	(224,768,904)

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

		The Group		The Company	
		2012	**2011**	**2012**	**2011**
	Note	RM	RM	RM	RM
BALANCE CARRIED FORWARD		41,316,656	(202,085,577)	(1,931,879)	(224,768,904)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES					
Concession assets	(a)	302,657	60,570	-	-
Purchase of plant and equipment	(b)	(49,880)	(117,230)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		252,777	(56,660)	-	-
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Interest expense		(37,895,524)	(37,875,801)	-	-
Interest received		1,003,463	2,314,942	23,446	24,189
Repayment of hire purchase obligations		(474,200)	(432,519)	-	-
Government funding received		-	3,072,624	-	-
Drawdown of term loans		-	238,275,000	-	238,275,000
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(37,366,261)	205,354,246	23,446	238,299,189
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS/BALANCE CARRIED FORWARD		4,203,172	3,212,009	(1,908,433)	13,530,285

BRIGHT FOCUS BERHAD
(Incorporated in Malaysia)
Company No: 223607 - M

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
BALANCE CARRIED FORWARD		4,203,172	3,212,009	(1,908,433)	13,530,285
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		80,513,634	77,301,625	14,343,865	813,580
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(c)	84,716,806	80,513,634	12,435,432	14,343,865

Note a:

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Changes in concession assets	302,657	132,876	-	-
Changes in Working Capital:				
Provision for construction and development costs	-	(72,306)	-	-
Cash generated from concession assets	302,657	60,570	-	-

Note b:

Plant and equipment acquired during the financial year were by way of:

	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Cash	49,880	117,230	-	-
Hire purchase	-	354,000	-	-
	49,880	471,230	-	-

STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Note	The Group 2012 RM	The Group 2011 RM	The Company 2012 RM	The Company 2011 RM
Note c:					
Cash and cash equivalents comprise:					
Deposits with licensed banks	13	21,461,491	66,238,126	55,005	814,427
Short-term investment	14	2,214,244	-	-	-
Cash and bank balances		61,041,071	14,275,508	12,380,427	13,529,438
		84,716,806	80,513,634	12,435,432	14,343,865

Included in the cash and cash equivalents of the Group is an amount of RM19,047,500 (2011: RM18,357,919) which has been pledged pursuant to the terms and conditions of the Islamic Medium Term Notes ("IMTNs") to meet the profit of the said securities when they fall due.

1. GENERAL INFORMATION

The Company is a public company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office and principal place of business are as follows:-

Registered office	:	Level 21, Maju Tower, 1001, Jalan Sultan Ismail, 50250 Kuala Lumpur.
Principal place of business	:	No. 1, Maju Expressway, 63000 Cyberjaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors dated 29 May 2013.

2. PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding and the provision of management services to the subsidiary.

The subsidiary is a single purpose company which has been awarded a concession for a highway project. In accordance with the terms of the Concession Agreement, the principal activities of the subsidiary are:

(a) to design and construct 26 kilometres of the highway traversing from Kuala Lumpur to Putrajaya ("Highway");

(b) to provide other highway related facilities and services; and

(c) to operate and maintain the Highway and to collect toll for its own benefit during the concession period of 33 years.

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

3. HOLDING COMPANY

The holding company is Maju Holdings Sdn. Bhd., a company incorporated in Malaysia.

4. BASIS OF ACCOUNTING

4.1 BASIS OF PREPARATION

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

(a) These are the Group's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Group were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective date**
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9 and MFRS 7: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

(b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

MFRSs and IC Interpretations (Including The Consequential Amendments)	**Effective date**
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows:-

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. The Group is currently examining the financial impact of adopting MFRS 9.

MFRS 10 replaces the consolidation guidance in MFRS 127 and IC Interpretation 112. Under MFRS 10, there is only one basis for consolidation, which is control. Extensive guidance has been provided in the standard to assist in the determination of control. There will be no financial impact on the financial statements of the Group upon its initial application.

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):-

MFRS 12 is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. MFRS 12 is a disclosure standard and the disclosure requirements in this standard are more extensive than those in the current standards. Accordingly, there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Group upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Group upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Group upon its initial application other than the presentation format of the statements of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Group upon its initial application.

4. BASIS OF ACCOUNTING (CONT'D)

4.1 BASIS OF PREPARATION (CONT'D)

(b) The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Group's operations except as follows (Cont'd):-

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Group upon their initial application.

4.2 GOING CONCERN

The financial statements are prepared on the basis of accounting principles applicable to a going concern as the holding company has indicated its willingness to provide financial support to the Company to enable it to operate as a going concern in the foreseeable future.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Group's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Plant and Equipment

The cost of plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and machinery to be within 5 years. These are common life expectancies applied in the toll concession industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) 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 on the likely timing level of future taxable profits together with future tax planning strategies.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether additional taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

(d) Amortisation of Concession Assets and Government Funding Recognised

The cost of concession assets and government fundings are amortised and recognised respectively over the concession period by applying the formula in Note 5.8 and Note 5.12, respectively. The denominator of the formula includes projected total toll revenue for the entire concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the toll rates in accordance with the arrangement under the Concession Agreement. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges and government funding recognised.

(e) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(f) Impairment of Non-financial Assets

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENT (CONT'D)

(g) Fair Value Estimates for Certain Financial Assets and Liabilities

The Group carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Group uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

(h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

5.2 FUNCTIONAL AND FOREIGN CURRENCIES

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

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

(b) Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

5.3 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position 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 a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Debt Securities

Debt securities issued on discounted basis by the Group are initially recognised based on the proceeds received, net of issuance expenses incurred and are adjusted in each financial year for amortisation of premium and/or accretion of discount, using the effective yield method. The premium amortised and/or discount accreted is recognised in the profit or loss over the period of the debt securities.

5.4 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December 2012.

A subsidiary is defined as a company in which the parent company has the power, directly or indirectly, to exercise control over its financial and operating policies so as to obtain benefits from its activities.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

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

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Transactions with non-controlling interests are accounted for as transactions with owners and are recognised directly in equity. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

At the end of each reporting period, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

(c) Acquisitions of Non-controlling Interests

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity and attributed to owners of the parent.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 BASIS OF CONSOLIDATION (CONT'D)

(d) Loss of Control

Upon loss of control of a subsidiary, the profit or loss on disposal is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 139 or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

As part of its transition to MFRSs, the Group elected not to restate those business combinations that occurred before the date of transition (1 January 2011). Such business combinations and the related goodwill and fair value adjustments have been carried forward from the previous FRS framework as at the date of transition.

5.5 GOODWILL

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised as a gain in profit or loss.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

5.7 PLANT AND EQUIPMENT AND DEPRECIATION

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:

Motor vehicles	20%
Office equipment and computers	20%
Furniture, fittings and renovation	20%
Operations tools and equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period 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 the plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Group is obligated to incur when the asset is acquired, if applicable.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.8 CONCESSION ASSETS

Items classified as concession assets ("CA") comprise Highway Development Expenditure ("HDE").

HDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Highway) incurred in connection with the Concession. HDE will be classified as concession assets upon the completion of the project.

CA is stated at cost less accumulated amortisation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 5.6. Upon completion of the construction works of the Highway and commencement of tolling operations, at the end of each reporting period, the cumulative actual expenditure incurred is amortised to the statement of comprehensive income based on the following formula:

$$\left[\frac{\text{(Cumulative Actual Toll Revenue to date)}}{\text{(Projected Total Toll Revenue of the Concession)}} \times \text{(Cumulative Actual CA)} \right] \text{Less} \ \text{(Accumulated Amortisation at beginning of the financial year)}$$

The projected total toll revenue of the Concession is based on the traffic volumes projected by an independent professional firm of traffic consultants in a projection study, taking into account the toll rates as provided in the Concession Agreement.

The effects of changes in the estimates are included in the amortisation for the year.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.9 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow. An impairment loss is recognised in profit or loss immediately.

An impairment loss is recognised in profit or loss immediately.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount. A reversal of an impairment loss on a revalued asset is credited to other comprehensive income. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense in the statements of comprehensive income, a reversal of that impairment loss is recognised as income in the statements of comprehensive income.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 INVENTORIES AND CONSUMABLES

Inventories and consumables are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

5.11 PROVISIONS

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

5.12 DEFERRED REVENUE

Deferred revenue are recognised initially at their fair value in the statement of financial position where there is reasonable assurance that the government funding will be received and all attached conditions will be complied with. Upon completion of the construction works of the Highway and commencement of tolling operations, at the end of each reporting period, the government funding which compensates the Group for the costs of an asset is recognised in profit or loss based on the following formula:

$$\left[\frac{\text{(Cumulative Actual Toll Revenue to date)}}{\text{(Projected Total Toll Revenue of the Concession)}} \times \text{(Cumulative Government Funding)} \right] \text{ Less } \text{(Accumulated Government Funding Recognised at beginning of the financial year)}$$

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.13 INCOME TAXES

Income tax 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 or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 LEASES

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Group all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(b) 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 statement of financial position 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 Group's incremental borrowing rate is used.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in profit or 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 plant and equipment as described in Note 5.7.

(c) 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.

5.15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period 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.

However, short-term benefits associated with the services rendered by employees of the Group that are attributable to the acquisition, construction or production of an asset during the year when activities necessary to prepare the asset for its intended use are in progress, are capitalised as a component of the cost of the asset. Such capitalisation cease when substantially all the activities necessary to prepare the asset for its intended use are complete.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

However, such contributions for employees of the Group that are attributable to the acquisition, construction or production of an asset during the year when activities necessary to prepare the asset for its intended use are in progress, are capitalised as a component of the cost of the asset. Such capitalisation cease when substantially all the activities necessary to prepare the asset for its intended use are complete.

5.17 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Group.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.18 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.19 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

(a) **Toll Revenue**

Toll revenue is accounted for as and when toll is chargeable for the usage of the Highway.

(b) **Toll Compensation**

The compensation from the Government for any reduction in toll collection as a consequence of a restriction imposed on the increase in the unit toll rate is recognised as income on an accrual basis.

(c) **Ancillary Income**

Rentals from occupying the ancillary facilities along the Highway are recognised on an accrual basis.

(d) **Interest Income**

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

(e) **Management Fees**

Management fees for services rendered to the subsidiary are recognised on an accrual basis.

6. INVESTMENT IN A SUBSIDIARY

	The Company	
	2012	**2011**
	RM	RM
Unquoted shares, at cost	56,100,000	56,100,000

Details of the subsidiary, incorporated in Malaysia are as follows:

Name of the Company	**Equity Interest (%) 2012**	**2011**	**Principal Activities**
Maju Expressway Sdn. Bhd. ("MESB")	96.83	96.83	Highway construction and toll collection.

7. PLANT AND EQUIPMENT

The Group

2012	**Motor Vehicles** RM	**Office Equipment and Computers** RM	**Furniture, Fittings and Renovation** RM	**Operations Tools and Equipment** RM	**Total** RM
Cost					
At 1 January	4,722,014	634,339	388,365	1,237,998	6,982,716
Additions	-	14,748	35,132	-	49,880
At 31 December	4,722,014	649,087	423,497	1,237,998	7,032,596
Accumulated depreciation					
At 1 January	3,660,479	428,470	185,764	706,447	4,981,160
Additions	461,822	78,646	74,826	247,599	862,893
At 31 December	4,122,301	507,116	260,590	954,046	5,844,053
Net carrying amount	599,713	141,971	162,907	283,952	1,188,543
2011					
Cost					
At 1 January	4,317,527	583,700	384,777	1,226,638	6,512,642
Additions	404,487	51,795	3,588	11,360	471,230
Written off	-	(1,156)	-	-	(1,156)
At 31 December	4,722,014	634,339	388,365	1,237,998	6,982,716
Accumulated depreciation					
At 1 January	3,220,185	346,236	110,471	459,749	4,136,641
Additions	440,294	83,101	75,293	246,698	845,386
Written off	-	(867)	-	-	(867)
At 31 December	3,660,479	428,470	185,764	706,447	4,981,160
Net carrying amount	1,061,535	205,869	202,601	531,551	2,001,556

7. PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2012, the net book value of motor vehicles of the Group purchased under hire purchase arrangements amounted to RM465,340 (2011: RM801,333).

The plant and equipment are pledged as security for borrowings as disclosed in Note 17 to the financial statements.

8. CONCESSION ASSETS

	The Group	
	2012 RM	**2011** RM
Cost		
At 1 January	1,390,538,294	1,390,671,170
Movement during the financial year	(302,657)	(132,876)
At 31 December	1,390,235,637	1,390,538,294
Accumulated amortisation		
At 1 January	(32,323,785)	(21,841,733)
Addition	(11,538,353)	(10,482,052)
At 31 December	(43,862,138)	(32,323,785)
Net carrying amount	1,346,373,499	1,358,214,509

Concession assets comprise highway development expenditure and amortised over the concession period of 33 years.

Movement in cost represented as overprovision in the previous financial year.

9. INVENTORIES AND CONSUMABLES

	The Group	
	2012	**2011**
	RM	RM
At cost:-		
Consumable goods	43,451	72,942

None of the inventories is carried at net realisable value.

10. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Trade receivables	-	199,736	-	-
Prepayments	6,119,732	6,586,422	-	-
Deposits and sundry receivables	99,218,161	98,468,948	14	54,080
	105,337,893	105,255,106	14	54,080

Included in deposits and sundry receivables of the Group are the following:

(i) Advances to subcontractors of approximately RM83 million (2011 – RM80 million) for the extension of the Highway from Putrajaya to KLIA and the construction of the approved Seri Kembangan Interchange. The advances are unsecured, interest-free and will be offset against future billings by these contractors.

(ii) Premium of RM15 million arose from the early settlement of advances from the holding company. The settlement was made through funds raised from the IMTNs' as disclosed in Note 17 to the financial statements. The premium is amortised over the tenure of the IMTNs' of up to 15 years. Details of the premium are as follows:

	The Group	
	2012	**2011**
	RM	RM
At 1 January	17,424,322	20,046,972
Amortised to profit or loss	(2,362,748)	(2,622,650)
At 31 December	15,061,574	17,424,322

11. AMOUNT DUE FROM HOLDING COMPANY

	The Group		The Company	
	2012 RM	2011 RM	2012 RM	2011 RM
Advances to holding company	238,756,282	225,129,726	238,756,282	225,129,726
Advances from holding company	(40,000,000)	(40,000,000)	-	-
Management fee payable to holding company	(231,920)	(221,722)	-	-
	198,524,362	184,908,004	238,756,282	225,129,726

Included in the advances to holding company is the fund held under term loan by the Company on its behalf as disclosed in Note 18 to the financial statements.

The amount owing is unsecured, interest-free and receivable on demand. The amount owing is to be settled in cash.

12. AMOUNT DUE FROM A SUBSIDIARY

The amount owing in the previous financial year represented expenses paid on behalf and management fee receivable from the subsidiary, which was unsecured, interest-free and receivable on demand. The amount owing was settled in cash.

13. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks of the Group are pledged to the Security Trustee in relation to the IMTNs' disclosed in Note 17 to the financial statements and hence are not available for general use.

The weighted average effective interest rates and the average maturities of deposits with licensed banks at the end of the reporting period were as follows:

	The Group		The Company	
	2012	2011	2012	2011
Weighted average effective interest rate	3.13%	3.07%	3.04%	3.04%
Average maturities	29 days	49 days	91 days	49 days

14. SHORT-TERM INVESTMENTS

	The Group 2012 RM	2011 RM
Investments in money market fund, at cost	2,214,244	-
Market value of money market fund	2,227,646	-

The withdrawal for the above investment can be received on the following day after the notice of withdrawal.

The rates of the instruments at the end of the previous reporting period ranged from 3.04% to 3.31% per annum.

15. SHARE CAPITAL

Ordinary Shares Of RM0.20 Each	2012 Number Of Shares	2011 Number Of Shares	2012 RM	2011 RM
Authorised	500,000,000	500,000,000	100,000,000	100,000,000
Issued And Fully Paid-Up	290,500,000	290,500,000	58,100,000	58,100,000

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

16. BORROWINGS

The Group

2012	**Short-Term** RM	**Long-Term** RM	**Total** RM
IMTNs (Note 17)	-	531,241,805	531,241,805
Profit element not falling due (Semi-annual profit payable)	1,129,129	-	1,129,129
	1,129,129	531,241,805	532,370,934
Term loan (Note 18)	229,372,500	-	229,372,500
Hire purchase payables (Note 19)	205,565	400,795	606,360
	230,707,194	531,642,600	762,349,794

2011			
IMTNs (Note 17)	-	528,922,140	528,922,140
Profit element not falling due (Semi-annual profit payable)	1,418,444	-	1,418,444
	1,418,444	528,922,140	530,340,584
Term loan (Note 18)	238,275,000	-	238,275,000
Hire purchase payables (Note 19)	465,236	615,324	1,080,560
	240,158,680	529,537,464	769,696,144

The Company

2012			
Term loan (Note 18)	229,372,500	-	229,372,500

2011			
Term loan (Note 18)	238,275,000	-	238,275,000

17. ISLAMIC MEDIUM TERM NOTES ("IMTNs")

The subsidiary, Maju Expressway Sdn. Bhd. ("MESB"), entered into an agreement on 1 June 2011 to issue up to RM550 million in nominal value of IMTNs under the Shariah principle of Musyarakah pursuant to a programme ("IMTN Programme").

The entire RM550 million IMTNs have been issued by MESB.

The IMTNs are secured against the following:

(a) A first ranking fixed and floating charge by way of debenture over all the present and future assets, rights, and interests of MESB;

(b) A first ranking assignment of all contractual rights, interest, title and benefits of MESB under the agreements in relation to the concession, construction, operations and maintenance of the Highway save for the toll revenue arising from the section from Putrajaya to KLIA which has been deferred by the Government of Malaysia;

(c) A first ranking fixed charge over designated bank accounts of MESB and the credit balances therein;

(d) A first ranking assignment of MESB's rights, interests, titles, and benefits in all relevant insurances, ranking after the Government of Malaysia; and

(e) Any other security as may be required by the rating agency or the legal counsel of the Lead Manager.

The proceeds of the IMTN Programme were utilised as follows:

(a) to refinance the previously issued Al-Bai' Bithaman Ajil Medium Term Notes ("BBA MTN") and Murabahah Medium Term Notes ("MMTN");

(b) to refinance an advance (for principal and interest, if any) granted by the holding company in relation to the design, construction, management, collection of tolls, operations and maintenance of the Highway pursuant to the Concession Agreement by way of issuance of IMTNs to the holding company pursuant to this IMTN Programme;

(c) to pay the ancillary fees related to the IMTN Programme; and

(d) the remaining amount, for working capital and capital expenditure and any other Shariah compliant general purposes.

17. IMTNs (CONT'D)

The entire IMTNs of RM550 million were issued in year 2011 in 11 series, with maturities of up to 15 years commencing from June 2012 to June 2025.

The yield to maturity ranges from 5.75% to 7.25%. The profit rate ranges from 5.65% to 7.15% and the profit is payable semi-annually on each series of the IMTNs.

The amount recognised in the statement of financial position of the Group may be analysed as follows:

Secured:

	2012 RM	**2011** RM
Current:		
- repayable not later than 1 year	-	-
Non-current:		
- repayable later than 1 year not later than 2 years	-	-
- repayable later than 2 years not later than 3 years	50,000,000	-
- repayable later than 3 years not later than 4 years	50,000,000	50,000,000
- repayable later than 4 years not later than 5 years	50,000,000	50,000,000
- repayable later than 5 years	400,000,000	450,000,000
	550,000,000	550,000,000
Less:		
Unamortised accreted discount	(2,389,927)	(2,685,413)
Premium on Early Redemption	(16,368,268)	(18,392,447)
	531,241,805	528,922,140
Profit element not falling due	1,129,129	1,418,444
	532,370,934	530,340,584

Other information on financial risks of IMTNs are disclosed in Note 30 to the financial statements.

18. TERM LOAN

	The Group/The Company 2012 RM	2011 RM
Current (Note 16):		
- repayable not later than 1 year	229,372,500	238,275,000

The above term loan is held in trust for the holding company, whereby all the term loan interest and other finance costs incurred from the said term loan are debited to the holding company.

The term loan is secured by a first fixed charge over all the Company's issued and fully paid up share capital, its present and future assets and receivables, all those shares constituting 96.83% of the issued and fully paid up share capital of its subsidiary, MESB and a corporate guarantee provided by the holding company.

The term loan is repayable 12 months effective from the date of the facility agreement.

The interest rate of the term loan is the aggregate of LIBOR plus margin per annum, ranging from 5.06% to 6.72% (2011: 4.75% to 5.12%) per annum.

The term loan was due for bullet repayment in June 2012. However, the Company has requested to defer repayment every three months. The lender has agreed to defer repayment to June 2013.

19. HIRE PURCHASE PAYABLES

	The Group 2012 RM	2011 RM
Future minimum payments:		
Current:		
- repayable not later than 1 year	230,588	508,697
Non-current:		
- repayable later than 1 year not later than 2 years	169,782	239,551
- repayable later than 2 years not later than 5 years	220,704	330,846
- repayable after 5 years	44,687	104,327
	435,173	674,724
	665,761	1,183,421
Less: Future finance charges	(59,401)	(102,861)
Present value of hire purchase payables	606,360	1,080,560

19. HIRE PURCHASE PAYABLES (CONT'D)

	The Group	
	2012	**2011**
	RM	RM
Analysis of present value of hire purchase payables:		
Current (Note 16):		
- repayable not later than 1 year	205,565	465,236
Non-current (Note 16):		
- repayable later than 1 year not later than 2 years	154,460	214,497
- repayable later than 2 years not later than 5 years	202,448	300,605
- repayable after 5 years	43,887	100,222
	400,795	615,324
	606,360	1,080,560

The hire purchase payables bore effective rates ranging from 4.73% to 6.09% (2011: 4.51% to 7.27%) per annum.

20. DEFERRED REVENUE

	The Group	
	2012	**2011**
	RM	RM
Cost		
At 1 January	976,589,400	973,516,776
Addition	-	3,072,624
At 31 December	976,589,400	976,589,400
Accumulated government funding recognised		
At 1 January	22,701,328	(15,289,951)
Addition	8,110,210	(7,411,377)
At 31 December	30,811,538	(22,701,328)
Net carrying amount	945,777,862	953,888,072

The deferred revenue relates to the government funding provided to its subsidiary, MESB for the purpose of meeting all costs related to the construction of Section 1 of the Highway and the Putrajaya Link Interchange under a Design and Build Contract dated 25 November 2004.

20. DEFERRED REVENUE (CONT'D)

Upon completion of the construction works of the Highway and the commencement of tolling operations, the government funding will be recognised as revenue on a systematic basis to the statement of comprehensive income over the remaining period of the concession.

21. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Deposits and sundry payables	23,149,806	3,248,881	20,000,000	-
Accruals and provisions	2,796,978	4,973,373	768,003	385,886
	25,946,784	8,222,354	20,768,003	385,886

Included in the deposits and sundry payables of the Group and the Company was an amount of RM20 million is in respect of deposit received for the disposal of business of its subsidiary, MESB and the entire equity in MESB.

22. REVENUE

	The Group	
	2012	**2011**
	RM	RM
Toll revenue	68,814,827	62,351,648
Ancillary income	904,691	595,998
	69,719,518	62,947,646

23. PROFIT/(LOSS) BEFORE TAXATION

		The Group		The Company	
		2012	**2011**	**2012**	**2011**
	Note	RM	RM	RM	RM
Profit/(Loss) before taxation is arrived at after charging/ (crediting):					
Auditors' remuneration:					
- for the financial year		62,700	59,700	14,700	14,700
- underprovision in the previous financial year		3,000	12,600	-	2,700
Amortisation of concession assets	8	11,538,353	10,482,052	-	-
Depreciation of plant and equipment	7	862,893	845,386	-	-
Employee benefits expense	24	8,264,679	8,075,735	-	-
Interest expense:					
- IMTNs		35,495,486	35,477,728	-	-
- hire purchase		43,461	53,151	-	-
- others		4,386,927	4,525,480	-	-
Plant and equipment written off		-	289	-	-
Management fee payable to holding company		1,800,000	1,800,000	-	-
Operating leases:					
- minimum lease payments for machinery		24,360	22,120	-	-
Government funding recognised	20	(8,110,210)	(7,411,377)	-	-
Interest income		(934,825)	(1,822,123)	(23,446)	(24,189)

24. EMPLOYEE BENEFITS EXPENSE

	The Group	
	2012	**2011**
	RM	RM
Wages, salaries and other emoluments	5,199,316	5,311,920
Defined contribution plans	749,479	660,523
Other staff related expenses	2,316,204	2,100,863
Short-term accumulating compensated expenses	(320)	2,429
	8,264,679	8,075,735

Included in employee benefits expense of the Group is RM2,087,683 (2011: RM2,245,065) which represents emoluments payable to executive directors of the Group.

The monetary value of the other benefits provided and/or paid to executive directors of the Group during the financial year amounted to RM23,600 (2011: RM23,600).

25. INCOME TAX EXPENSE

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Income tax:				
- for the financial year	7,192	5,632	1,392	1,632
- (over)/underprovision in previous financial years	(22,822)	5,158	(377)	-
	(15,630)	10,790	1,015	1,632
Deferred tax assets (Note 26):				
- for the financial year	235,000	(4,980,000)	-	-
Deferred tax liabilities (Note 26):				
- for the financial year	(235,000)	4,980,000	-	-
	-	-	-	-
	(15,630)	10,790	1,015	1,632

25. INCOME TAX EXPENSE (CONT'D)

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

	The Group		The Company	
	2012 RM	**2011** RM	**2012** RM	**2011** RM
Profit/(Loss) before taxation	2,930,525	(1,612,403)	(137,092)	3,846
Tax at statutory tax rate of 25%	732,631	(403,101)	(34,273)	962
Tax effects of:				
Non-deductible expenses	3,310,698	2,978,840	35,665	670
Non-taxable income	(2,511,137)	(1,895,107)	-	-
Utilisation of deferred tax assets previously not recognised	(1,525,000)	(675,000)	-	-
(Over)/Underprovision of income tax in previous financial years	(22,822)	5,158	(377)	-
Income tax expense for the financial year	(15,630)	10,790	1,015	1,632

26. DEFERRED TAX

	The Group	
	2012 RM	**2011** RM
At 1 January/31 December	-	-

26. DEFERRED TAX (CONT'D)

	The Group	
	2012	**2011**
	RM	RM
Represented by:-		
Deferred tax assets:		
At 1 January	102,030,000	97,050,000
Recognised in profit or loss (Note 25)	(235,000)	4,980,000
At 31 December	101,795,000	102,030,000
Deferred tax liabilities:		
At 1 January	(102,030,000)	(97,050,000)
Recognised in profit or loss (Note 25)	235,000	(4,980,000)
At 31 December	(101,795,000)	(102,030,000)

Deferred tax assets and liabilities are attributable to the following items:-

	The Group	
	2012	**2011**
	RM	RM
Deferred tax assets:-		
Unutilised tax losses and unabsorbed capital allowances	101,795,000	102,030,000
Deferred tax liabilities:-		
Concession assets	(101,795,000)	(102,030,000)

No deferred tax asset is recognised in respect of the following item:-

	The Group	
	2012	**2011**
	RM	RM
Unutilised tax losses	43,932,000	50,031,000

27. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Group has related party relationships with its holding company, subsidiary, related companies, companies in which certain directors have substantial financial interests, key management personnel and entities in which the key management have significant financial interests.

The holding company is disclosed in Note 3 to the financial statements. Related companies are companies within the group of the holding company.

(b) Other than those disclosed elsewhere in the financial statements, the Group carried out the following transactions with its related parties during the financial year:

	The Group	
	2012	**2011**
	RM	RM
Holding company:		
Management fee paid/payable	1,800,000	1,800,000
Progress billings billed under turnkey contract of RM1,380 million	-	72,306
Highway security services paid/payable	541,834	454,064
Directors' office expenses paid	600,000	600,000
Staff training and development	-	2,650
Related companies:		
Seasonal parking fee paid to ASM Properties Sdn. Bhd. and Konsortium Letak Kereta Sdn. Bhd.	8,250	9,300
Petrol expenses paid to ASM Retail Sdn. Bhd.	118,167	112,122
Staff hostel paid to ASM Development Sdn. Bhd.	6,000	-

27. RELATED PARTY DISCLOSURES (CONT'D)

(c) The below finance costs incurred from the term loan is borne by the holding company as the term loan is held by the Company on its behalf as disclosed in Note 18 to the financial statements.

	The Group/The Company	
	2012	**2011**
	RM	RM
Interest expense on term loan	14,579,153	5,945,236
Other finance costs	1,188,145	5,867,041
Interest income generated from Debt Service Reserve Account	(18,291)	-

(d) The remuneration of Directors and other members of the key management during the financial year were as follows:

	The Group	
	2012	**2011**
	RM	RM
Short-term employee benefits	2,562,292	2,599,106
Defined contribution plans	326,244	323,100
	2,888,536	2,922,206

28. OPERATING LEASE ARRANGEMENTS

LEASES AS LESSOR

The Group entered into non-cancellable operating lease agreements for the use of certain machineries. These leases have an average life of 5 years with renewal options included in the contracts and fixed rentals for an average period of 5 years.

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

	The Group	
	2012	**2011**
	RM	RM
Future minimum rental payments:		
- Not later than 1 year	24,360	24,360
- Later than 1 year and not later than 5 years	47,460	71,820
	71,820	96,180

29. CONTINGENT LIABILITY

In December 2003, a former shareholder of MESB, Hi-Summit Construction Sdn. Bhd. ("Hi-Summit") and three other parties claiming to be the shareholders of Hi-Summit ("the Plaintiffs") had taken legal action against the Company, MESB and the other shareholders of MESB (collectively known as "the Defendants"), claiming wrongful transfer of their shareholdings of 1,900,000 shares in MESB to one of the current shareholders of MESB; and that MESB had not apportioned the construction works under the Concession Agreement to the shareholders in proportion to their respective shareholdings.

The claim against the Company, MESB and the other Defendants was dismissed by the Kuala Lumpur High Court on 12 April 2011. Hi-Summit filed an appeal and which came up for hearing on 17 May 2013. However, the Appeal did not proceed as the Plaintiffs sought an adjournment pending an Originating Summons which affects certain shares in the Plaintiffs' Company as a result of a suit between the shareholders of the Plaintiffs' Company.

The Court has now fixed the hearing for the appeal on 12 August 2013.

Insofar as the suit is concerned, the Directors believe that the decision of the High Court striking out the suit would be maintained.

30. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currency giving rise to this risk is United States Dollar. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

Foreign currency exposure

	The Group/The Company	
	2012	**2011**
	RM	RM
United States Dollar		
Amount owing by holding company	217,746,282	225,119,726
Cash and bank balances	12,378,502	13,525,372
Trade and other payables	(752,284)	(370,098)
Term loan	(229,372,500)	(238,275,000)
Currency exposure	-	-

Foreign currency risk sensitivity analysis

There is no currency exposure, hence there will be no impact on the profit after taxation.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from interest-bearing financial assets and liabilities. The Group's policy is to obtain the most favourable interest rates available. Any surplus funds of the Group will be placed with licensed financial institutions to generate interest income.

Information relating to the Group's exposure to the interest rate risk of the financial liabilities is disclosed in Note 30.1(c) to the financial statements.

Interest rate risk sensitivity analysis

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

	The Group		**The Company**	
	2012	**2011**	**2012**	**2011**
	(Decrease)/ Increase RM	(Decrease)/ Increase RM	Increase/ (Decrease) RM	Increase/ (Decrease) RM
Effects on profit after taxation				
Increase of 100 basis points (bp)	(3,815,214)	(3,480,768)	412	6,108
Decrease of 100 bp	3,815,214	3,480,768	(412)	(6,108)

(iii) Equity Price Risk

The Group does not have any quoted investments and hence is not exposed to equity price risk.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	The Group	
	2012	**2011**
	RM	RM
Malaysia	-	199,736

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Group's trade receivables as at 31 December 2012 is as follows:-

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
2012				
Not past due	-	-	-	-
2011				
Not past due	199,736	-	-	199,736

The entire portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2012						
IMTNs	5.65% - 7.15%	532,370,934	550,000,000	-	150,000,000	400,000,000
Term loan	5.06% - 6.72%	229,372,500	229,372,500	229,372,500	-	-
Hire purchase payables	4.73% - 6.09%	606,360	665,761	230,588	390,486	44,687
Other payables and accruals	-	25,946,784	25,946,784	25,946,784	-	-
		788,296,578	805,985,045	255,549,872	150,390,486	400,044,687
2011						
IMTNs	5.65% - 7.15%	530,340,584	550,000,000	-	100,000,000	450,000,000
Term loan	4.75% - 5.12%	238,275,000	238,275,000	238,275,000	-	-
Hire purchase payables	4.51% - 7.27%	1,080,560	1,183,421	508,697	570,397	104,327
Other payables and accruals	-	8,222,354	8,222,354	8,222,354	-	-
		777,918,498	797,680,775	247,006,051	100,570,397	450,104,327

30. FINANCIAL INSTRUMENTS (CONT'D)

30.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The Company	Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2012						
Term loan	5.06% - 6.72%	229,372,500	229,372,500	229,372,500	-	-
Other payables and accruals	-	20,768,003	20,768,003	20,768,003	-	-
		250,140,503	250,140,503	250,140,503	-	-
2011						
Term loan	4.75% - 5.12%	238,275,000	238,275,000	238,275,000	-	-
Other payables and accruals	-	385,886	385,886	385,886	-	-
		238,660,886	238,660,886	238,660,886	-	-

30.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. As the Group has significant borrowings but a relatively small equity base. The debt-to-equity ratio may not provide a meaningful indicator of the risk of borrowings. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total outstanding nominal values of IMTNs plus total outstanding principal amounts of hire purchase obligations and term loan, and total equity is calculated as sum of paid up capital, accumulated losses, non-controlling interests, shareholders' advances and government grant.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.2 CAPITAL RISK MANAGEMENT (CONT'D)

The debt-to-equity ratio of the Group as at the end of the reporting period was as follows:-

	The Group	
	2012	**2011**
	RM	RM
Hire purchase payables	606,360	1,080,560
Nominal values of IMTNs	550,000,000	550,000,000
Term loan	229,372,500	238,275,000
Net debt	779,978,860	789,355,560
Paid up capital	58,100,000	58,100,000
Accumulated losses	(56,035,755)	(58,935,664)
Non-controlling interests	46,246	-
Shareholders' advances	40,000,000	40,000,000
Government grant	945,777,862	953,888,072
Total equity	987,888,353	993,052,408
Debt-to-equity ratio	0.79	0.79

30. FINANCIAL INSTRUMENTS (CONT'D)

30.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2012	**2011**	**2012**	**2011**
	RM	RM	RM	RM
Financial assets				
Loans and receivables financial assets				
Trade receivables	-	199,736	-	-
Deposit and sundry receivables	99,218,161	98,468,948	14	54,080
Amount due from holding company	198,524,362	184,908,004	238,756,282	225,129,726
Amount due from subsidiary	-	-	-	321,169
Deposits with licensed banks	21,461,491	66,238,126	55,005	814,427
Short-term investments	2,214,244	-	-	-
Cash and bank balances	61,041,071	14,275,508	12,380,427	13,529,438
	382,459,329	364,090,322	251,191,728	239,848,840
Financial liabilities				
Other financial liabilities				
IMTNs	532,370,934	530,340,584	-	-
Term loan	229,372,500	238,275,000	229,372,500	238,275,000
Hire purchase payables	606,360	1,080,560	-	-
Deposits and sundry payables	23,149,806	3,248,881	20,000,000	-
Accruals and provision	2,796,978	4,973,473	768,003	385,886
	788,296,578	777,918,498	250,140,503	238,660,886

30. FINANCIAL INSTRUMENTS (CONT'D)

30.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values except for the following:-

	Carrying Amount RM	**Fair Value** RM
The Group		
Financial Liabilities		
2012		
Hire purchase payables	606,360	582,934
IMTNs	532,370,934	#
2011		
Hire purchase payables	1,080,560	1,041,363
IMTNs	530,340,584	#
The Company		
Financial Asset		
2012		
Investment in a subsidiary	56,100,000	##
2011		
Investment in a subsidiary	56,100,000	##

It is not practical to estimate the fair value of the Group's IMTNs because of a lack of similar instruments with the similar terms and conditions in the market.

The fair value cannot be reliably measured using valuation techniques due to the lack of marketability of the shares.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

(iii) The carrying amount of the term loan approximated its fair value as the instrument bear interest at variable rates.

30. FINANCIAL INSTRUMENTS (CONT'D)

30.5 FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2012, the Group's financial instruments carried at fair values are analysed as below:-

	Level 3 RM
Financial liabilities	
- IMTNs	532,370,934

Reconciliation of level 3 of the fair value hierarchy

	IMTNs RM
Balance at 1.1.2012	530,340,584
Total loss recognised in profit or loss, under expense:	2,030,350
Balance at 31.12.2012	532,370,934

Although the Group believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

For fair value measurements in level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:-

(i) A 1% decrease/increase in interest rate would have resulted in a decrease/increase in the fair values of the IMTNs of RM180,789 and RM185,742 respectively.

31. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company, its subsidiary, MESB, and the other shareholder of MESB, Ulimas Sdn. Bhd. had on 16 March 2012 entered into an agreement with EP Manufacturing Berhad ("EPMB") for the disposal of the business of its subsidiary, MESB and its entire equity interest in MESB ("Proposed Disposal") to a wholly-owned subsidiary to be incorporated by EPMB for a total consideration of RM1.15 billion together with the redemption of MESB's existing IMTNs of nominal amount of RM550 million ("IMTN Redemption").

On 15 May 2013, all parties in the Proposed Disposal mutually agreed to terminate the said agreement.

MAJU EXPRESSWAY SDN. BHD.

(Incorporated in Malaysia)
Company No: 389815 - V

FINANCIAL REPORT

for the financial year ended 31 December 2012

Contents

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2012.

PRINCIPAL ACTIVITIES

The Company is a single purpose company which has been awarded a concession for a highway project. In accordance with the terms of the Concession Agreement, the principal activities of the Company are:

(a) to design and construct 26 kilometres of the highway traversing from Kuala Lumpur to Putrajaya ("Highway");

(b) to provide other highway related facilities and services; and

(c) to operate and maintain the Highway and to collect toll for its own benefit during the concession period of 33 years.

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

RESULTS

	RM
Profit after taxation for the financial year	3,084,262

DIVIDENDS

No dividend was paid since the end of the previous financial year and the directors do not recommend the payment of any dividend for the current financial year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUES OF SHARES AND DEBENTURES

During the financial year,

(a) there were no changes in the authorised and issued and paid-up share capital of the Company; and

(b) there were no issues of debentures by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables, and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

At the date of this report, the directors are not aware of any circumstances that would require the writing off of bad debts, or the allowance for impairment losses on receivables in the financial statements of the Company.

CURRENT ASSETS

Before the financial statements of the Company were made out, the directors took reasonable steps to ascertain that any current assets other than debts, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

The contingent liability of the Company is disclosed in Note 27 to the financial statements. At the date of this report, there does not exist:

(a) any charge on the assets of the Company that has arisen since the end of the financial year which secures the liabilities of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company which would render any amount stated in the financial statements misleading.

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors, to affect substantially the results of the operations of the Company for the financial year.

HOLDING COMPANIES

The immediate and ultimate holding companies are Bright Focus Berhad and Maju Holdings Sdn. Bhd., respectively. Both the immediate and ultimate holding companies are incorporated in Malaysia.

DIRECTORS

The directors who served since the date of the last report are as follows:

Tan Sri Abu Sahid Bin Mohamed
Tan Sri Mohd Bakri Bin Haji Omar
Dato' Ong Tee Thong
Mohd Fauzi Bin Yon
Amro F F A H Alkhadra
Nitchiananthan A/L Balasubramaniam
Wan Shariman Bin Wan Mohamed (Resigned on 19 July 2012)

DIRECTORS' INTERESTS

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

	< ------ Number Of Ordinary Shares Of RM1 Each ------ >			
	At 1.1.2012	Bought	Sold	At 31.12.2012
The Company				
Direct Interest				
Tan Sri Abu Sahid Bin Mohamed				
(Held in Trust For Bright Focus Berhad)	1	-	-	1
Deemed Interest				
(Through Immediate Holding Company)				
Tan Sri Abu Sahid Bin Mohamed	58,099,999	-	-	58,099,999

	< ----- Number Of Ordinary Shares Of RM0.20 Each ---- >			
	At 1.1.2012	Bought	Sold	At 31.12.2012
Immediate Holding Company				
- Bright Focus Berhad				
Deemed Interest				
(Through Ultimate Holding Company)				
Tan Sri Abu Sahid Bin Mohamed	290,500,000	-	-	290,500,000

DIRECTORS' INTERESTS (CONT'D)

	< ----- Number Of Ordinary Shares Of RM1 Each			------ >
	At 1.1.2012	Bought	Sold	At 31.12.2012
Ultimate Holding Company - Maju Holdings Sdn. Bhd.				
Direct Interest				
Tan Sri Abu Sahid Bin Mohamed	91,000,000	-	-	91,000,000

By virtue of their shareholdings in the ultimate holding company, Tan Sri Abu Sahid Bin Mohamed are deemed to have interests in shares in its related corporations during the financial year to the extent of the ultimate holding company's interests, in accordance with Section 6A of the Companies Act 1965 in Malaysia.

The other directors holding office at the end of the financial year had no interests in shares in the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors as shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with a company in which certain directors have a substantial financial interest as disclosed in Note 25 to the financial statements.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The significant event during the financial year is disclosed in Note 29 to the financial statements.

AUDITORS

The auditors, Messrs. Crowe Horwath, have expressed their willingness to continue in office.

Signed in accordance with a resolution of the directors dated 29 MAY 2013

Mohd Fauzi Bin Yon

Amro F F A H Alkhadra

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

STATEMENT BY DIRECTORS

We, Mohd Fauzi Bin Yon and Amro F F A H Alkhadra, being two of the directors of Maju Expressway Sdn. Bhd., state that, in the opinion of the directors, the financial statements set out on pages 10 to 54 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia so as to give a true and fair view of the state of affairs of the Company at 31 December 2012 and of its results and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 29 MAY 2013

Mohd Fauzi Bin Yon

Amro F F A H Alkhadra

STATUTORY DECLARATION

I, Mohd Fauzi Bin Yon, I/C No. 510526-01-5865, being the director primarily responsible for the financial management of Maju Expressway Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 54are, to the best of my knowledge and belief, correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by
Mohd Fauzi Bin Yon, I/C No. 510526-01-5865,
at Kuala Lumpur in the Federal Territory
on this 29 MAY 2013

Mohd Fauzi Bin Yon

Before me

PESURUHJAYA SUMPAH
W 502
MALAYSIA

Level 16, Menara Tokio Marine Life,
189, Jalan Tun Razak, 50400 Kuala Lumpur.

Crowe Horwath™

Crowe Horwath AF 1018
Chartered Accountants
Member Crowe Horwath International

Kuala Lumpur Office
Level 16 Tower C, Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur, Malaysia
Main +6 03 2788 9999
Fax +6 03 2788 9998
www.crowehorwath.com.my
info@crowehorwath.com.my

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

Report on the Financial Statements

We have audited the financial statements of Maju Expressway Sdn. Bhd., which comprise the statement of financial position as at 31 December 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 54.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Crowe Horwath

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
MAJU EXPRESSWAY SDN. BHD. (CONT'D)
(Incorporated in Malaysia)
Company No: 389815 - V

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other Matters

1. As stated in Note 4.1 to the financial statements, Maju Expressway Sdn. Bhd. adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the financial year ended 31 December 2011 and related disclosures. We were not engaged to report on the comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the financial year then ended.

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

Crowe Horwath
Firm No: AF 1018
Chartered Accountants

Lee Kok Wai
Approval No: 2760/06/14 (J)
Chartered Accountant

29 MAY 2013

Kuala Lumpur

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2012

	Note	31.12.2012 RM	31.12.2011 RM	1.1.2011 RM
ASSETS				
NON-CURRENT ASSETS				
Plant and equipment	6	1,188,543	2,001,556	2,376,001
Concession assets	7	1,346,373,499	1,358,214,509	1,368,829,437
		1,347,562,042	1,360,216,065	1,371,205,438
CURRENT ASSETS				
Inventories and consumables	8	43,451	72,942	72,222
Trade and other receivables	9	105,337,879	105,201,026	83,856,143
Tax refundable		-	3,400	-
Deposits with licensed banks	10	21,406,486	65,423,699	75,046,044
Short-term investments	11	2,214,244	-	1,008,084
Cash and bank balances		48,660,644	746,070	433,917
		177,662,704	171,447,137	160,416,410
TOTAL ASSETS		1,525,224,746	1,531,663,202	1,531,621,848
EQUITY AND LIABILITIES				
EQUITY				
Share capital	12	60,000,000	60,000,000	60,000,000
Accumulated losses		(58,941,111)	(62,025,373)	(60,399,966)
TOTAL EQUITY		1,058,889	(2,025,373)	(399,966)
NON-CURRENT LIABILITIES				
Long-term borrowings	13	531,642,600	529,537,464	527,487,666
Deferred revenue	16	945,777,862	953,888,072	958,226,825
		1,477,420,462	1,483,425,536	1,485,714,491
CURRENT LIABILITIES				
Other payables and accruals	17	5,178,781	7,836,468	3,851,975
Provision for construction and development costs		-	-	72,306
Amount due to ultimate holding company	18	40,231,920	40,221,722	40,230,434
Amount due to immediate holding company	19	-	321,169	321,169
Short-term borrowings	13	1,334,694	1,883,680	1,831,439
		46,745,395	50,263,039	46,307,323
TOTAL LIABILITIES		1,524,165,857	1,533,688,575	1,532,021,814
TOTAL EQUITY AND LIABILITIES		1,525,224,746	1,531,663,202	1,531,621,848

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
REVENUE	20	69,719,518	62,947,646
COST OF SALES		(26,435,639)	(24,516,328)
GROSS PROFIT		43,283,879	38,431,318
OTHER INCOME		9,021,589	9,209,311
		52,305,468	47,640,629
ADMINISTRATIVE EXPENSES		(8,182,799)	(8,092,127)
OTHER EXPENSE		(318,955)	(298,168)
FINANCE COSTS		(40,736,097)	(40,866,583)
PROFIT/(LOSS) BEFORE TAXATION	21	3,067,617	(1,616,249)
INCOME TAX EXPENSES	23	16,645	(9,158)
PROFIT/(LOSS) AFTER TAXATION		3,084,262	(1,625,407)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES)		3,084,262	(1,625,407)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-			
Owners of the Company		3,084,262	(1,625,407)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-			
Owners of the Company		3,084,262	(1,625,407)

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Share Capital RM	Accumulated Losses RM	Total RM
Balance at 1.1.2011	60,000,000	(60,399,966)	(399,966)
Loss after taxation/Total comprehensive expenses for the financial year	-	(1,625,407)	(1,625,407)
Balance at 31.12.2011/1.1.2012	60,000,000	(62,025,373)	(2,025,373)
Profit after taxation/Total comprehensive income for the financial year	-	3,084,262	3,084,262
Balance at 31.12.2012	60,000,000	(58,941,111)	1,058,889

MAJU EXPRESSWAY SDN. BHD.
(Incorporated in Malaysia)
Company No: 389815 - V

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

	Note	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(Loss) before taxation		3,067,617	(1,616,249)
Adjustments for:-			
Amortisation of concession assets	7	11,538,353	10,482,052
Depreciation of plant and equipment	6	862,893	845,386
Interest expense		39,925,874	40,056,359
Plant and equipment written off		-	289
Government funding recognised	16	(8,110,210)	(7,411,377)
Interest income		(911,379)	(1,797,934)
Operating profit before working capital changes		46,373,148	40,558,526
Changes in Working Capital:			
Receivables		(205,491)	(21,837,702)
Inventories and consumables		29,491	(720)
Ultimate holding company		10,198	(8,712)
Immediate holding company		(321,169)	-
Payables		(2,657,687)	3,984,493
CASH FROM OPERATIONS		43,228,490	22,659,885
Income tax refunded/(paid)		20,045	(12,558)
NET CASH FROM OPERATING ACTIVITIES		43,248,535	22,683,327
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES			
Concession assets	(a)	302,657	60,570
Purchase of plant and equipment	(b)	(49,880)	(117,230)
NET CASH FROM/(FOR) INVESTING ACTIVITIES		252,777	(56,660)
CASH FLOWS FOR FINANCING ACTIVITIES			
Interest expense		(37,895,524)	(37,875,801)
Interest received		980,017	2,290,753
Repayment of hire purchase obligations		(474,200)	(432,519)
Government funding received		-	3,072,624
NET CASH FOR FINANCING ACTIVITIES		(37,389,707)	(32,944,943)
BALANCE CARRIED FORWARD		6,111,605	(10,318,276)

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONT'D)

	Note	2012 RM	2011 RM
BALANCE BROUGHT FORWARD/NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		6,111,605	(10,318,276)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		66,169,769	76,488,045
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	(c)	72,281,374	66,169,769

		Note	2012 RM	2011 RM
Note a:	Changes in concession assets		302,657	132,876
	Changes in Working Capital:			
	Provision for construction and development costs		-	(72,306)
	Cash generated from concession assets		302,657	60,570
Note b:	Plant and equipment acquired during the year were by way of:			
	Cash		49,880	117,230
	Hire purchase		-	354,000
			49,880	471,230
Note c:	Cash and cash equivalents comprise:			
	Deposits with licensed banks	10	21,406,486	65,423,699
	Short-term investment	11	2,214,244	-
	Cash and bank balances		48,660,644	746,070
			72,281,374	66,169,769

Included in the cash and cash equivalents of the Company is an amount of RM19,047,500 (2011: RM18,357,919) which has been pledged pursuant to the terms and conditions of the Islamic Medium Term Notes ("IMTNs") to meet the profit of the said securities when they fall due.

1. GENERAL INFORMATION

The Company is a private company limited by shares and is incorporated under the Companies Act 1965 in Malaysia. The domicile of the Company is Malaysia. The registered office, which is also the principal place of business, is at No. 1, Maju Expressway, 63000 Cyberjaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of directors dated 29 May 2013.

2. PRINCIPAL ACTIVITIES

The Company is a single purpose company which has been awarded a concession for a highway project. In accordance with the terms of the Concession Agreement, the principal activities of the Company are:

(a) to design and construct 26 kilometres of the highway traversing from Kuala Lumpur to Putrajaya ("Highway");

(b) to provide other highway related facilities and services; and

(c) to operate and maintain the Highway and to collect toll for its own benefit during the concession period of 33 years.

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

3. HOLDING COMPANIES

The immediate and ultimate holding companies are Bright Focus Berhad and Maju Holdings Sdn. Bhd., respectively. Both the immediate and ultimate holding companies are incorporated in Malaysia.

4. BASIS OF PREPARATION

The financial statements of the Company are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 1965 in Malaysia.

4. BASIS OF PREPARATION (CONT'D)

4.1 These are the Company's first set of financial statements prepared in accordance with MFRSs, which are also in line with International Financial Reporting Standards as issued by the International Accounting Standards Board.

In the previous financial year, the financial statements of the Company were prepared in accordance with Financial Reporting Standards ("FRSs"). There were no material financial impacts on the transition from FRSs to MFRSs.

4.2 The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 9 Financial Instruments	1 January 2015
MFRS 10 Consolidated Financial Statements	1 January 2013
MFRS 11 Joint Arrangements	1 January 2013
MFRS 12 Disclosure of Interests in Other Entities	1 January 2013
MFRS 13 Fair Value Measurement	1 January 2013
MFRS 119 Employee Benefits	1 January 2013
MFRS 127 Separate Financial Statements	1 January 2013
MFRS 128 Investments in Associates and Joint Ventures	1 January 2013
Amendments to MFRS 1: Government Loans	1 January 2013
Amendments to MFRS 7: Disclosures – Offsetting Financial Assets and Financial Liabilities	1 January 2013
Amendments to MFRS 9: Mandatory Effective Date of MFRS 9 and Transition Disclosures	1 January 2015
Amendments to MFRS 10, MFRS 11 and MFRS 12: Transition Guidance	1 January 2013
Amendments to MFRS 10, MFRS 12 and MFRS 127: Investment Entities	1 January 2014
Amendments to MFRS 101: Presentation of Items of Other Comprehensive Income	1 July 2012
Amendments to MFRS 132: Offsetting Financial Assets and Financial Liabilities	1 January 2014
IC Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
Annual Improvements to MFRSs 2009 – 2011 Cycle	1 January 2013

The above accounting standards and interpretations (including the consequential amendments) are not relevant to the Company's operations.

4. BASIS OF PREPARATION (CONT'D)

4.2 The Company has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial year (Cont'd):-

MFRS 9 replaces the parts of MFRS 139 that relate to the classification and measurement of financial instruments. MFRS 9 divides all financial assets into 2 categories – those measured at amortised cost and those measured at fair value, based on the entity's business model for managing its financial assets and the contractual cash flow characteristics of the instruments. For financial liabilities, the standard retains most of the MFRS 139 requirement. An entity choosing to measure a financial liability at fair value will present the portion of the change in its fair value due to changes in the entity's own credit risk in other comprehensive income rather than within profit or loss. There will be no material impact on the financial statements of the Company upon its initial application.

MFRS 13 defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. The scope of MFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other MFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in MFRS 13 are more extensive than those required in the current standards and therefore there will be no financial impact on the financial statements of the Company upon its initial application but may impact its future disclosures.

The amendments to MFRS 7 (Disclosures – Offsetting Financial Assets and Financial Liabilities) require disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position. There will be no financial impact on the financial statements of the Company upon its initial application.

The amendments to MFRS 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. In addition, items presented in other comprehensive income section are to be grouped based on whether they are potentially re-classifiable to profit or loss subsequently i.e. those that might be reclassified and those that will not be reclassified. Income tax on items of other comprehensive income is required to be allocated on the same basis. There will be no financial impact on the financial statements of the Company upon its initial application other than the presentation format of the statement of profit or loss and other comprehensive income.

The amendments to MFRS 132 provide the application guidance for criteria to offset financial assets and financial liabilities. There will be no financial impact on the financial statements of the Company upon its initial application.

The Annual Improvements to MFRSs 2009 – 2011 Cycle contain amendments to MFRS 1, MFRS 101, MFRS 116, MFRS 132 and MFRS 134. These amendments are expected to have no material impact on the financial statements of the Company upon its initial application.

5. SIGNIFICANT ACCOUNTING POLICIES

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated by the directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(a) Depreciation of Plant and Equipment

The cost of plant and equipment is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 5 years. These are common life expectancies applied in the toll concession industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(b) 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 profits 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 on the likely timing level of future taxable profits together with future tax planning strategies.

(c) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether additional taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(d) Amortisation of Concession Assets and Government Funding Recognised

The cost of concession assets and government fundings are amortised and recognised respectively over the concession period by applying the formula in Note 5.5 and Note 5.9, respectively. The denominator of the formula includes projected total toll revenue for the entire concession period and is based on the latest available base case traffic volume projections prepared by independent traffic consultants multiplied by the toll rates in accordance with the arrangement under the Concession Agreement. The assumptions to arrive at the traffic volume projections take into consideration the growth rate based on current market and economic conditions. Changes in the expected traffic volume could impact future amortisation charges and government funding recognised.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

(e) Impairment of Non-financial Assets

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

(f) Impairment of Trade and Other Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loans and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgment to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(g) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(h) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.2 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Company is the currency of the primary economic environment in which the Company operates.

The financial statements of the Company are presented in Ringgit Malaysia which is the Company's functional and presentation currency.

5.3 FINANCIAL INSTRUMENTS

Financial instruments are recognised in the statements of financial position when the Company 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 a financial instrument classified as a liability, are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

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

Financial instruments recognised in the statement of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

On initial recognition, financial assets are classified as either financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

(i) Financial Assets at Fair Value Through Profit or Loss

As at the end of the reporting period, there were no financial assets classified under this category.

(ii) Held-to-maturity Investments

As at the end of the reporting period, there were no financial assets classified under this category.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.3 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

(iii) Loans and Receivables Financial Assets

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables financial assets. Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(iv) Available-for-sale Financial Assets

As at the end of the reporting period, there were no financial assets classified under this category.

(b) Financial Liabilities

All financial liabilities are initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method other than those categorised as fair value through profit or loss.

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. Derivatives are also classified as held for trading unless they are designated as hedges.

(c) Equity Instruments

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(d) Debt Securities

Debt securities issued on discounted basis by the Company are initially recognised based on the proceeds received, net of issuance expenses incurred and are adjusted in each financial year for amortisation of premium and/or accretion of discount, using the effective yield method. The premium amortised and/or discount accreted is recognised in the profit or loss over the period of the debt securities.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.4 PLANT AND EQUIPMENT AND DEPRECIATION

Plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is calculated under the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Motor vehicles	20%
Office equipment and computers	20%
Furniture, fittings and renovation	20%
Operations tools and equipment	20%

The depreciation method, useful life and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in profit or loss as incurred. Cost also comprises the initial estimate of dismantling and removing the asset and restoring the site on which it is located for which the Company is obligated to incur when the asset is acquired, if applicable.

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

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.5 CONCESSION ASSETS

Items classified as concession assets ("CA") comprise Highway Development Expenditure ("HDE").

HDE comprises construction and development expenditure (including interest and fee charges relating to financing of the construction and development of the Highway) incurred in connection with the Concession. HDE will be classified as concession assets upon the completion of the project.

CA is stated at cost less accumulated amortisation and impairment losses, if any. The policy for the recognition and measurement of impairment losses is in accordance with Note 5.6. Upon completion of the construction works of the Highway and commencement of tolling operations, at the end of each reporting period, the cumulative actual expenditure incurred is amortised to the statement of comprehensive income based on the following formula:

$$\left[\frac{\text{(Cumulative Actual Toll Revenue to date)}}{\text{(Projected Total Toll Revenue of the Concession)}} \times \text{(Cumulative Actual CA)}\right] \text{ Less } \text{(Accumulated Amortisation at beginning of the financial year)}$$

The projected total toll revenue of the Concession is based on the traffic volumes projected by an independent professional firm of traffic consultants in a projection study, taking into account the toll rates as provided in the Concession Agreement.

The effects of changes in the estimates are included in the amortisation for the year.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.6 IMPAIRMENT

(a) Impairment of Financial Assets

All financial assets (other than those categorised at fair value through profit or loss), are assessed at the end of each reporting period whether there is any objective evidence of impairment as a result of one or more events having an impact on the estimated future cash flows of the asset.

An impairment loss in respect of held-to-maturity investments and loans and receivables financial assets is recognised in profit or loss and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(b) Impairment of Non-Financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets does not apply, are reviewed at the end of each reporting period for impairment when there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. The recoverable amount of the assets is the higher of the assets' fair value less costs to sell and their value-in-use, which is measured by reference to discounted future cash flow.

An impairment loss is recognised in profit or loss.

When there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.7 INVENTORIES AND CONSUMABLES

Inventories and consumables are stated at the lower of cost and net realisable value. Cost is determined on the first-in-first-out basis, and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

Where necessary, due allowance is made for all damaged, obsolete and slow-moving items.

5.8 PROVISIONS

Provisions are recognised when the Company has a present obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation.

5.9 DEFERRED REVENUE

Deferred revenue are recognised initially at their fair value in the statement of financial position where there is reasonable assurance that the government funding will be received and all attached conditions will be complied with. Upon completion of the construction works of the Highway and commencement of tolling operations, at each reporting period, the government funding which compensates the Company for the costs of an asset is recognised in the profit or loss based on the following formula:

$$\left[\frac{\text{(Cumulative Actual Toll Revenue to date)}}{\text{(Projected Total Toll Revenue of the Concession)}} \times \text{(Cumulative Government Funding)} \right] \text{ Less } \text{(Accumulated Government Funding Recognised at beginning of the Financial year)}$$

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.10 Income Taxes

Income tax for the year comprise 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 or substantively enacted at the end of the reporting period.

Deferred tax is now provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise 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 assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are 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 the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax against current tax liabilities and when the deferred income taxes relates to the same taxation authority.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.11 LEASES

(a) Classification

A lease is recognised as a finance lease if it transfers substantially to the Company all the risks and rewards incidental to ownership. All leases that do not transfer substantially all the risks and rewards are classified as operating leases.

(b) 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 statement of financial position 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.

Lease payments are apportioned between the finance costs and the reduction of the outstanding liability. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are recognised as an expense in the profit or 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 plant and equipment as described in Note 5.4.

(c) 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.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, deposits pledged with financial institutions, bank overdrafts and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

5.13 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

However, short-term benefits associated with the services rendered by employees of the Company that are attributable to the acquisition, construction or production of an asset during the year when activities necessary to prepare the asset for its intended use are in progress, are capitalised as a component of the cost of the asset. Such capitalisation cease when substantially all the activities necessary to prepare the asset for its intended use are complete.

(b) Defined Contribution Plans

The Company's contributions to defined contribution plans are charged to the profit or loss in the period to which they relate. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

However, such contributions for employees of the Company that are attributable to the acquisition, construction or production of an asset during the year when activities necessary to prepare the asset for its intended use are in progress, are capitalised as a component of the cost of the asset. Such capitalisation cease when substantially all the activities necessary to prepare the asset for its intended use are complete.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.14 RELATED PARTIES

A party is related to an entity (referred to as the "reporting entity") if:-

(a) A person or a close member of that person's family is related to a reporting entity if that person:-

(i) has control or joint control over the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:-

(i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
(iii) Both entities are joint ventures of the same third party.
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
(v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
(vi) The entity is controlled or jointly controlled by a person identified in (a) above.
(vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

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

5.15 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Company. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Company.

5. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

5.16 REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(a) Toll Revenue

Toll revenue is accounted for as and when toll is chargeable for the usage of the Highway.

(b) Toll Compensation

The compensation from the Government for any reduction in toll collection as a consequence of a restriction imposed on the increase in the unit toll rate is recognised as income on an accrual basis.

(c) Ancillary Income

Rentals from occupying the ancillary facilities along the Highway are recognised on an accrual basis.

(d) Interest Income

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

6. PLANT AND EQUIPMENT

2012	Motor Vehicles RM	Office Equipment and Computers RM	Furniture, Fittings and Renovation RM	Operations Tools and Equipment RM	Total RM
Cost					
At 1 January	4,722,014	634,339	388,365	1,237,998	6,982,716
Additions	-	14,748	35,132	-	49,880
At 31 December	4,722,014	649,087	423,497	1,237,998	7,032,596
Accumulated depreciation					
At 1 January	3,660,479	428,470	185,764	706,447	4,981,160
Additions	461,822	78,646	74,826	247,599	862,893
At 31 December	4,122,301	507,116	260,590	954,046	5,844,053
Net carrying amount	599,713	141,971	162,907	283,952	1,188,543
2011					
Cost					
At 1 January	4,317,527	583,700	384,777	1,226,638	6,512,642
Additions	404,487	51,795	3,588	11,360	471,230
Written off	-	(1,156)	-	-	(1,156)
At 31 December	4,722,014	634,339	388,365	1,237,998	6,982,716
Accumulated depreciation					
At 1 January	3,220,185	346,236	110,471	459,749	4,136,641
Additions	440,294	83,101	75,293	246,698	845,386
Written off	-	(867)	-	-	(867)
At 31 December	3,660,479	428,470	185,764	706,447	4,981,160
Net carrying amount	1,061,535	205,869	202,601	531,551	2,001,556

6. PLANT AND EQUIPMENT (CONT'D)

As at 31 December 2012, the net book value of motor vehicles purchased under hire purchase arrangements amounted to RM465,340 (2011: RM801,333).

The plant and equipment are pledged as security for borrowings as disclosed in Note 14 to the financial statements.

7. CONCESSION ASSETS

	2012 RM	2011 RM
Cost		
At 1 January	1,390,538,294	1,390,671,170
Movement during the year	(302,657)	(132,876)
At 31 December	1,390,235,637	1,390,538,294
Accumulated amortisation		
At 1 January	(32,323,785)	(21,841,733)
Addition	(11,538,353)	(10,482,052)
At 31 December	(43,862,138)	(32,323,785)
Net carrying amount	1,346,373,499	1,358,214,509

Concession assets comprise highway development expenditure and amortised over the concession period of 33 years.

Movement in cost represented as overprovision in the previous financial year.

8. INVENTORIES AND CONSUMABLES

	2012 RM	2011 RM
At cost:-		
Consumable goods	43,451	72,942

None of the inventories is carried at net realisable value.

9. TRADE AND OTHER RECEIVABLES

	2012 RM	2011 RM
Trade receivables	-	199,736
Prepayments	6,119,732	6,586,422
Deposits and sundry receivables	99,218,147	98,414,868
	105,337,879	105,201,026

Included in deposits and sundry receivables are the following:

(i) Advances to subcontractors of approximately RM83 million (2011 – RM80 million) for the extension of the Highway from Putrajaya to KLIA and the construction of the approved Seri Kembangan Interchange. The advances are unsecured, interest-free and will be offset against future billing by these contractors.

(ii) Premium of RM15 million arising from the early settlement of advances from the ultimate holding company. The settlement was made through funds raised from the IMTN's as disclosed in Note 14 to the financial statements. The premium is amortised over the tenure of the IMTN's of up to 15 years. Details of the premium are as follows:

	2012 RM	2011 RM
At 1 January	17,424,322	20,046,972
Amortised to profit or loss	(2,362,748)	(2,622,650)
At 31 December	15,061,574	17,424,322

10. DEPOSITS WITH LICENSED BANKS

The deposits with licensed banks are pledged to the Security Trustee in relation to the IMTN's disclosed in Note 14 to the financial statements and hence are not available for general use.

The weighted average effective interest rate of deposits with licensed banks at the end of the reporting period was 3.13% (2011: 3.07%) per annum. The fixed deposits have an average maturity period of 29 days (2011: 55 days).

11. SHORT-TERM INVESTMENT

	2012 RM	2011 RM
Investments in money market fund, at cost	2,214,244	-
Market value of money market fund	2,227,646	-

The withdrawal for the above investment can be received on the following day after the notice of withdrawal.

The rates of the instruments at the end of the reporting period ranged from 3.04% to 3.31% per annum.

12. SHARE CAPITAL

	2012 Number Of Shares	2011 Number Of Shares	2012 RM	2011 RM
Ordinary shares of RM1 each:-				
Authorised	1,000,000,000	1,000,000,000	1,000,000,000	1,000,000,000
Issued And Fully Paid-Up	60,000,000	60,000,000	60,000,000	60,000,000

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

13. BORROWINGS

	Short-Term RM	Long-Term RM	Total RM
2012			
IMTNs (Note 14)	-	531,241,805	531,241,805
Profit element not falling due (Semi-annual profit payable)	1,129,129	-	1,129,129
	1,129,129	531,241,805	532,370,934
Hire purchase payables (Note 15)	205,565	400,795	606,360
	1,334,694	531,642,600	532,977,294
2011			
IMTNs (Note 14)	-	528,922,140	528,922,140
Profit element not falling due (Semi-annual profit payable)	1,418,444	-	1,418,444
	1,418,444	528,922,140	530,340,584
Hire purchase payables (Note 15)	465,236	615,324	1,080,560
	1,883,680	529,537,464	531,421,144

14. ISLAMIC MEDIUM TERM NOTES ("IMTNs")

The Company entered into an agreement on 1 June 2011 to issue up to RM550 million in nominal value of IMTNs under the Shariah principle of Musyarakah pursuant to a programme ("IMTN Programme").

The entire RM550 million IMTNs have been issued by the Company.

The IMTNs are secured against the following:

(a) A first ranking fixed and floating charge by way of debenture over all the present and future assets, rights, and interests of the Company;

(b) A first ranking assignment of all contractual rights, interests, titles and benefits of the Company under the agreements in relation to the concession, construction, operations and maintenance of the Highway save for the toll revenue arising from the section from Putrajaya to KLIA which has been deferred by the Government of Malaysia;

(c) A first ranking fixed charge over designated bank accounts of the Company and the credit balances therein;

(d) A first ranking assignment of the Company's rights, interests, titles, and benefits in all relevant insurances, ranking after the Government of Malaysia; and

(e) Any other security as may be required by the rating agency or the legal counsel of the Lead Manager.

The proceeds of the IMTN Programme were utilised as follows:

(a) to refinance the previously issued Al-Bai' Bithaman Ajil Medium Term Notes ("BBA MTN") and Murabahah Medium Term Notes ("MMTN");

(b) to refinance an advance (for principal and interest, if any) granted by the ultimate holding company in relation to the design, construction, management, collection of tolls, operations and maintenance of the Highway pursuant to the Concession Agreement by way of issuance of IMTNs to the ultimate holding company pursuant to this IMTN Programme;

(c) to pay the ancillary fees related to the IMTN Programme; and

(d) the remaining amount, for working capital and capital expenditure and any other Shariah compliant general purposes.

14. IMTNs (CONT'D)

The entire IMTNs of RM550 million were issued in year 2011 in 11 series, with maturities of up to 15 years commencing from June 2011 to June 2025.

The yield to maturity ranges from 5.75% to 7.25%. The profit rate ranges from 5.65% to 7.15% and the profit is payable semi-annually on each series of the IMTNs.

The amount recognised in the statement of financial position of the Company may be analysed as follows:

Secured:

	2012 RM	**2011** RM
Current:		
- repayable not later than 1 year	-	-
Non-current:		
- repayable later than 1 year not later than 2 years	-	-
- repayable later than 2 years not later than 3 years	50,000,000	-
- repayable later than 3 years not later than 4 years	50,000,000	50,000,000
- repayable later than 4 years not later than 5 years	50,000,000	50,000,000
- repayable later than 5 years	400,000,000	450,000,000
	550,000,000	550,000,000
Less:		
Unamortised accreted discount	(2,389,927)	(2,685,413)
Premium on Early Redemption	(16,368,268)	(18,392,447)
	531,241,805	528,922,140
Profit element not falling due	1,129,129	1,418,444
	532,370,934	530,340,584

Other information on financial risks of IMTNs are disclosed in Note 28 to the financial statements.

15. HIRE PURCHASE PAYABLES

	2012 RM	2011 RM
Future minimum payments:		
Current:		
- repayable not later than 1 year	230,588	508,697
Non-current:		
- repayable later than 1 year not later than 2 years	169,782	239,551
- repayable later than 2 years not later than 5 years	220,704	330,846
- repayable later than 5 years	44,687	104,327
	435,173	674,724
	665,761	1,183,421
Less : Future finance charges	(59,401)	(102,861)
Present value of hire purchase payables	606,360	1,080,560
Analysis of present value of hire purchase payables:		
Current (Note 13):		
- repayable not later than 1 year	205,565	465,236
Non-current (Note 13):		
- repayable later than 1 year not later than 2 years	154,460	214,497
- repayable later than 2 years not later than 5 years	202,448	300,605
- repayable later than 5 years	43,887	100,222
	400,795	615,324
	606,360	1,080,560

The hire purchase payables bore effective rates ranging from 4.73% to 6.09% (2011: 4.51% to 7.27%) per annum.

16. DEFERRED REVENUE

	2012 RM	2011 RM
Cost		
At 1 January	976,589,400	973,516,776
Addition	-	3,072,624
At 31 December	976,589,400	976,589,400
Accumulated government funding recognised		
At 1 January	22,701,328	15,289,951
Addition	8,110,210	7,411,377
At 31 December	30,811,538	22,701,328
Net carrying amount	945,777,862	953,888,072

The deferred revenue relates to the government funding provided to the Company for the purpose of meeting all costs related to the construction of Section 1 of the Highway and the Putrajaya Link Interchange under a Design and Build Contract dated 25 November 2004.

Upon completion of the construction works of the Highway and the commencement of tolling operations, the government funding will be recognised as revenue on a systematic basis to the statement of comprehensive income over the remaining period of the concession.

17. OTHER PAYABLES AND ACCRUALS

	2012 RM	2011 RM
Deposits and sundry payables	3,149,806	3,248,881
Accruals and provisions	2,028,975	4,587,587
	5,178,781	7,836,468

18. AMOUNT DUE TO ULTIMATE HOLDING COMPANY

	2012 RM	**2011** RM
Advances	40,000,000	40,000,000
Management fee payable to ultimate holding company	231,920	221,722
	40,231,920	40,221,722

The amount owing is unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

19. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

The amount owing represented expenses paid on behalf which were unsecured, interest-free and repayable on demand. The amount owing was settled in cash.

20. REVENUE

	2012 RM	**2011** RM
Toll revenue	68,814,827	62,351,648
Ancillary income	904,691	595,998
	69,719,518	62,947,646

21. PROFIT/(LOSS) BEFORE TAXATION

	Note	2012 RM	2011 RM
Profit/(Loss) before taxation is arrived at after charging/(crediting):			
Auditors' remuneration:			
- for the financial year		48,000	45,000
- underprovision in the previous financial year		3,000	9,900
Amortisation of concession assets	7	11,538,353	10,482,052
Depreciation of plant and equipment	6	862,893	845,386
Employee benefits expense	22	8,264,679	8,075,735
Interest expense:			
- IMTNs		35,495,486	35,477,728
- hire purchase		43,461	53,151
- others		4,386,927	4,525,480
Plant and equipment written off		-	289
Management fee		1,800,000	1,800,000
Operating leases:			
- minimum lease payments for machinery		24,360	22,120
Government funding recognised	16	(8,110,210)	(7,411,377)
Interest income		(911,379)	(1,797,934)

22. EMPLOYEE BENEFITS EXPENSE

	2012 RM	2011 RM
Wages, salaries and other emoluments	5,199,316	5,311,920
Defined contribution plans	749,479	660,523
Other staff related expenses	2,316,204	2,100,863
Short-term accumulating compensated expenses	(320)	2,429
	8,264,679	8,075,735

Included in employee benefits expense of the Company is RM2,087,683 (2011: RM2,245,065) which represents emoluments payable to executive directors of the Company.

The monetary value of other benefits provided and/or paid to executive directors of the Company during the year amounted to RM23,600 (2011: RM23,600).

23. INCOME TAX EXPENSES

	2012 RM	2011 RM
Income tax:		
- for the financial year	5,800	4,000
- (over)/underprovision in previous financial years	(22,445)	5,158
	(16,645)	9,158
Deferred tax assets (Note 24):		
- for the financial year	235,000	(4,980,000)
Deferred tax liabilities (Note 24):		
- for the financial year	(235,000)	4,980,000
	-	-
	(16,645)	9,158

A reconciliation of income tax expense applicable to the profit/(loss) before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Company is as follows:-

	2012 RM	2011 RM
Profit/(Loss) before taxation	3,067,617	(1,616,249)
Tax at statutory tax rate of 25%	766,904	(404,062)
Tax effects of:-		
Non-deductible expenses	3,275,033	2,978,169
Non-taxable income	(2,511,137)	(1,895,107)
Utilisation of deferred tax assets previously not recognised	(1,525,000)	(675,000)
(Over)/Underprovision of income tax in previous financial years	(22,445)	5,158
Income tax expense for the financial year	(16,645)	9,158

24. DEFERRED TAX

	2012 RM	**2011** RM
At 1 January/31 December	-	-
Represented by:-		
Deferred tax assets:		
At 1 January	102,030,000	97,050,000
Recognised in profit or loss (Note 23)	(235,000)	4,980,000
At 31 December	101,795,000	102,030,000
Deferred tax liabilities:		
At 1 January	(102,030,000)	(97,050,000)
Recognised in profit or loss (Note 23)	235,000	(4,980,000)
At 31 December	(101,795,000)	(102,030,000)

Deferred tax assets and liabilities are attributable to the following items:-

	2012 RM	**2011** RM
Deferred tax assets:-		
Unutilised tax losses and unabsorbed capital allowances	101,795,000	102,030,000
Deferred tax liabilities:-		
Concession assets	(101,795,000)	(102,030,000)

No deferred tax asset is recognised in respect of the following item:-

	2012 RM	**2011** RM
Unutilised tax losses	43,932,000	50,031,000

25. RELATED PARTY DISCLOSURES

(a) Identities of related parties

The Company has related party relationship with:-

(i) its holding companies as disclosed in Note 3 to the financial statements; and

(ii) the directors who are the key management personnel.

(b) Other than those disclosed elsewhere in the financial statements, the Company carried out the following transactions with its related parties during the financial year:

	2012 RM	**2011** RM
Ultimate holding company:		
- management fee paid/payable	1,800,000	1,800,000
- progress billings billed under turnkey contract of RM1,380million	-	72,306
- highway security services paid/payable	541,834	454,064
- director office expenses paid	600,000	600,000
- staff training and development	-	2,650
Related companies:		
- seasonal parking fee paid to ASM Properties Sdn. Bhd. and Konsortium Letak Kereta Sdn. Bhd.	8,250	9,300
- petrol expenses paid to ASM Retail Sdn. Bhd.	118,167	112,122
- staff hostel paid to ASM Development Sdn. Bhd.	6,000	-
Key management personnel compensation:		
- salaries, allowances and bonuses	2,562,292	2,599,106
- defined contribution plans	326,244	323,100

26. OPERATING LEASE ARRANGEMENTS

LEASES AS LESSOR

The Company entered into non-cancellable operating lease agreements for the use of certain machineries. These leases have an average life of 5 years with renewal options included in the contracts and fixed rentals for an average period of 5 years.

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

	2012	2011
	RM	RM
Future minimum rental payments:		
- not later than 1 year	24,360	24,360
- later than 1 year and not later than 5 years	47,460	71,820
	71,820	96,180

27. CONTINGENT LIABILITY

In December 2003, a former shareholder of the Company, Hi-Summit Construction Sdn. Bhd. ("Hi-Summit") and three other parties claiming to be the shareholders of Hi-Summit ("the Plaintiffs") had taken legal action against the Company and the current shareholders of the Company (collectively known as "the Defendants"), claiming wrongful transfer of their shareholdings of 1,900,000 shares in the Company to one of the current shareholders of the Company; and that the Company had not apportioned the construction works under the Concession Agreement to the shareholders in proportion to their respective shareholdings.

The claim against the Company was dismissed by the Kuala Lumpur High Court on 12 April 2011. Hi-Summit filed an appeal and which came up for hearing on 17 May 2013. However, the Appeal did not proceed as the Plaintiffs sought an adjournment pending an Originating Summons which affects certain shares in the Plaintiffs' Company as a result of a suit between the shareholders of the Plaintiffs' Company.

The Court has fixed the hearing for the appeal on 12 August 2013.

Insofar as the suit is concerned, the Directors believe that the decision of the High Court striking out the suit would be maintained.

28. FINANCIAL INSTRUMENTS

The Company's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Company's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

28.1 FINANCIAL RISK MANAGEMENT POLICIES

The Company's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Company does not have any transactions or balances denominated in foreign currencies and hence is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises mainly from interest-bearing financial asset and liabilities. The Company's policy is to obtain the most favourable interest rate available. Any surplus funds of the Company will be placed with licensed financial institution to generate interest income.

Information relating to the Company's exposure to the interest rate risk of the financial liabilities is disclosed in Note 28.1(c) to the financial statements.

Interest rate risk sensitivity analysis

A 100 basis points strengthening in the interest rate as at the end of the reporting period would have decreased profit after taxation by RM3,832,233 (2011: RM3,486,876). A 100 basis point weakening would have had an equal but opposite effect on the profit after taxation. This assumes that all other variables remain constant.

(iii) Equity Price Risk

The Company does not have any quoted investments and hence is not exposed to equity price risk.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and other receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

(i) Credit risk concentration profile

The Company does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Exposure to credit risk

As the Company does not hold any collateral, the maximum exposure to credit risk is represented by the carrying amount of the financial assets at the end of the reporting period.

The exposure of credit risk for trade receivables by geographical region is as follows:-

	2012 RM	**2011** RM
Malaysia	-	199,736

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Ageing analysis

The ageing analysis of the Company's trade receivables as at 31 December 2012 is as follows:-

2012	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Value RM
Not past due	-	-	-	-
2011				
Not past due	199,736	-	-	199,736

The entire portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payment computed based on the rate at the end of the reporting period):-

	Effective Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 – 5 Years RM	Over 5 Years RM
2012						
IMTNs	5.65% - 7.15%	532,370,934	550,000,000	-	150,000,000	400,000,000
Hire purchase payables	4.73% - 6.09%	606,360	665,761	230,588	390,486	44,687
Other payables and accruals	-	5,178,781	5,178,781	5,178,781	-	-
Amount due to ultimate holding company	-	40,231,920	40,231,920	40,231,920	-	-
		578,387,995	596,076,462	45,641,289	150,390,486	400,044,687
2011						
IMTNs	5.65% - 7.15%	530,340,584	550,000,000	-	100,000,000	450,000,000
Hire purchase payables	4.51% - 7.27%	1,080,560	1,183,421	508,697	570,397	104,327
Other payables and accruals	-	7,836,468	7,836,468	7,836,468	-	-
Amount due to ultimate holding company	-	40,221,722	40,221,722	40,221,722	-	-
Amount due to immediate holding company	-	321,169	321,169	321,169	-	-
		579,800,503	599,562,780	48,888,056	100,570,397	450,104,327

28. FINANCIAL INSTRUMENTS (CONT'D)

28.2 CAPITAL RISK MANAGEMENT

The Company manages its capital by maintaining an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Company may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Company manages its capital based on debt-to-equity ratio. The Company's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. Net debt is calculated as total outstanding nominal values of IMTNs plus total outstanding principal amounts of hire purchase obligations and total equity is calculated as sum of paid-up capital, accumulated losses, shareholders' advances and deferred revenue.

The debt-to-equity ratio of the Company as at the end of the reporting period was as follows:-

	2012 RM	**2011** RM
Hire purchase payables	606,360	1,080,560
Nominal values of IMTNs	550,000,000	550,000,000
Net debt	550,606,360	551,080,560
Paid-up capital	60,000,000	60,000,000
Accumulated losses	(58,941,111)	(62,025,373)
Shareholders' advances	40,000,000	40,000,000
Deferred revenue	945,777,862	953,888,072
Total equity	986,836,751	991,862,699
Debt-to-equity ratio	0.56	0.56

28. FINANCIAL INSTRUMENTS (CONT'D)

28.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2012 RM	2011 RM
Financial asset		
Loans and receivables financial assets		
Trade receivables	-	199,736
Deposits and sundry receivables	99,218,147	98,414,868
Deposits with licensed banks	21,406,486	65,423,699
Short-term investment	2,214,244	-
Cash and bank balances	48,660,644	746,070
	171,499,521	164,784,373
Financial Liability		
Other financial liabilities		
IMTNs	532,370,934	530,340,584
Hire purchase payables	606,360	1,080,560
Deposits and sundry payables	3,149,806	3,248,881
Accruals and provisions	2,028,975	4,587,587
Amount owing to ultimate holding company	40,231,920	40,221,722
Amount owing to immediate holding company	-	321,169
	578,387,995	579,800,503

28. FINANCIAL INSTRUMENTS (CONT'D)

28.4 FAIR VALUES OF FINANCIAL INSTRUMENTS

The carrying amounts of the financial assets and financial liabilities of the Company as at the end of the reporting period are represented as follows:

	Carrying Amount	Fair Value
2012	RM	RM
Financial Liabilities		
Hire purchase payables	606,360	582,934
IMTNs	532,370,934	##
2011		
Financial Liabilities		
Hire purchase payables	1,080,560	1,041,363
IMTNs	530,340,584	##

It is not practical to estimate the fair value of the Company's IMTNs because of a lack of similar instruments with similar terms and conditions in the market. However, the Company believes that the carrying amounts approximated their recoverable values as the prevailing interest rate environment has not deviated materially from the time when the IMTNs were first issued.

The carrying amounts of the financial assets and financial liabilities reported in the financial statements approximated their fair values.

The following summarises the methods used in determining the fair values of the financial instruments:-

(i) The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short-term maturity of the financial instruments.

(ii) The fair value of hire purchase payables is determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

28. FINANCIAL INSTRUMENTS (CONT'D)

28.5 FAIR VALUE HIERARCHY

The fair values of the financial assets and liabilities are analysed into level 1 to 3 as follows:-

Level 1: Fair value measurements derive from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements derive from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Fair value measurements derive from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at 31 December 2012, the Company's financial instruments carried at fair values are analysed as below:-

	Level 3 RM
Financial liabilities	
- IMTNs	532,370,934

Reconciliation of level 3 of the fair value hierarchy

	Islamic Debt Securities RM
Balance at 1.1.2012	530,340,584
Total loss recognised in profit or loss, under expense:	2,030,350
Balance at 31.12.2012	532,370,934

Although the Company believes that its estimates of fair value are appropriate, the use of different methodologies or assumptions could lead to different measurements of fair value.

For fair value measurements in level 3, changing one or more of the assumptions used to reasonably possible alternative assumptions would have the following effects:-

(i) A 1% decrease/increase in interest rate would have resulted in a decrease/increase in the fair values of the IMTNs of RM180,789 and RM185,742 respectively.

29. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

The Company and its shareholders, Bright Focus Berhad and Ulimas Sdn. Bhd. had on 16 March 2012 entered into an agreement with EP Manufacturing Berhad ("EPMB") for the disposal of the business of the Company and the entire equity interest of the Company ("Proposed Disposal") to a wholly-owned subsidiary to be incorporated by EPMB for a total consideration of RM1.15 billion together with the redemption of the Company's existing Islamic medium term loan notes of nominal amount of RM550 million ("IMTN Redemption").

On 15 May 2013, all parties in the Proposed Disposal mutually agreed to terminate the said agreement.

APPENDIX IV

Extract of the Traffic Report for MEX Highway

1 Introduction

1.1 Preface

1.1.1 This report presents the work undertaken by Sinclair Knight Merz ('SKM') for Maju Expressway Sdn Bhd ('the Client') to forecast demand for the Maju Expressway, referred to as MEX throughout this report and the proposed new interchange at Seri Kembangan, known as the SK Link.

1.1.2 Modelling and forecasting is not a precise science. Forecasts are only an indication of what might happen in the future and they may not be achieved. They rely on complex sets of input data and assumptions. There is no guarantee that these assumptions will in fact be correct or accurate and there are numerous factors that can influence the actual demand, many of which are beyond the control or reasonable foresight of the forecaster. For example, the construction and operation of new competing toll roads, which are currently unplanned and not committed. There are also uncertainties associated with the shift of demand from toll roads to public transport, given the scale of the investment in MRT now committed by Government.

1.1.3 Whilst the risk of inaccuracies cannot be eliminated, it can be reduced through a detailed process, including, but not limited to the adoption of reasonable assumptions, the use of accepted modelling standards and techniques, peer review and appropriate sensitivity testing. This process, in particular the key assumptions, applied by SKM for the purposes of this report were discussed and agreed with the client at various stages of the report.

1.1.4 SKM derived the input data used and identified in this report primarily from the data provided by the Client or otherwise available in the public domain at the time. In preparing this report, SKM has relied upon and presumed that this data is accurate. Except as otherwise stated in the report, SKM has not attempted to verify the accuracy or completeness of any such information.

1.1.5 SKM has prepared this report in accordance with the usual care and thoroughness of the consulting profession, by reference to applicable industry standards, guidelines and assessment criteria in existence at the date of issue of this report. For the reasons outlined above, however, no other warranty or guarantee, whether expressed or implied, is made as to the data, observations and forecasts expressed in this report.

1.1.6 This report should be read in full and no excerpts are to be taken as representative of the findings. No responsibility is accepted by SKM for use of any part of this report in any other context. This report has been prepared on behalf of and for the exclusive use of the Client, and is subject to and issued in accordance with the contract between SKM and the Client. SKM accepts no liability or responsibility whatsoever for or in respect of any use of or reliance upon this report by any third party.

1.1.7 The Report has been prepared following consultation with, and on the basis of instructions received from, the Client only. While we have reviewed issues which you may require to be reviewed, the issues covered by the Report and the emphasis placed on them may not necessarily address all or any of the specific concerns or interests of anyone other than the Client.

1.1.8 We shall not assume any responsibility or liability to you which is additional to or greater (both in duration and quantum) than that which we already have to the Client.

1.1.9 We shall not be liable to you for any loss (including indirect, consequential or economic loss), damage, cost or expense which is suffered by you or any other person.

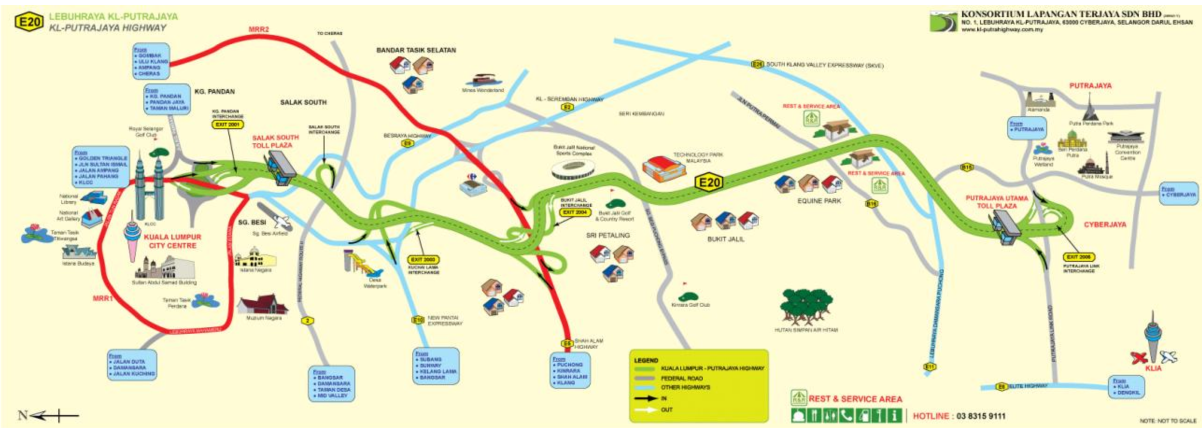
1.1.10 We shall not be liable to you for any loss (including indirect, consequential or economic loss), damage, cost or expense arising in any way from, or in connection with, any dishonest, deliberate or reckless mis-statement, concealment or other conduct on the part of any other person.

1.1.11 We shall not be liable to you for any error, omission or negligence in the Report to the extent that you make a recovery in respect of the same matter, fact or circumstance from any other person.

1.2 MEX

1.2.1 MEX is approximately 26km in length and links Jalan Tun Razak at Kampung Pandan Roundabout to the Government administration centre in Putrajaya and Malaysia's technology hub in Cyberjaya. MEX is also a convenient road for passengers travelling between Kuala Lumpur (KL) and Kuala Lumpur International Airport (KLIA). MEX was opened on 13 December 2007 after the concession agreement was granted and tolling commenced on 17 January 2008.

Figure 1.1: MEX corridor location



1.2.2 A new link is proposed to connect the MEX with B16 Jalan Putra Permai. This new connection will open up access to MEX for new markets of trips originating in Seri

Kembangan on the east and Putra Permai area in the West. In addition, due to new access routes through B16 road, the SK link will result in diversions in existing trips from MEX to Cyberjaya, Putrajaya and KLIA.

1.2.3 This report uses the MEX traffic forecasts and planning data from local area to understand the potential impact of the new SK Link on MEX ridership. SKM has reviewed the markets for MEX and derived traffic forecasts based on existing traffic data and the Klang Valley Transport Model developed by Perunding Atur Sdn Bhd ("ATUR").

1.3 This report

1.3.1 The report covers the following:

- Background information
- Development of SKM's model for forecasting traffic and revenue for MEX
- Development of SKM's model for estimating impact of SK Link , including assumptions and methodology
- Traffic and revenue forecasts for MEX and trips using SK Link

2 Background information

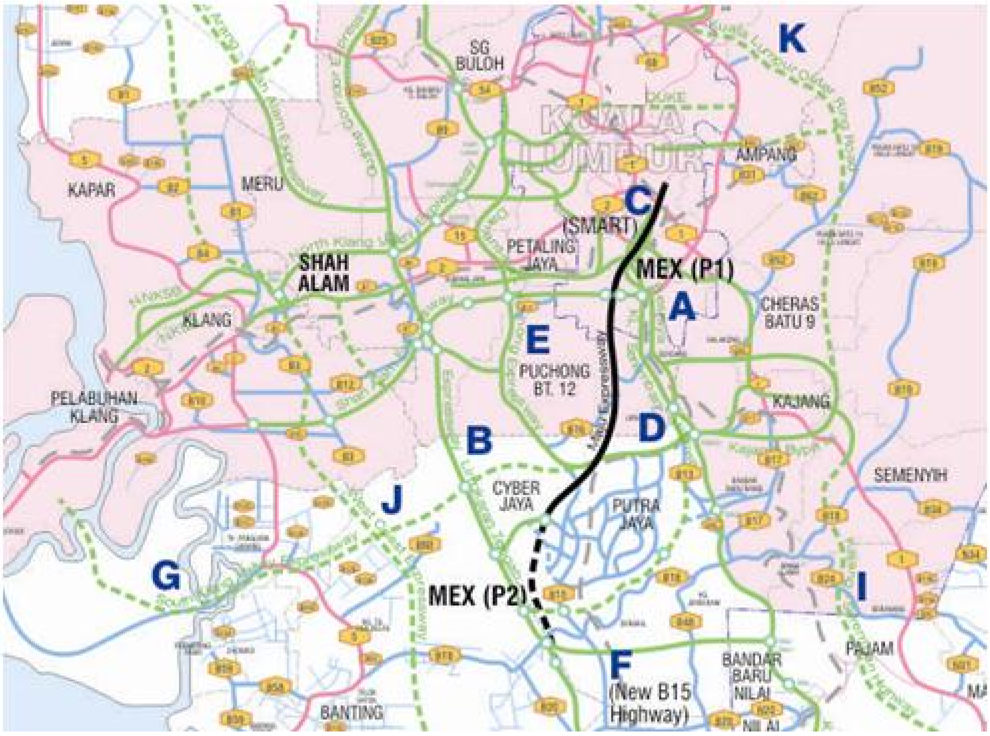
2.1 Introduction

2.1.1 The following section of the report presents relevant background information to this study.

2.2 Demand for MEX

2.2.1 Figure 2.1 below shows the alignment of MEX, including the proposed link to KLIA (shown as a dashed line). MEX also serves other shorter distance markets, including journeys between the Middle Ring Road I (MRR I) at Jalan Tun Razak and the Middle Ring Road II (MRR II) at Kesas Highway, alleviating the significant traffic demand on other competing routes in this key area, south of KL city centre.

Figure 2.1: Klang Valley Road Network – current and proposed



2.2.2 The key markets currently served by MEX include:

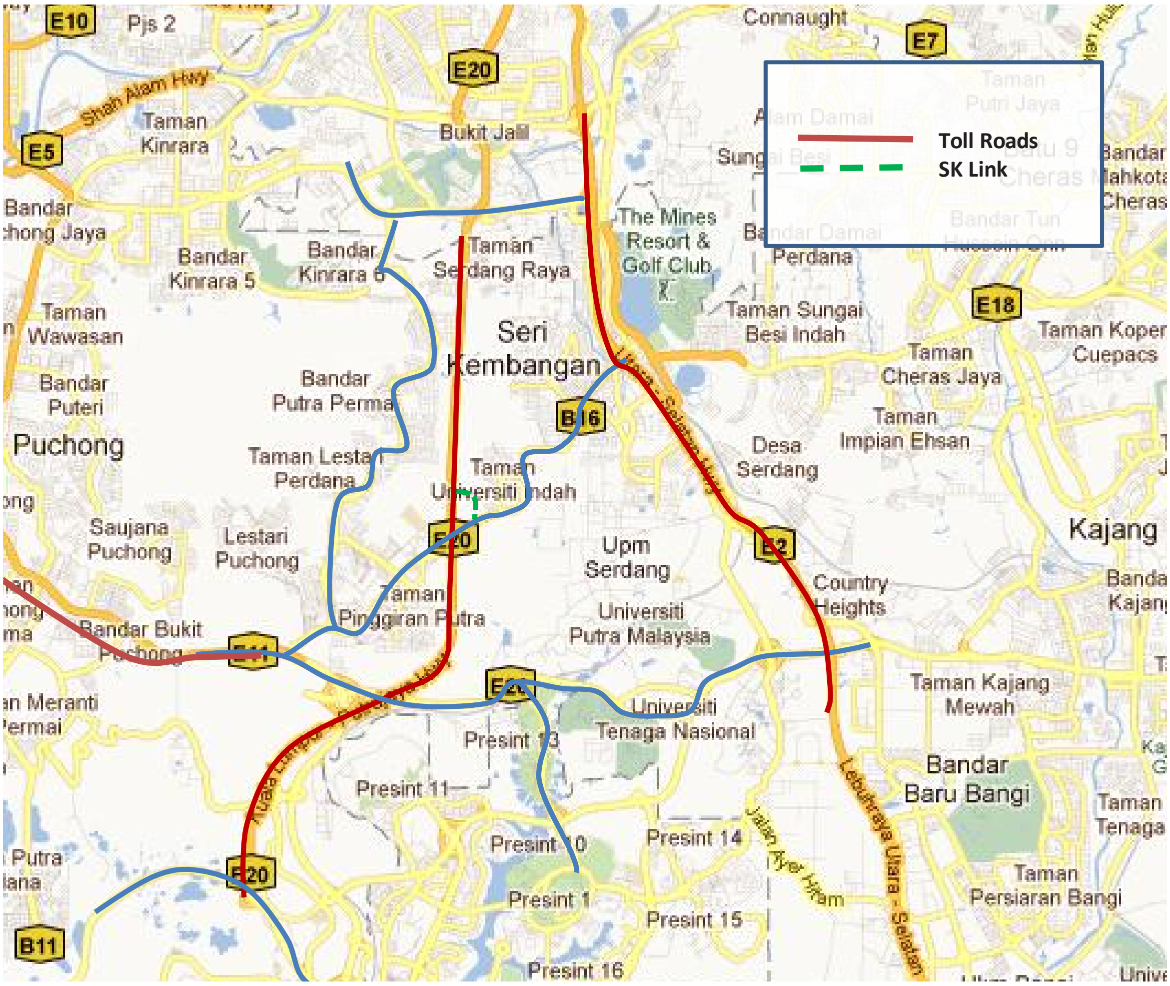
- Kuala Lumpur city centre to/from Putrajaya and Cyberjaya
- Kuala Lumpur city centre to/from Kuala Lumpur International Airport (KLIA)
- Trips along the corridor, not associated with either the airport or Putrajaya and Cyberjaya

2.2.3 MEX is currently acting as a catalyst for the development of the corridor along which it serves. Since 2008, a number of residential developments have been taken forward, whereby developers are attempting to capitalise on the improved accessibility of the corridor.

2.3 Location of SK Link

2.3.1 The SK Link will connect MEX with the B16 Jalan Putra Permai which lies in the Seri Kembangan area of Selangor.

Figure 2.2: Location of SK Link



3 Traffic and Market Share forecasts

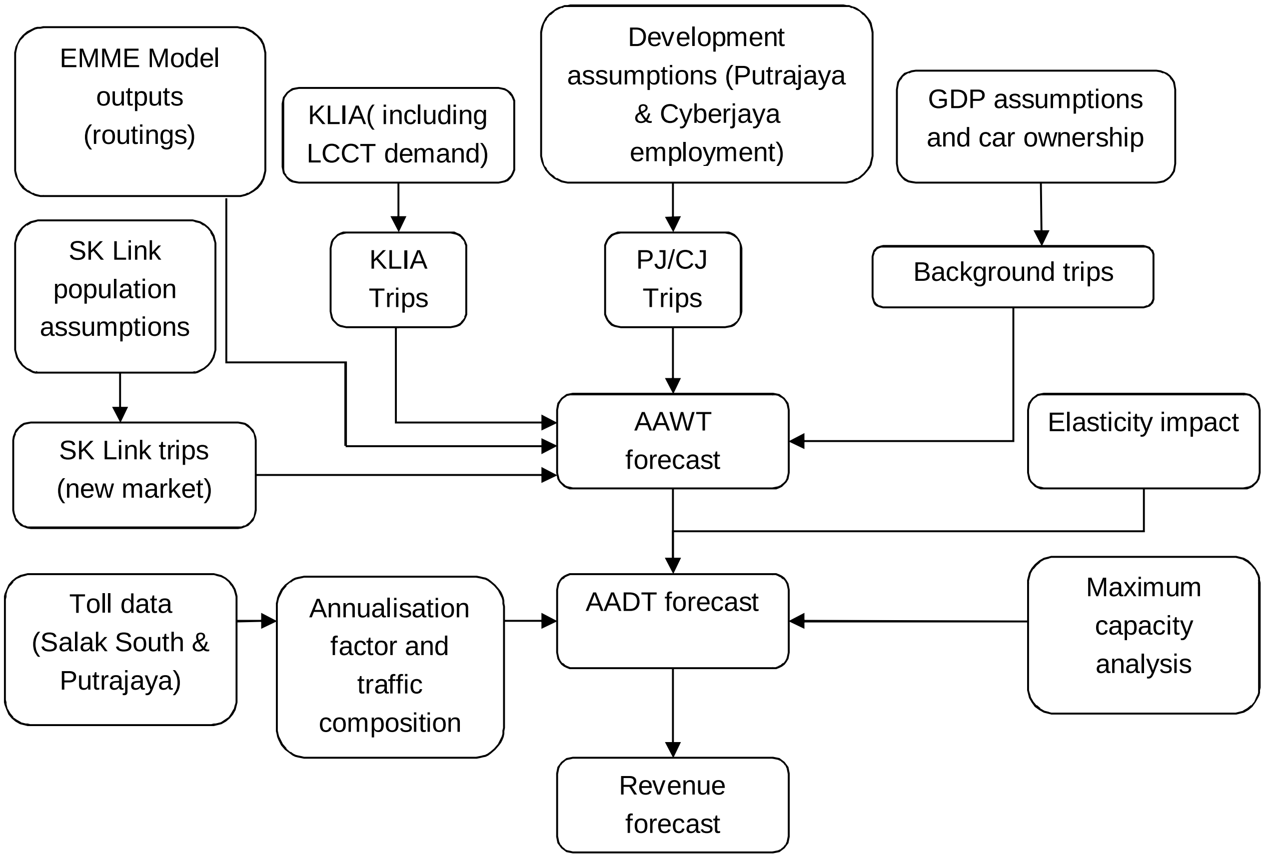
3.1 Overview of forecasting methodology

3.1.1 The forecasting tool developed for MEX is a spreadsheet tool, the assumptions for which are derived from a variety of sources. MEX has three principle markets:

- Demand to/from KLIA/low cost terminal
- Trips associated with the employment at Putrajaya and Cyberjaya
- Background demand, associated with land use development along the corridor and long distance trips, not associated with Putrajaya, Cyberjaya or the airport.

3.1.2 The process chart below summarises the approach:

Figure 3.1: MEX demand forecasting methodology



3.1.3 The modelling methodology utilises a strategic EMME model of the Klang Valley road network as a basis for routing trips associated with each of the three markets, but a spreadsheet model is used to generate demand and revenue forecasts based on a calculation of the trips generated by each of the three markets each year of the concession period.

3.2 Market share/routings

3.2.1 The following table summarises the routings assumed through the toll plazas at Putrajaya and Salak South, based on outputs derived from the EMME model:

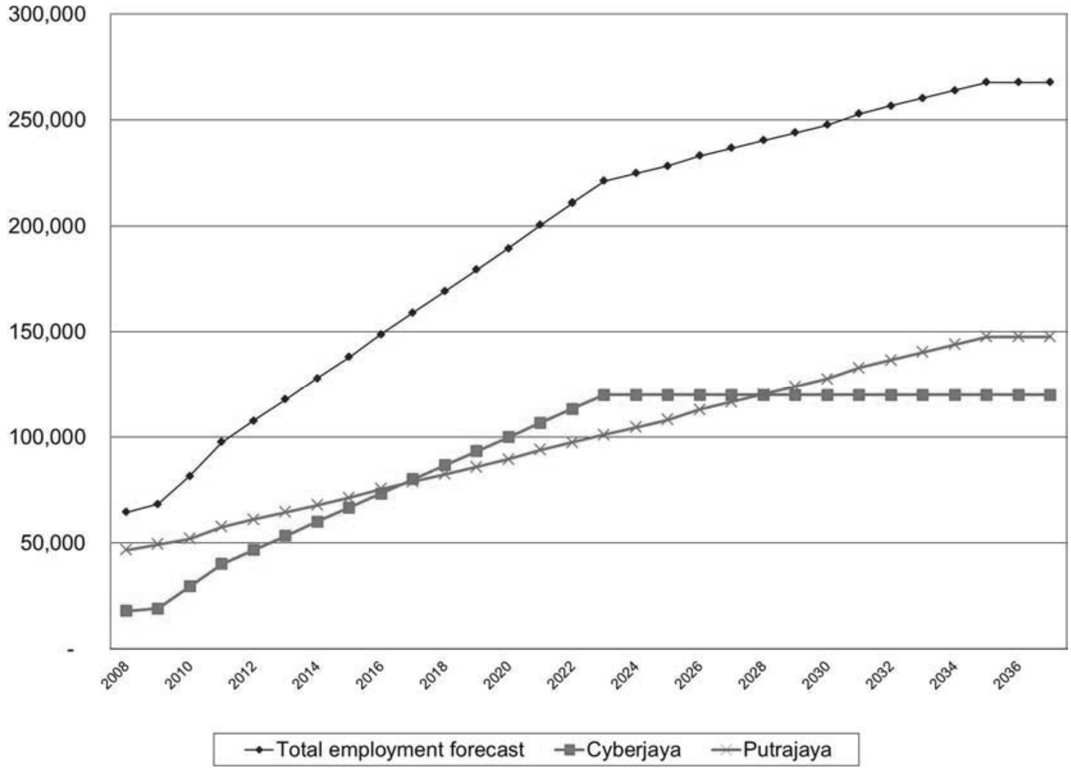
Table 3.1: Routing assumptions derived from EMME model

KLIA demand at Salak South toll plaza as % of Putrajaya toll plaza	79%
KL to CJ/PJ at Salak South toll plaza as % of Putrajaya toll plaza	56%
Background demand at Putrajaya toll plaza as % of Salak South toll plaza	70%

3.3 Putrajaya and Cyberjaya related demand

3.3.1 Demand on MEX is generated by the land use developments in Putrajaya and Cyberjaya. The rate of growth of this market will reflect the growth of Putrajaya and Cyberjaya, which are both masterplans of a significant scale. Figure 3.2 identifies the assumed employment growth in Cyberjaya and Putrajaya:

Figure 3.2: Employment growth rate in Cyberjaya and Putrajaya



3.3.2 It should be noted that there are uncertainties associated with these employment assumptions; the development of both masterplans has been slower than originally expected. The assumed completion dates adopted in the forecasting have been pushed back to reflect this uncertainty.

3.3.3 It is estimated that for every 1,000 employees in Putrajaya and Cyberjaya, there are approximately 220 trips on MEX per day. These trips are undertaken by employees, residents and visitors.

3.4 Airport demand

3.4.1 The following graph shows the historical demand growth at KLIA, including the low cost terminal. The average number of new trips per year (approximately 2.37m/year between 2003 and 2011) has been derived from this historical data, shown in the graph and table below:

Figure 3.3: Historical demand at KLIA (including low cost terminal)

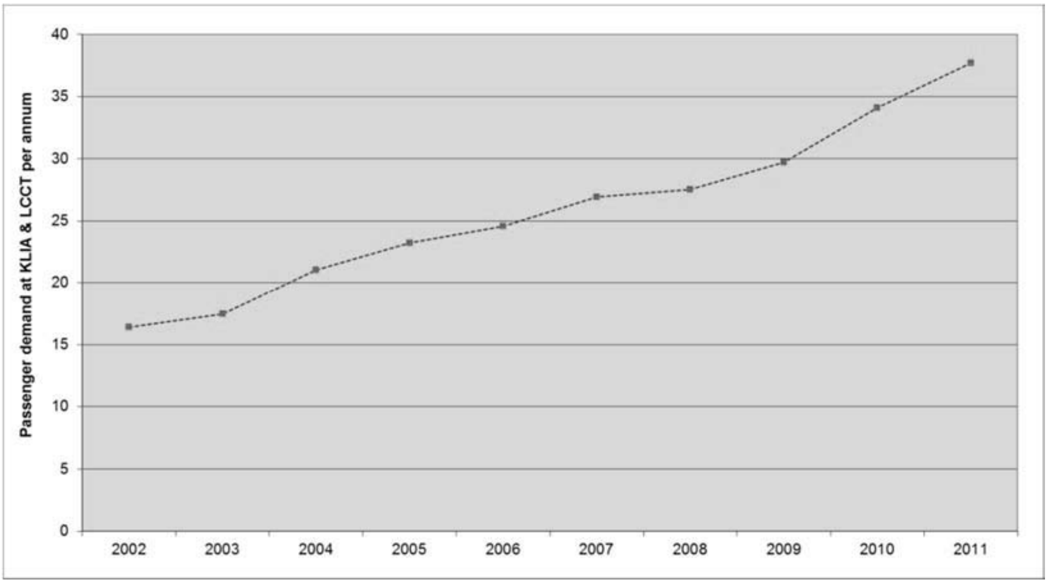
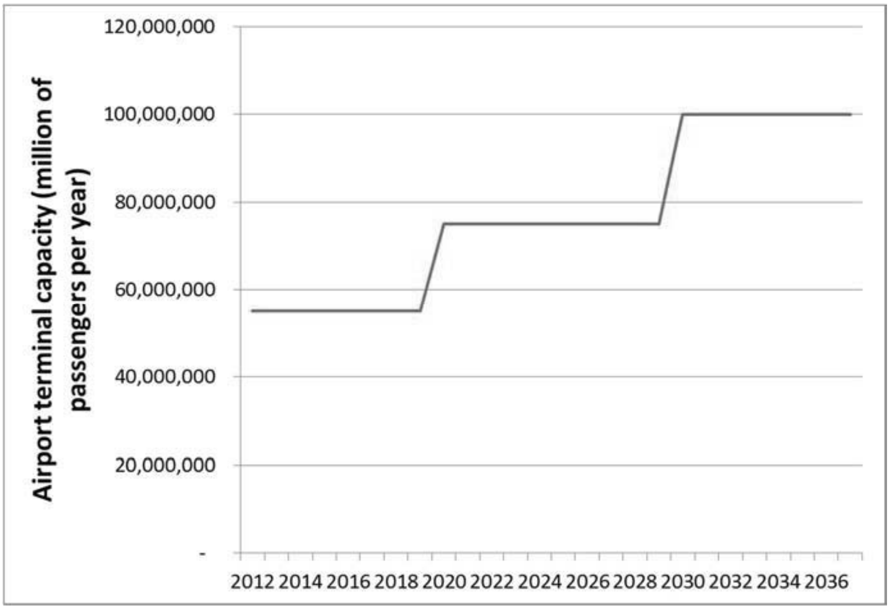


Table 3.2: Vehicle composition for airport demand

Year	Passengers (million)	New trips per year (millions)
2003	17.45	1.06
2004	21.06	3.60
2005	23.21	2.16
2006	24.57	1.36
2007	26.94	2.37
2008	27.53	0.59
2009	29.70	2.17
2010	34.09	4.39
2011	37.70	3.61
Average		2.37

3.4.2 The combined capacity of the KLIA and low cost terminal is assumed to be as follows, based on the KLIA masterplan, and the demand is capped at this level:

Figure 3.4: Assumed capacity at KLIA (including low cost terminal)



3.4.3 The increases in terminal capacity are based on the following assumptions:

- 2012 - KLIA 2 opens, adding 15,000,000mppa capacity (the delayed opening of KLIA II to 2014 is not assumed to be limiting demand growth)
- 2020 – Satellite Terminal B opens, adding 20,000,000mppa capacity
- 2030 – New Terminal and Satellite Terminal C opens, adding 25,000,000mppa capacity

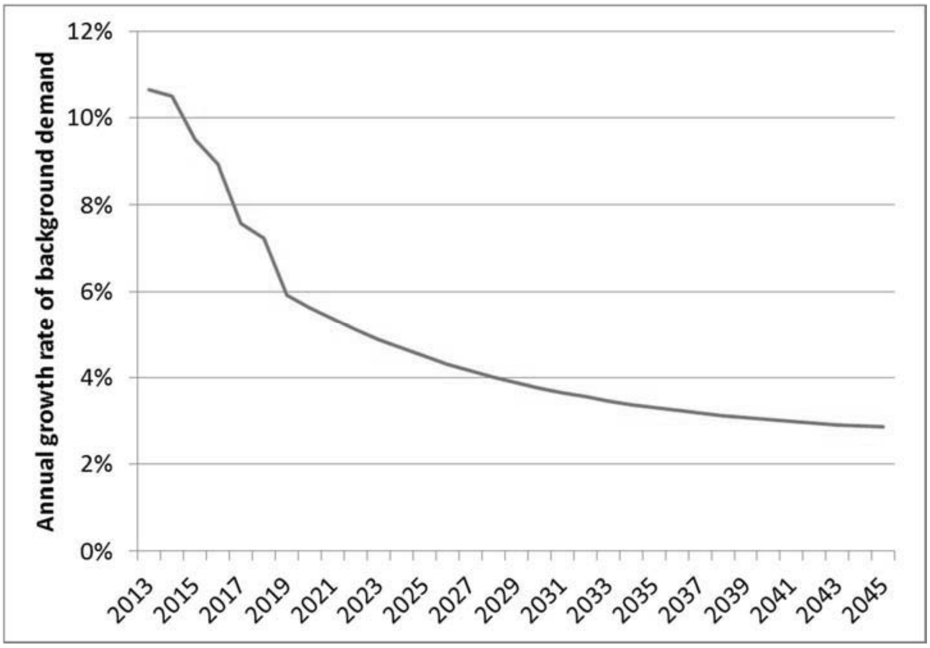
3.4.4 It is estimated that for every 1,000,000 passenger movements at KLIA and LCCT/KLIA 2, there are approximately 576 trips on MEX per day. These trips are undertaken by passengers and employees.

3.5 Background demand

3.5.1 Background demand is assumed to grow in line with GDP growth, but a higher growth rate is expected in the short term, reflecting the response by 3rd parties developing along the MEX corridor, responding to the step change in accessibility provided by MEX.

3.5.2 The Figure below identifies the growth rate applied to background trips.

Figure 3.5: Growth rate assumed for background demand on MEX



3.6 Traffic composition

3.6.1 Based on actual toll plaza data at Salak South and Putrajaya, the following traffic compositions have been adopted for the following markets.

Table 3.3: Vehicle composition for trips associated with Putrajaya and Cyberjaya employment

Mode	Mode share
Bus	1.3%
Taxis	2.6%
LGV	0.4%
HGV	0.2%
Cars	95.5%

Table 3.4: Vehicle composition for background demand

Mode	Mode share
Bus	1.7%
Taxis	14.5%
LGV	0.4%
HGV	0.1%
Cars	83.4%

3.7 The assumed traffic composition for the airport demand is based on a study undertaken for KLIA, which assumes a reduced role for taxis to/from the airport over time.

Table 3.5: Vehicle composition for airport demand

Mode	2008	2010	2020	2030
bus	2.9%	2.8%	2.7%	2.4%
taxi	33.9%	31.9%	21.8%	14.2%
car	63.2%	65.3%	75.5%	83.4%

3.8 Impact of SK Link

3.8.1 The new SK link is likely to be mostly used by two types of traffic:

1. Trips originating in Seri Kembangan (SK) or Putra Permai neighbourhood, essentially providing access to a new market for MEX
2. Diverted trips going to Cyberjaya, Putrajaya and KLIA.

3.8.2 The introduction of SK Link with its proposed lower toll rates will have a number of impacts on MEX

- Likely fall in demand due to accessibility to shorter routes to Putrajaya/Cyberjaya
- Leakage due to lower toll
- Additional demand due to access to new markets.

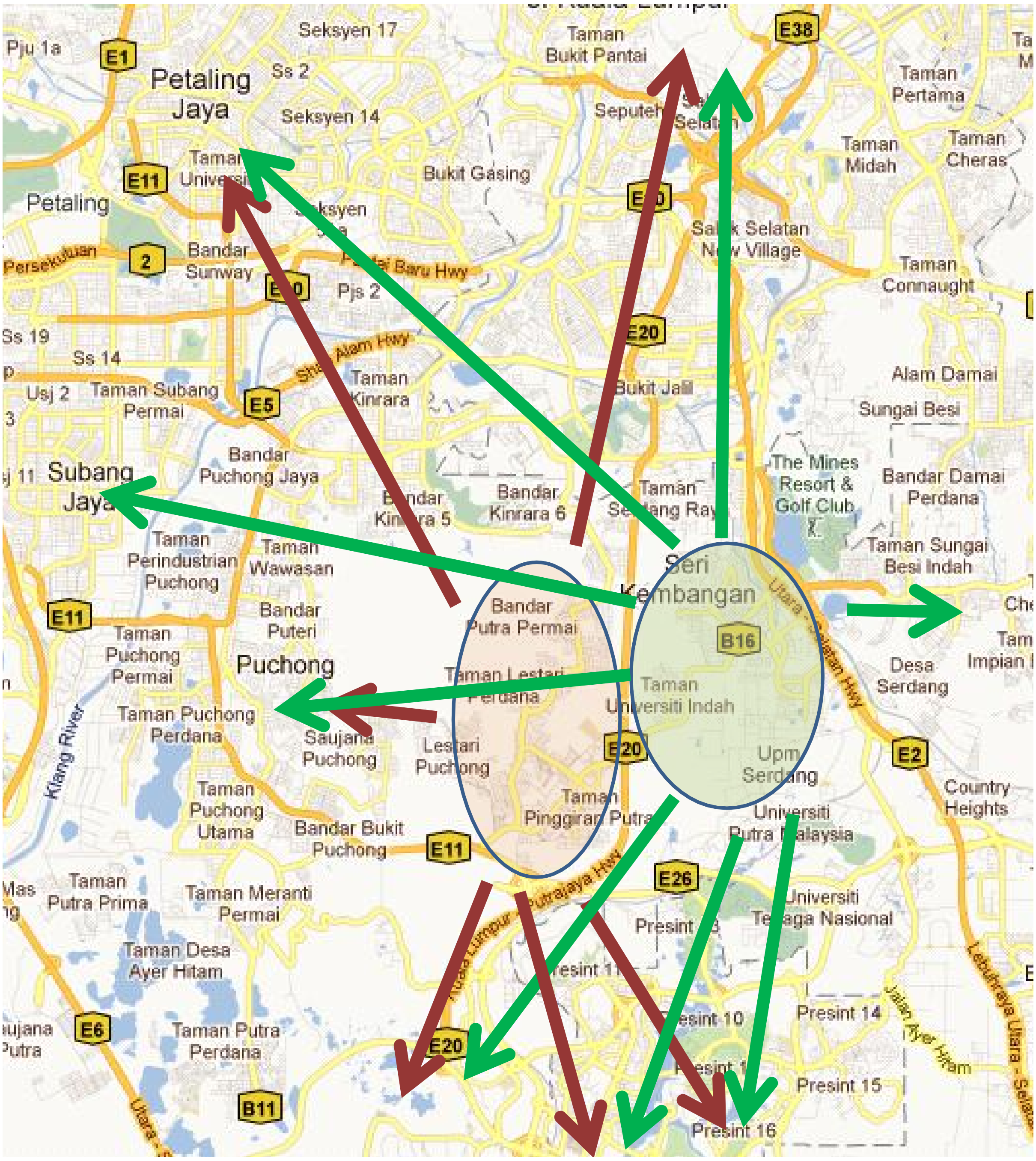
3.8.3 As the next exit to MEX is further down after the Putrajaya toll plaza, it is expected that a number of trips will be diverted through the SK link. Trips going to Cyberjaya, Putrajaya and KLIA which form the basic market for MEX will have a choice of getting down at the SK Link paying the new toll and cover the rest of the journey by local roads.

3.8.4 The SK Link provides access for surrounding neighbourhoods to MEX. Figure 3.6 below shows likely connections from SK and PP areas which can be served by MEX.

3.8.5 SK Link provides access to two new markets

- Seri Kembangan
- Taman Putra Permai

Figure 3.6: New markets served by SK Link



3.8.6 In addition, Mardi link, which connects B16 to Putrajaya using a fast link, is also supposed to assist trips to Putrajaya through a fast link. However, the current model results do not take the impact of this link into account.

3.9 Assessing demand for SK Link

3.9.1 SK Link is likely to be used for travel to work from residential areas of Seri Kembangan (SK) and Taman Putra Permai (PP). It is assumed that all other trips are local.

3.9.2 Residential areas in SK and PP currently do not have access to MEX and they use local roads. MEX is likely to take a share of this market.

3.9.3 The trip estimate for new trips through SK Link was then estimated using a standard 4-stage modelling approach. The total number of diverted trips was estimated using a market share for SK Link for existing trips. These estimates are discussed in more details in the following section.

3.10 Toll Rates

3.10.1 The toll rates for MEX are assumed to be as shown in the table below:

Table 3.6: Toll rates for Salak South toll plaza

Salak South	2013	2018	2023 onwards
Class 1	2.00	2.50	3.00
Class 2	4.00	5.00	6.00
Class 3	6.00	7.50	9.00
Class 4	1.00	1.30	1.50
Class 5	2.00	2.50	3.00

Table 3.7: Toll rates for Putrajaya toll plaza

Salak South	2013	2018	2023 onwards
Class 1	3.50	4.90	6.90
Class 2	7.00	9.80	13.80
Class 3	10.50	14.70	20.70
Class 4	1.80	2.50	3.50
Class 5	3.50	4.90	6.90

Table 3.8: Toll rates for SK Link toll plaza

Salak South	2015	2018	2023 onwards
Class 1	2.20	3.10	4.30
Class 2	4.40	6.20	8.70
Class 3	6.60	9.20	13.00
Class 4	1.10	1.60	2.20
Class 5	2.20	3.10	4.30

3.11 Annualisation Factors

3.11.1 Annualisation factors have been calculated per market and the mix of traffic (between markets, as opposed to class) at each toll plaza has been taken into account. The following table sets out the annualisation factors adopted:

Table 3.9: Annualisation factors, by market

	Putrajaya toll	Salak South toll
KL - Putrajaya & Cyberjaya	327	316
KL - KLIA	363	354
Background demand	337	322

3.12 Demand elasticity of toll

3.12.1 Demand elasticity of toll which is based on percentage change in demand with percentage change in toll is taken as -1.76, which is based on model outputs produced by Klang Valley Model by ATUR.

3.13 Traffic demand estimates for new trips on SK Link

3.13.1 The demand estimates for new market trips using SK Link is derived based on the existing population estimates for the two neighbourhoods.

3.13.2 The following method and assumptions were adopted for estimating the overall aggregate demand for the new markets:

- Estimate overall Demand
  - Estimate overall population in the SK and PP areas
  - Assume all trips except work based commute trips to be local
  - Estimate the level of car ownership in SK and PP areas
  - Derived estimates of trip rates based on car ownership and employment statistics

- Estimate where trips are distributed
- Estimate a market share for MEX for each Origin-Destination pair of trips using SK Link

3.13.3 Table 3.10 below shows the population estimates based on the Subang Jaya Master Plan report by JPBD.

Table 3.10: Population Estimate in Seri Kembangan and Bandar Putra Permai

	Households					Population	
Area	in 2000	Committed by 2010	Committed by 2015	Total by 2015	Total by 2014	in 2000	2014
Seri Kembangan	**22,060**	**8,568**	**6,426**	**37,054**	**35,769**	**98,972**	**160,476**
Putra Permai	**6,385**		**8,994**	**15,379**	**13,580**	**12,463**	**33,134**

Source: MPSJ 2020 Masterplan, JPBD

3.13.4 It is assumed that about 40% of the existing households were occupied in the Bandar Putra Permai townships in year 2000 and about 50% of them are occupied in 2010.

Trip Rates

3.13.5 Car ownership in the Klang Valley is estimated at 210 in year 1997. World Bank figures estimate growth rate of 5% per year. There are current estimates of car ownership of 265 per 1000 people in Klang Valley, which is higher than national average.

3.13.6 The total estimated trip rate per employed person (one way) is therefore 0.26775.

3.13.7 Based on the geographical access splits, estimated 50% users will have access to MEX based on 7.5 km access distance to SK Link. 98% users from Putra Permai will have access to SK Link.

Table 3.11: Estimated market for MEX

Area	Estimated Total trips (market for MEX)
Seri Kembangan	26,618
Taman Putra Permai	5,496
Total	**32,113**
Market for Diversions	
Forecasts traffic volume at Putrajaya Toll Plaza in 2015	**70,381**

Distribution of trips

3.13.8 The distribution of trips was estimated using the global demand matrices derived from Klang valley model by ATUR.

3.13.9 Table 3.12 below shows the proportion of trips distributed through various regions from SK and PP areas.

Table 3.12: Distribution of trips from SK & PP

	Seri Kembangan		Putra Permai	
	Origins	**Destinations**	**Origins**	**Destinations**
KL	45%	46%	45%	46%
Petaling Jaya	20%	20%	20%	20%
Subang Jaya	17%	17%	17%	17%
Puchong	6%	5%	6%	5%
Putrajaya	2%	2%	2%	2%
Cyberjaya	5%	5%	5%	5%
KLIA	5%	5%	5%	5%

Source: Klang Valley 2011 Base Year model, ATUR

3.13.10 The overall demand shown in Table 3.11 was then distributed to various areas using the proportions in Table 3.12.

3.14 Other Assumptions

3.14.1 The spreadsheet model has used a number of assumptions to develop traffic and revenue forecast for the MEX highway as described above. The following additional information is used for the traffic forecasts for SK Link:

- Value of time and Vehicle Operating Costs
- Growth in car Ownership
- Logit Choice model calculations

3.14.2 All the above additional assumptions are described below.

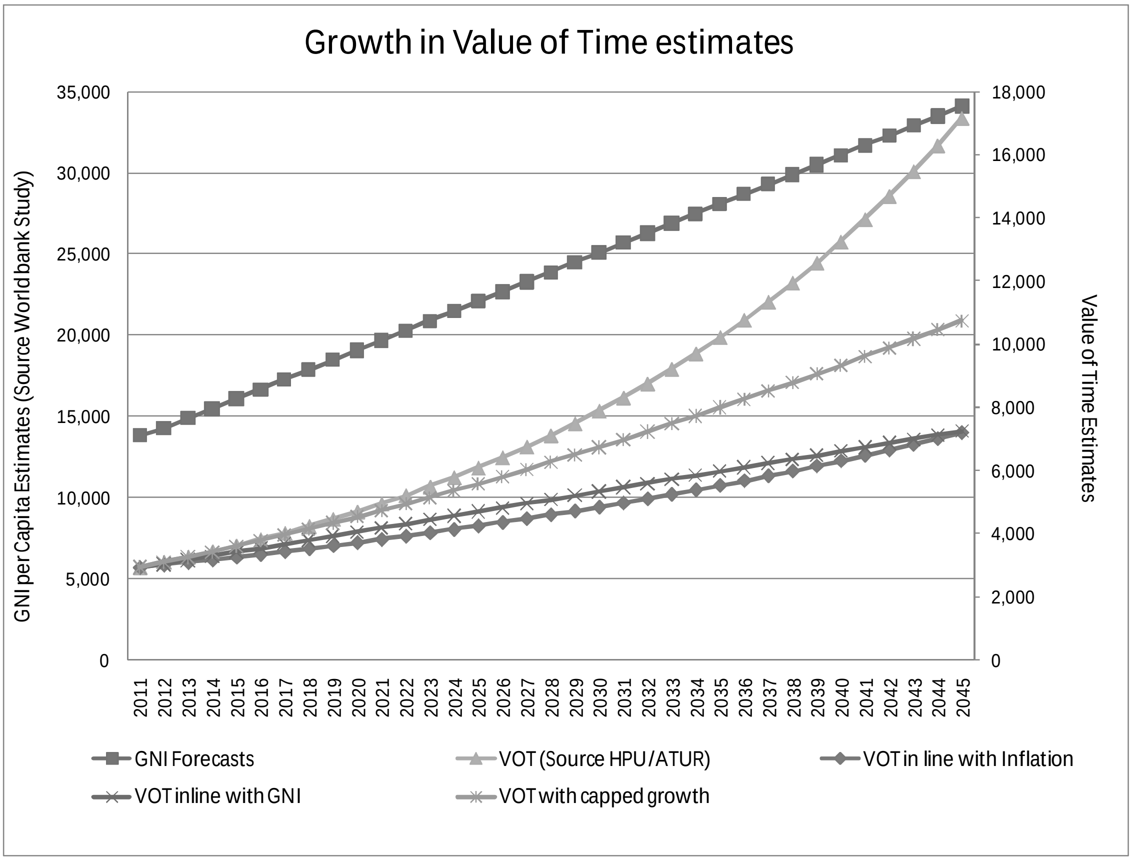
Value of Time – Willingness to Pay

3.14.3 The toll "penalty" for road user who are "willing to pay" an extra fee for using the highway, if it provides a more reliable and more convenient journey, is applied to MEX users. The "toll penalty" in minutes is calculated using "value of time" (VOT) estimates in terms of RM/Hr for different forecast years as shown below in Table 3.13. The base VOT value was derived from data provided by HPU and a capped growth rate was used for final VOT estimates as shown in Figure 3.7.

Table 3.13: Value of time for willingness to pay

Year	GNI Forecasts	VOT (Source HPU - with High Growth)	VOT in line with Inflation	VOT in line with GNI	Adopted values - VOT with capped growth
2011	13,825	2,941	2,941	2,941	2,941
2012	14,263	3,106	3,019	3,034	3,097
2013	14,863	3,271	3,100	3,162	3,259
2014	15,463	3,445	3,182	3,290	3,425
2015	16,064	3,628	3,267	3,417	3,596
2016	16,664	3,821	3,354	3,545	3,773
2017	17,265	4,024	3,443	3,673	3,954
2018	17,865	4,238	3,534	3,801	4,140
2019	18,465	4,463	3,628	3,928	4,331
2020	19,066	4,700	3,725	4,056	4,527
2021	19,666	4,950	3,824	4,184	4,727
2022	20,267	5,213	3,926	4,311	4,933
2023	20,867	5,490	4,030	4,439	5,143
2024	21,468	5,782	4,137	4,567	5,357
2025	22,068	6,089	4,247	4,695	5,576
2026	22,668	6,413	4,360	4,822	5,799
2027	23,269	6,753	4,476	4,950	6,027
2028	23,869	7,112	4,595	5,078	6,259
2029	24,470	7,490	4,718	5,206	6,495
2030	25,070	7,888	4,843	5,333	6,735
2031	25,671	8,308	4,972	5,461	6,979
2032	26,271	8,749	5,104	5,589	7,226
2033	26,871	9,214	5,240	5,717	7,478
2034	27,472	9,704	5,379	5,844	7,732
2035	28,072	10,220	5,522	5,972	7,991
2036	28,673	10,763	5,669	6,100	8,252
2037	29,273	11,335	5,820	6,227	8,517
2038	29,873	11,937	5,975	6,355	8,785
2039	30,474	12,572	6,134	6,483	9,055
2040	31,074	13,240	6,297	6,611	9,328
2041	31,675	13,944	6,464	6,738	9,604
2042	32,275	14,685	6,636	6,866	9,883
2043	32,876	15,465	6,813	6,994	10,164
2044	33,476	16,287	6,994	7,122	10,447
2045	34,076	17,153	7,180	7,249	10,732

Figure 3.7: Value of time estimates



Growth in Car Ownership

3.14.4 The estimated growth rate for background trips using MEX has been linked to the level of economic activity in the corridor and the relative growth in wealth. Over longer term, as the level of car ownership reaches close to its saturation level, the level of car use also reaches its saturation level. The background growth assumptions have therefore been linked to the level of car ownership in the Klang Valley.

3.14.5 Car ownership estimates have been derived from the Dargay and Gately model1 (2007). The current and projected level of car ownership based on the latest GDP projects is shown below in Figure 3.8, and the historic and projected growth rate for level of car ownership for Klang Valley as compared to the rest of the Malaysia is shown below in Figure 3.9.

[1] Dargay, J. Gately, D. and Somme M. (2007), Vehicle Ownership and Income Growth, Worldwide: 1960-2030, *Energy Journal*, 2007, Vol. 28, No. 4

Figure 3.8: Level of car Ownership in the Klang Valley

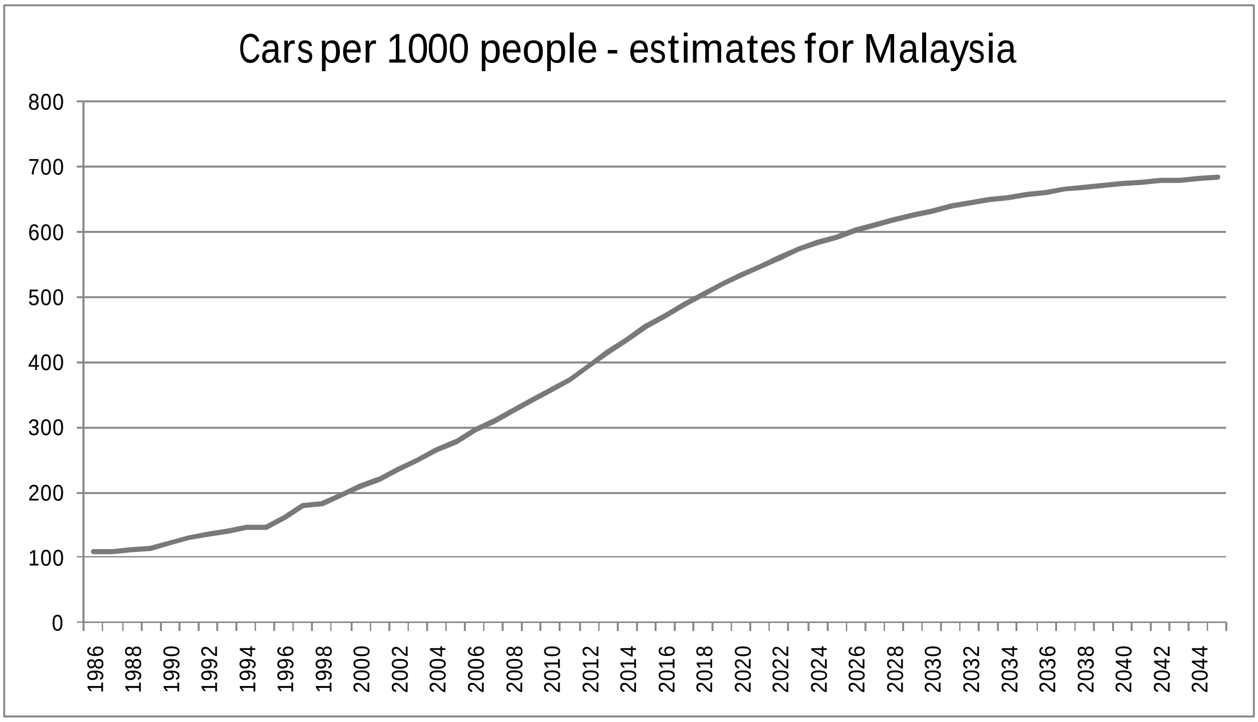
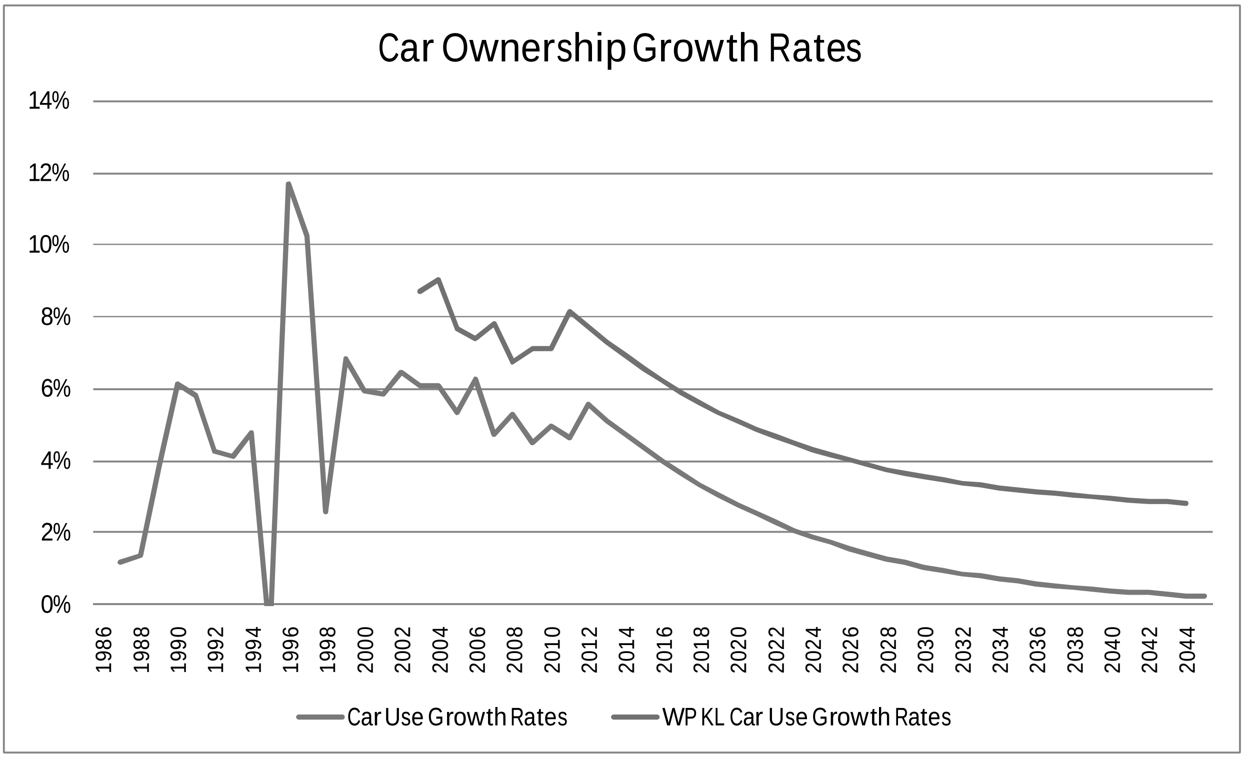


Figure 3.9: Growth rate of car ownership in the Klang Valley



3.15 Market Share – Logit Based Choice Modelling

3.15.1 Market share for new trips from SK and Putra Permai areas is based on available choices of routes. Choice of route is estimated through a Logit based choice model show below:

$$U_j = \frac{1}{C_j}$$

where
Uj = utility of route *j*
Cj = general cost of route *j*

The most widely used and thus theoretically best analyzed function to model discrete choice behavior is the Logit function:

$$p(R_j) = \frac{e^{\mu U_j}}{\sum_i e^{\mu U_i}}$$

where
Uj = utility of route *j*
p(Rj) = probability of route *j* to be chosen
μ = sensitivity factor of the model (>0)

3.15.2 Market share for each option was then estimated using the logit proportions as shown below:

$$p(R_j) = \frac{U_j^k}{\sum_i U_i^k} = \frac{e^{k \cdot \log U_j}}{\sum_i e^{k \cdot \log U_i}} = \frac{e^{-k \cdot \log C_j}}{\sum_i e^{-k \log C_i}}$$

where *Cj* is the general cost of route *j*.

3.15.3 The Generalised Cost of travel was derived on the basis of value of time, distance, speeds and toll on various routes. Table 3.14 below shows the estimated toll penalty calculations

Table 3.14: Toll Scenarios for SK Link

Year	VOT (MYR/hour)	Toll (MYR)	Toll Penalty (mins)
2015	3,628	2.2	3.638
2018	4,950	3.1	3.758
2023	6,396	4.3	4.034

Summary of market share for SK Link

3.15.4 Table 3.15 below shows a summary of market share for MEX in different demand segments, once SK Link is open.

Table 3.15: Summary of market share for demand segments using SK Link

OD Demand Segment	SK Link-MEX Market Share
SK to KL	18.8%
SK to Putrajaya	10.8%
SK to Cyberjaya	13.7%
SK to KLIA	44.3%
TP to KL	38.2%
TP to Putrajaya	2.6%
TP to Cyberjaya	8.7%
TP to KLIA	17.4%
Diversions - To Putrajaya	5.1%
Diversions - To Cyberjaya	1.0%
Diversions - To KLIA	27.7%

3.15.5 Based on the above market share on various OD demand segment, the total estimated trips for opening year are shown below in Table 3.16:

Table 3.16: Total number of trips on SK links in 2015

	Inbound	Outbound	Total
New Trips on SK Link	2,878	2,878	5,756
Diverted Trips	4,527	4,527	9,054
Totals	7,405	7,405	
			14,810

4 Traffic and revenue Forecasts

4.1 Traffic and Revenue Forecasts

4.1.1 Table 4.1 shows the average daily traffic forecasts for MEX after opening of SK Link, expressed as vehicles. Please note that all toll payers at the SK link are assumed to be cars for the purpose of this analysis.

SKM COLIN BUCHANAN

Table 4.1: Average Daily Traffic Forecasts for MEX with SK Link

Year	SK Link	Putrajaya	Salak South	Total
2013	-	59,898	45,547	105,445
2014	-	65,107	49,574	114,681
2015	14,810	62,140	55,619	132,569
2016	15,541	67,165	59,991	142,696
2017	16,276	72,101	64,315	152,691
2018	16,334	72,864	66,273	155,471
2019	16,663	76,699	69,419	162,780
2020	17,545	82,741	74,771	175,057
2021	18,302	88,277	79,644	186,223
2022	19,060	93,781	84,582	197,423
2023	19,123	94,009	87,626	200,758
2024	19,915	98,487	92,171	210,574
2025	20,715	103,093	96,898	220,706
2026	21,460	108,057	101,929	231,447
2027	22,199	112,952	107,044	242,194
2028	22,550	116,875	111,171	250,596
2029	22,837	120,774	115,334	258,945
2030	23,192	123,048	122,004	268,244
2031	23,943	128,839	128,332	281,114
2032	24,684	134,552	134,798	294,034
2033	25,430	140,505	141,595	307,531
2034	26,182	146,717	144,074	316,973
2035	26,938	153,210	144,405	324,554
2036	27,665	159,283	144,793	331,741
2037	28,397	165,676	145,191	339,265
2038	28,530	165,697	145,238	339,465
2039	28,666	165,719	145,285	339,669
2040	28,803	165,740	145,332	339,876
2041	28,943	165,762	145,381	340,086
2042	29,085	165,785	145,430	340,299
2043	29,229	165,807	145,480	340,516
2044	29,375	165,830	145,530	340,735
2045	29,523	165,854	145,582	340,958
	721,915	**3,973,045**	**3,630,357**	**8,325,317**

4.1.2 Table 4.2 below show the annual revenue estimates for the SK Link scenario.

Table 4.2: Annual Revenue Forecasts for MEX with SK Link

Year	SK Link	Putrajaya	Salak South	Total
2013	**-**	**71.076,157**	**30,564,998**	**101,641,155**
2014	**-**	**77,323,280**	**33,295,082**	**110,618,361**
2015	11,064,035	73,854,323	37,382,362	122,300,719
2016	11,619,023	79,889,892	40,351,523	131,860,437
2017	12,175,673	85,810,810	43,285,062	141,271,545
2018	17,222,610	121,436,638	55,998,273	194,657,521
2019	17,599,285	128,046,496	58,745,437	204,391,218
2020	18,886,095	140,781,618	64,479,356	224,147,068
2021	19,705,839	150,234,000	68,692,995	238,632,834
2022	20,523,464	159,618,222	72,957,355	253,099,041
2023	28,555,356	225,259,403	90,469,979	344,284,738
2024	29,722,412	235,863,920	95,118,245	360,704,577
2025	30,900,690	246,765,651	99,951,713	377,618,055
2026	31,998,653	258,547,119	105,105,350	395,651,122
2027	33,084,621	270,128,226	110,334,126	413,546,974
2028	33,607,721	279,503,593	114,583,336	427,694,650
2029	34,036,044	288,836,424	118,873,478	441,745,945
2030	34,948,595	297,534,959	127,269,038	459,752,592
2031	36,064,990	311,410,198	133,811,639	481,286,827
2032	37,162,735	325,058,104	140,483,097	502,703,935
2033	38,267,161	339,271,058	147,493,378	525,031,598
2034	39,378,315	354,095,687	150,000,633	543,474,636
2035	40,496,274	369,582,275	150,271,286	560,349,836
2036	41,560,445	383,971,054	150,580,188	576,111,686
2037	42,631,099	399,114,561	150,901,510	592,647,170
2038	42,831,528	399,165,187	150,949,611	592,946,327
2039	43,034,962	399,216,574	150,998,434	593,249,970
2040	43,241,449	399,268,730	151,047,990	593,558,169
2041	43,451,032	399,321,670	151,098,288	593,870,990
2042	43,663,760	399,375,403	151,149,342	594,188,504
2043	43,879,678	399,429,942	151,201,161	594,510,781
2044	44,098,835	399,485,300	151,253,757	594,837,891
2045	44,321,279	399,541,487	151,307,142	595,169,909
	1,009,733,659	**8,867,817,962**	**3,600,005,163**	**13,477,556,783**

Note*- Totals are undiscounted sums

APPENDIX V

Principal Terms and Conditions of MESB Islamic Securities

The information set out in this Appendix V are not intended as a summary of the legal documentation entered or to be entered into in connection with the MESB Islamic Securities. To understand all the terms and conditions of the MESB Islamic Securities, the investors are advised to read the legal documentation concerned and obtain such necessary professional advice on the same.

Words and expression used and defined in this Appendix V shall, in the event of inconsistency with the definition sections of this Information Memorandum, only be applicable for this Appendix V.

PRINCIPAL TERMS AND CONDITIONS OF THE PROPOSAL

1. BACKGROUND INFORMATION

(a) Issuer

(i)	Name	:	Maju Expressway Sdn Bhd ("MESB")
(ii)	Address	:	No. 1, Maju Expressway (MEX) 63000 Cyberjaya Selangor Darul Ehsan
(iii)	Business Registration No.	:	389815-V
(iv)	Date /Place of Incorporation	:	8 June 1996 / Malaysia
(v)	Date of Listing (in case of a public listed company)	:	Not applicable
(vi)	Status	:	Resident controlled company Bumiputera controlled company
(vii)	Principal Activities	:	To design and construct 26km of the highway traversing from Kuala Lumpur to Putrajaya, to provide other highway related facilities and services and to operate and maintain the highway and to collect toll for its own benefit during the concession period of 33 years
(viii)	Board of Directors	:	**Directors** (1) Tan Sri Mohd Bakri Bin Haji Omar (2) Tan Sri Abu Sahid Bin Mohamed (3) Dato' Ong Tee Thong (4) Mohd Fauzi Bin Yon (5) Amro F F A H Alkhadhra (6) Ir Nitchiananthan A/L Balasubramaniam

(ix) Structure of shareholdings and names of shareholders or, in the case of public company, names of all substantial shareholders (as at 31 March 2010) :

Substantial Shareholders	**No. of Ordinary Shares**	**%**
Bright Focus Berhad	58,099,999	96.83%
Ulimas Sdn Bhd	1,900,000	3.16%
Tan Sri Abu Sahid Bin Mohamed *	1	0.01%

* Holding on trust for Bright Focus Berhad

(x) Authorised share capital (as at 31 March 2010) : 1,000,000,000 ordinary shares of Ringgit Malaysia One (RM1.00) each.

Paid-up capital (as at 31 March 2010) : 60,000,000 ordinary shares of Ringgit Malaysia One (RM1.00) each.

[THE REMAINDER OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK]

2. PRINCIPAL TERMS AND CONDITIONS ("PTC") IN RELATION TO THE PROPOSAL

(a) Names of the parties involved in the proposed transaction (where applicable)

(i)	**Principal Adviser(s)/ Lead Arranger(s)**	:	CIMB Investment Bank Berhad ("CIMB")
(ii)	**Arranger(s)**	:	Not applicable
(iii)	**Valuers**	:	Not applicable
(iv)	**Solicitors**	:	Adnan Sundra & Low
(v)	**Financial Adviser**	:	ZJ Advisory Sdn Bhd
(vi)	**Technical Adviser**	:	Not applicable
(vii)	**Guarantor**	:	Not applicable
(viii)	**Trustee**	:	Malaysian Trustees Berhad
(ix)	**Facility Agent**	:	CIMB
(x)	**Primary Subscriber(s) and Amount subscribed (where applicable)**	:	CIMB and/or any of its affiliates subject to terms and conditions to be agreed failing which any such party to be appointed.
(xi)	**Underwriter(s) and amount underwritten**	:	Not applicable
(xii)	**Syariah Adviser**	:	CIMB (backed by CIMB Islamic Shariah Committee)
(xiii)	**Central Depository**	:	Bank Negara Malaysia ("BNM")
(xiv)	**Paying Agent**	:	BNM
(xv)	**Reporting Accountant**	:	Crowe Horwath
(xvi)	**Others (please specify)**		
	(1) Lead Manager	:	CIMB
	(2) Musyarakah Partner	:	2 or more holders of the relevant IMTNs (as defined below) ("IMTNholders")
	(3) Manager	:	MESB

	(4) Security Agent	:	CIMB
	(5) Placee	:	In relation to the first issue, such placee to be appointed prior to the issuance date and which may include Maju Holdings Sdn Bhd.
(b)	**Islamic principle used**	:	Musyarakah
(c)	**Facility description**	:	An Islamic medium term notes ("IMTNs") issuance programme under the Shariah principle of Musyarakah ("IMTN Programme"), pursuant to which MESB intends to issue IMTNs of up to RM550 million in nominal value. Under the Musyarakah structure, the potential investors (the "Investors") in relation to a particular issue under the IMTN Programme shall, from time to time, form a Musyarakah among themselves to invest in a venture ("Venture"), which is the Musyarakah assets (the "Musyarakah Assets") under the Concession (as defined in the concession agreement dated 22 October 1997, as amended by the supplemental agreements dated 29 April 1998, 28 October 2003 and 21 December 2006 all made between the Government of Malaysia and the Issuer (collectively, the "Concession Agreement")) granted by the Government of Malaysia ("GOM") to MESB pursuant to the Concession Agreement (collectively, the "Trust Asset"). The rights of the Musyarakah Assets under the venture are subject to the assignment of the Concession as security for the existing financing facilities of MESB. The Trust Asset will be valued based on suitable valuation method. In this respect, MESB shall make a declaration of trust over the Musyarakah Assets for the benefit of the Investors (please refer to the Annexure hereof for a diagram illustrating the Musyarakah structure, and Item (1) thereof). MESB will then issue trust certificates (which are the IMTNs) to the Investors. The IMTNs shall entitle the Investors to the

undivided proportionate share of beneficial ownership in the Venture, (the quantum of which is evidenced by the IMTNs held by them) and thereby any distribution made. The Investors will also be entitled to income generated from the Trust Assets throughout the tenure of the Musyarakah and/or proceeds from the sale of the Trust Assets in proportion to the nominal value in the Venture (their respective "Entitlements") and the rights of the Investors against the Issuer under the Purchase Undertaking.

In consideration of MESB issuing the IMTNs, the Investors shall pay MESB a purchase consideration ("Musyarakah Capital"), being the subscription price of the IMTNs (please refer to Item (2) of the Annexure). The Investors, through a Trustee acting as their agent and trustee, will acquire the Trust Asset.

The profits from the Venture shall be shared among the Investors in the proportion of their respective interest in the IMTNs. The losses from the Venture shall be borne among the Investors in proportion of their respective interest in the IMTNs and limited to each IMTNholders' respective capital contribution under the Musyarakah Capital.

The Trustee, on behalf of the IMTN holders shall appoint MESB to manage the Trust Assets, for which the Issuer shall be paid an incentive management fee ("**Incentive Fee**"). MESB shall continue to manage its business operations for the holders of the IMTNs and in consideration thereof, the Investors will agree that all Entitlements accruing to the Investors in any given period which is over and above any portion of the Expected Return (as defined below) that are required to be paid to the Investors during such period, will be paid to, and will belong to, MESB as an Incentive Fee for acting as Manager.

MESB will immediately thereafter enter into an agreement (the "Purchase Undertaking") with the Trustee to acquire an interest in the Trust Asset on the Scheduled Dissolution

			Date or upon the declaration of a Dissolution Event, whichever is the earlier at an agreed price (the "Exercise Price"). The Exercise Price payable by MESB shall be determined based on a pre-agreed formula (please refer to Item (3) of the Annexure).
(d)	**Issue size (RM)**	:	The outstanding nominal value of the IMTNs issued under the IMTN Programme at any point in time shall not exceed RM550 million. The IMTNs may be issued in multiples of RM1,000,000 but subject to the FAST Rules and other standard conditions including, without limitation, the following: 1) a minimum issue size of RM10 million for each issue; and 2) the issue notice shall be given to the Lead Arranger at least 8 business days (for the first issue) or 6 business days (for subsequent issues) prior to and excluding the date of proposed issue; and 3) any amount redeemed may be re-issued
(e)	**Issue price**	:	The IMTNs are to be issued at premium, at par or at a discount
(f)	**Tenor of the facility/ issue**	:	The tenure of the IMTN Programme shall be 18 years from the date of first issuance under the IMTN Programme The tenure of the IMTNs shall be more than one (1) year to a maximum tenure of 18 years, provided that the IMTNs mature prior to the expiry of the IMTN Programme
(g)	**Coupon/Profit or equivalent rate (%) (please specify)**	:	<u>For IMTNs with Periodic Payments</u> To be determined at the point of issuance of the relevant IMTNs <u>For IMTNs without Periodic Payments</u> There will be no coupon payable for IMTNs without Periodic Payments.

(h)	**Coupon / Profit Payment frequency and basis**	:	For IMTNs with Periodic Payments Semi-annual or such other period as MESB and the Lead Manager may agree. Actual/365 (for IMTNs with Periodic Payments) For IMTNs without Periodic Payments There will be no coupon payable for IMTNs without Periodic Payments.
(i)	**Yield to Maturity (%)**	:	The yield to maturity is the expected return to the IMTNholders under each Musyarakah Venture which shall be determined at the point of issuance of the respective IMTN
(j)	**Security/Collateral (if any)**	:	The IMTN Programme shall be secured by the following: (i) a debenture incorporating a first ranking fixed and floating charge over all the present and future assets, rights, and interests of MESB; (ii) a first ranking assignment of all contractual rights, interests, titles and benefits of MESB arising under the Project Agreements (as defined below) but excluding toll revenue located at the section from Putrajaya to Kuala Lumpur International Airport which has been deferred by GOM, (iii) a first ranking fixed charge over the Designated Accounts (as defined below) and the credit balances therein; (iv) subject to such provisions under the Concession Agreement in respect of GOM's priority in ranking, a first ranking assignment of MESB's rights, interests, titles, and benefits in all relevant takaful certificates/ insurance policies; and (v) any other security as may be required by the rating agency or the

legal counsel of the Lead Manager.

Note: Pending the discharge of security for the Existing Debt Securities the above securities (ranking second after the securities for the Existing Debt Securities) would be created.

(k) **Details on utilisation of proceeds** :

(i) to refinance the Al-Bai' Bithaman Ajil medium-term notes of the nominal value of RM380,000,000.00 and Murabahah commercial papers/ medium-term notes programme of up to RM80,000,000.00 (collectively, the "Existing Debt Securities");

(ii) to refinance all outstanding amounts under an advance granted by Maju Holdings Sdn Bhd to MESB in relation to the design, construction, management, collection of tolls, operations and maintenance of the Maju Expressway ("MEX") pursuant to the Concession Agreement (the "Project") by way of issuance of IMTNs to Maju Holdings Sdn Bhd pursuant to this IMTN Programme;

(iii) to pay the ancillary fees related to the IMTN Programme; and

(iv) the remaining amount, for working capital and capital expenditure which are compliant to Shariah and any other Shariah compliant general purposes.

Utilization of the proceeds for the purposes set out in items (i) to (iv) above is in respect of the first issuance under the IMTN Programme only.

The proceeds from subsequent issuances under the IMTN Programme shall be utilized for refinancing any existing IMTNs and/or for working capital and/or capital expenditure of MESB which are Shariah compliant.

(l) **Sinking Fund (if any)** : Not applicable

(m)	**Rating** *Credit rating assigned (Please specify if this is an indicative rating) *Name of rating agency	:	The indicative rating for the IMTN Programme is $AA\text{-}_{ID}$, and is not a final rating subject to clearance by the Rating Review Committee ("RRC") of MARC (as defined below) and the completion and review of the necessary legal documentation. Malaysian Rating Corporation Berhad ("MARC").
(n)	**Form and Denomination**	:	The IMTNs shall be issued in accordance with (1) the "Rules on the Scripless Securities" under the Real Time Electronic Transfer of Funds and Securities ("Rentas") system issued by BNM ("Rentas Rules") and (2) the Rules on Fully Automated System for Issuing/Tendering ("FAST") issued by BNM ("FAST Rules"), or their replacement thereof (collectively the "Codes of Conduct") applicable from time to time. Each tranche of the IMTNs shall be represented by a global certificate to be deposited with BNM, and is exchanged for definitive bearer form only in certain limited circumstances. The denomination of the IMTNs shall be RM1,000 or in multiples of RM1,000 at the time of issuance.
(o)	**Mode of Issue**	:	Via direct placement on a best effort basis or on a bought deal basis or book running on a best effort basis. The IMTNs may be placed privately via the Lead Manager on a best effort basis to selected investors at a yield to be agreed between MESB and the investors. The IMTNs may also be placed out on a book running basis by the Lead Manager on a best effort basis. Such private placement and book running shall be subject to terms and conditions to be agreed between MESB and the Lead Manager.
(p)	**Selling Restriction**	:	<u>For a private limited company</u> The IMTNs may only be offered, sold, transferred or otherwise disposed directly or indirectly to persons falling within the relevant category of the persons specified in

			section 4 (6) of the Companies Act. <u>In the event MESB is converted to a public limited company</u> The IMTNs may only be offered, sold, transferred or otherwise disposed directly or indirectly to a person to whom an offer or invitation to subscribe the IMTNs and to whom the IMTNs are issued would fall within Schedule 6 or Section 229(1)(b) and Schedule 7 or Section 230(1)(b) of Capital Markets & Services Act 2007, as amended from time to time ("CMSA") and would fall within Schedule 9 or Section 257(3) of the CMSA.
(q)	**Listing Status**	:	The IMTNs will not be listed on Bursa Malaysia Securities Berhad ("Bursa Securities") or any other Stock Exchange.
(r)	**Minimum Level of Subscription (RM or %)**	:	The minimum level of subscription for each issue that is not issued on a bought deal basis (which shall be fully subscribed) under the IMTN Programme shall be 5% of the size of a particular issue.
(s)	**Other regulatory approvals required in relation to the issue, offer or invitation and whether or not obtained (please specify)**	:	None
(t)	**Identified Assets**	:	The Trust Asset comprises the beneficial rights of MESB under the Concession Agreement. *Each IMTNholder will have an undivided share of beneficial ownership in the Trust Asset (the quantum of which is evidenced by the IMTNs held by it).*
(u)	**Purchase and Selling Price/rental (where applicable)**	:	Not applicable
(v)	**Conditions Precedent**	:	To include but not limited to the following (all have to be in form and substance acceptable to the Lead Manager): Conditions Precedent to setting up the IMTN Programme and first issuance:

A. Main Documentation

1) The transaction documents have been executed and, where applicable, stamped and presented for registration.

2) All relevant notices and acknowledgements (where applicable) shall have been made or received as the case may be.

B. Issuer

1) Certified true copies of the Certificate of Incorporation, and the Memorandum and Articles of Association, of MESB.

2) Certified true copies of the latest Forms 24 and 49 of MESB.

3) A certified true copy of board resolutions of MESB authorising, among others the execution of the transaction documents.

4) A list of MESB's authorised signatories and their respective specimen signatures.

5) A report of the relevant company search of MESB.

6) A report of the relevant winding up search or the relevant statutory declaration of MESB.

C. General

1) The approval from the Securities Commission ("SC") and, where applicable, all other regulatory authorities.

2) The IMTNs have received their respective requisite ratings as stated in this term sheet.

3) Evidence that all transaction fees, costs and expenses have been paid in full.

4) The Lead Manager has received from its legal counsel a favourable legal opinion addressed to it and the Trustee advising with respect to, among others, the

legality, validity and enforceability of the transaction documents and a confirmation addressed to the Lead Manager that all the conditions precedent have been fulfilled.

5) The requisite consent and/or indulgence from the holders of the Existing Debt Securities and the existing Issuer's financiers/lenders (where applicable) which would be in form and substance acceptable to the Lead Manager and the legal counsel of the Lead Manager for the following:

   (i) refinancing of the Existing Debt Securities;

   (ii) the creation or provision of security by MESB for the IMTN Programme in favour of the holders of the IMTNs prior to the redemption of the Existing Debt Securities; and

   (iii) to open, operate and maintain the Designated Accounts.

6) Evidence of the confirmation from the Shariah Adviser that the structure and transaction documents are in compliance with Shariah principles.

7) Evidence that the Designated Accounts have been established in accordance with the provisions of transaction documents.

8) Such other conditions precedent as advised by the legal counsel of the Lead Manager.

(w) **Representations and Warranties** : To include but not limited to the following:

(i) MESB is a company with limited liability duly incorporated and validly existing under the laws of Malaysia, has full power to carry on its business and to own its property and assets, and has full beneficial ownership of all its property and assets;

(ii) the memorandum and articles of association of MESB incorporate provisions which authorise, and all necessary corporate and other relevant actions have been taken to authorise, and all relevant consents and approvals of any administrative, governmental or other authority or body in Malaysia have been duly obtained and are in full force and effect which are required to authorise, MESB to execute and deliver and perform the transactions contemplated in the transaction documents in accordance with their terms;

(iii) neither the execution and delivery of any of the transaction documents nor the performance of any of the transactions contemplated by the transaction documents did or does as at the date this representation and warranty is made or repeated (a) contravene or constitute a default under any provision contained in any agreement, instrument, law, ordinance, decree, judgment, order, rule, regulation, licence, permit or consent by which MESB or any of its assets is bound or which is applicable to MESB or any of its assets, (b) cause any limitation on MESB or the powers of its directors, whether imposed by or contained in its memorandum and articles of association or in any agreement, instrument, law, ordinance, decree, order, rule, regulation, judgment or otherwise, to be exceeded, or (c) cause the creation or imposition of any security interest or restriction of any nature on any of MESB's assets;

(iv) each of the transaction documents is or will when executed and/or issued, as the case may be, be in full force and effect and constitutes, or will when executed or issued, as the case may be, constitute, valid and legally binding obligations of MESB enforceable in accordance with its terms;

(v) the audited financial statements (including the income statement and balance sheet) of MESB have been prepared on a basis consistently applied and in accordance with generally accepted accounting principles in Malaysia and give a true and fair view of the results of their operations and the state of their affairs and in particular disclose all material liabilities (actual or contingent) of MESB;

(vi) no litigation, arbitration or administrative proceeding or claim which might by itself or together with any other such proceedings or claims either have a material adverse effect on the financial condition of MESB or materially and adversely affect MESB's ability to perform its obligations under the transaction documents in accordance with their terms, is presently in progress or pending or, to the best of the knowledge, information and belief of MESB, threatened against MESB or any of its or their assets;

(vii) MESB is unaware and has no reason to believe that an event has occurred which constitutes, or which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute, a contravention of, or default under, any agreement or instrument by which MESB or any of its assets are bound or affected, being a contravention or default which might either have a material adverse effect on the financial condition of MESB or materially and adversely affect MESB's ability to perform its obligations under the transaction documents in accordance with their terms;

(viii) MESB is in compliance and will comply with any applicable laws and regulations;

(ix) MESB has obtained all permits, approvals and licenses required for the Project and are in full force and effect;

(x) MESB has filed all tax returns and paid taxes except those being contested in good faith;

(xi) MESB has disclosed prior to the date of the IMTN Programme agreement to the Lead Manager and/or the Facility Agent all facts relating to MESB knows or should reasonably know and which are material for disclosure to the Trustee, the Lead Manager and the Facility Agent in the context of the Transaction Documents; and

(xii) any other representations and warranties as advised by the legal counsel of the Lead Manager.

(x) Events of Default : Events of Default/Dissolution Events to include but not limited to the following:

(i) the Issuer fails to pay any amount due from it under any of the transaction documents on the due date or, if so payable, on demand;

(ii) any representation or warranty made or given by the Issuer under the transaction documents or which is contained in any certificate, document or statement furnished at any time pursuant to the terms of the IMTNs and/or any of the transaction documents proves to have been incorrect or misleading in any material respect on or as of the date made or given or deemed made or given, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee or the Security Agent of the failure;

(iii) the Issuer fails to observe or perform its obligations under any of the transaction documents or the IMTNs or under any undertaking or arrangement entered into in connection therewith other than an obligation of the type referred to in paragraph (i) above, and in the case of a failure which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the failure within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee or the Security Agent of the failure;

(iv) there has been a breach by the Issuer of any obligation under any of the Issuer's existing contractual obligations which may materially and adversely affect the Issuer's ability to perform its obligations under the transaction documents and, if in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy the breach within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee or the Security Agent of the breach;

(v) any indebtedness for borrowed moneys of the Issuer becomes due or payable or capable of being declared due or payable prior to its stated maturity or any guarantee or similar obligations of the Issuer is not discharged at maturity or when called and such declaration of indebtedness being due or payable or such call on the guarantee or similar obligations is not discharged or disputed in good faith by the Issuer in a court of competent jurisdiction within thirty (30) days from the date of such declaration or call, or the Issuer goes into default under, or commits a breach of, any agreement or instrument relating to any such indebtedness, guarantee or other obligations, or any security created to secure such indebtedness becomes enforceable;

(vi) an encumbrancer takes possession of, or a trustee, receiver, receiver and manager or similar officer is appointed in respect of the whole or substantial part of the business or assets of the Issuer, or distress, legal process, sequestration or any form of execution is levied or enforced or sued out against the Issuer which may have a Material Adverse Effect on the Issuer, or any security interest which may for the time being affect any of its assets becomes enforceable;

For the purpose of this paragraph (vi), references to "substantial" shall mean such value equivalent to or more than 5% of the Issuer's net tangible assets as reflected in its latest annual audited financial statements.

(vii) the Issuer fails to satisfy any judgement passed against it by any court of competent jurisdiction and no appeal against such judgement or no application for a stay of execution has been made to any appropriate appellate court within the time prescribed by law or such appeal or application for a stay of execution has been dismissed;

(viii) any step is taken for the winding up, dissolution or liquidation of the Issuer or a resolution is passed for the winding up of the Issuer or a petition for winding up is presented against the Issuer and the Issuer has not taken any action in good faith to set aside such petition within thirty (30) days from the date of service of such winding up petition or a winding up order has been made against the Issuer;

(ix) the Issuer convenes a meeting of its creditors or proposes or makes any arrangement including any scheme of arrangement or composition or begins negotiations with its creditors, or takes any proceedings or other steps, with a view to a rescheduling or deferral of all or any part of its indebtedness or a moratorium is agreed or declared by a court of competent jurisdiction in respect of or affecting all or any part of its indebtedness or any assignment for the benefit of its creditors (other than for the purposes of and followed by a reconstruction previously approved in writing by the Trustee, unless during or following such reconstruction the Issuer becomes or is declared to be insolvent) or where a scheme of arrangement under Section 176 of the Companies Act 1965 has been instituted against the Issuer;

(x) where there is a revocation, withholding or modification of any license, authorisation, approval or consent which in the opinion of the Trustee may materially and adversely impairs or prejudices the ability of the Issuer to comply with the terms and conditions of the IMTNs or the transaction documents;

(xi) the Issuer is deemed unable to pay any of its debts or becomes unable to pay any of its debts as they fall due or suspend or threaten to suspend making payments with respect to all or any class of its debts;

(xii) any creditor of the Issuer exercises a contractual right to take over the financial management of the Issuer and such event in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;

(xiii) the Issuer changes or threatens to change the nature or scope of a substantial part of its business, or suspends or threatens to suspend or cease or threatens to cease the operation of a substantial part of its business which it now conducts directly or indirectly and such change or suspension or cessation in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;

(xiv) at any time any of the provisions of the transaction documents is or becomes illegal, void, voidable or unenforceable;

(xv) the Issuer repudiates any of the transaction documents or the Issuer does or causes to be done any act or thing evidencing an intention to repudiate any of the transaction documents;

(xvi) any of the assets, undertakings, rights or revenue of the Issuer are seized, nationalised, expropriated or compulsorily acquired by or under the authority of any governmental body which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer;

(xvii) any event or events has or have occurred or a situation exists which in the opinion of the Trustee may have a Material Adverse Effect on the Issuer, and in the case of the occurrence of such event or situation which in the opinion of the Trustee is capable of being remedied, the Issuer does not remedy it within a period of thirty (30) days after the Issuer became aware or having been notified by the Trustee or the Security Agent of the event or situation;

(xviii) if at any time the Issuer commits a breach of the terms of the Concession Agreement except:

(a) where such a breach is not materially prejudicial to the interest of the IMTNholders; and
(b) is remedied by the Issuer within thirty (30) days from the notice of such breach from GOM.

(xix) if the Concession Agreement is terminated; or

(xx) such other event as may be advised by the legal counsel of the Lead Manager.

If any of the above occurs, the Trustee may, or if so directed by a special resolution of the IMTNholders, shall exercise the Purchase Undertaking and declare that the Exercise Price payable under the Purchase Undertaking are immediately due and payable in full in accordance with the terms of the relevant transaction documents.

(y)	**Principal terms and conditions for warrants (where applicable)**	:	Not applicable
(z)	**Other principal terms and conditions for the issue**	:	
	(i) Musyarakah Venture	:	Investment in the relevant Trust Asset via subscription of the IMTNs.
	(ii) Periodic Payment and Periodic Payment Date	:	There will be two (2) types of IMTNs namely those IMTNs with Periodic Payments and those IMTNs without Periodic Payments.

<u>**IMTNs With Periodic Payments**</u>

IMTNs with Periodic Payments will be entitled to Periodic Payments on the Periodic Payment Dates (as defined below) and a payment of the Exercise Price (as described below) on the Dissolution Date.

The Periodic Payment Dates means the day where Periodic Payments due and payable.

The Dissolution Date is the earlier of the Scheduled Dissolution Date (as defined below) or upon declaration of a Dissolution Event.

Periodic Payments in relation to each tranche of the IMTNs will comprise:

(i) top-up payments made during the tenor of the IMTNs ("Top-up Payments"); and
(ii) Actual distribution made during the tenor of the IMTNs ("Periodic Distributions")

provided that on any Periodic Payment Date, the aggregate of the Top-up Payments and the Periodic Distributions, shall be equal to the Periodic Payments. In the event that the income from the venture is insufficient to generate the Periodic Distributions on any Periodic Payment Date, then MESB shall make Top-up Payments equal to such deficiency.

The frequency of the Periodic Payment for the IMTNs shall be on a semi annual basis or such period to be agreed between MESB and the Lead Manager prior to each issuance of the IMTNs ("Periodic Payment Period").

Periodic Payments are to be calculated based on the actual number of days elapsed over 365 basis (actual/365).

"Expected Return" means an amount calculated based on the yield of the IMTNs at the point of issuance of the respective series of IMTNs to the Maturity Date or Scheduled Maturity Date or declaration of Dissolution Event (as the case may be).

<u>IMTNs Without Periodic Payments</u>

IMTNs without Periodic Payments will only be entitled to a one-off payment of the Exercise Price on the Dissolution Date and one-off distribution ("Distribution") on the Distribution Date.

For the avoidance of doubt, the Distribution Date in respect of IMTNs without Periodic Payments shall be the Dissolution Date of such IMTNs.

(iii) Purchase Undertakings : Under the Purchase Undertaking, MESB shall purchase the IMTNholders' interest in the Musyarakah Venture at the Exercise Price (as defined below) on the earlier of:

1) the Maturity Date (which shall also be known as "Scheduled Dissolution Date"); or

2) the declaration of a Dissolution Event.

Upon the occurrence of any of the above, the IMTNs held by the IMTNholders shall be transferred to MESB in exchange for payment of the Exercise Price.

The Exercise Price shall be calculated based on the following formula:

1) <u>On the Maturity Date or Scheduled Dissolution Date:</u>

   (i) <u>in the case of IMTNs without Periodic Payments</u>

   Exercise Price = Musyarakah Capital *plus* Expected Return *less* Distribution

   (ii) <u>in the case of IMTNs with Periodic Payments</u>

   Exercise Price = Musyarakah Capital *plus* Expected Return *less* aggregate of Periodic Distributions

MESB will be entitled to deduct the aggregate of the Top-up Payments from the Exercise Price payable.

2) On the declaration of a Dissolution Event:

(i) in the case of IMTNs without Periodic Payments

Exercise Price = Musyarakah Capital *plus* Expected Return *less* Distribution made and received up to the declaration of a Dissolution Event. For the avoidance of doubt, the Exercise Price will be adjusted to be equivalent to the accreted value plus accrued but unpaid profit/coupon (if any) up to the declaration of a Dissolution Event.

(ii) in the case of IMTNs with Periodic Payments

Exercise Price = Musyarakah Capital *plus* Expected Return *less* aggregate of Periodic Distributions made and received up to the declaration of a Dissolution Event. For avoidance of doubt, the Exercise Price will be adjusted to be equivalent to the accreted value plus accrued but unpaid profit/coupon (if any) up to the declaration of a Dissolution Event.

MESB will be entitled to deduct the aggregate of the Top-up Payments from the Exercise Price payable.

In the event of overdue payments of any amount due under the Purchase Undertaking, MESB shall pay compensation ("**Ta'widh**") on such overdue amounts at the rate and manner prescribed by Shariah Advisory Council of the SC from time to time in accordance with Shariah.

(iv)	**Project Agreements**	:	(i) Concession Agreement dated 22 October 1997 (ii) Supplemental Concession Agreement dated 29 April 1998 (iii) Second Supplemental Concession Agreement dated 28 October 2003 (iv) Third Supplemental Concession Agreement dated 21 December 2006 (v) Design and Built Contract dated 25 November 2004 (vi) Supplemental Design and Built Contract dated 10 June 2005 (vii) Turnkey Contract dated 21 December 2004 (viii) First Supplemental Turnkey Contract dated 5 February 2007 (ix) Service Agreement dated 22 October 2008 (x) Contract Documents for Routine Maintenance Works along MEX Highway for MESB dated 10 December 2007
(v)	**Financial Covenants**		(a) Finance Service Cover Ratio ("FSCR") MESB shall maintain a FSCR of at least 1.75 times at all times. The FSCR is the ratio of Available Cash Flow (as defined hereunder) to the aggregate of: a. all principal obligations paid by MESB under the IMTNs for the preceding 12 months; plus b. all principal obligations paid by MESB under any other financings/borrowings of MESB for the preceding 12 months; plus c. all coupon/profit/interest payments paid under the IMTNs and such financings/borrowings of MESB for the preceding 12 months. The FSCR calculations shall be duly confirmed by MESB's external auditors

and based on the Available Cash Flow (as defined below) as per the latest audited accounts of MESB on an annual basis.

For the avoidance of doubt, any double counting shall be disregarded.

(b) D:E Ratio

MESB shall maintain an annual D:E Ratio not exceeding a ratio of 2:1 throughout the tenure of the IMTNs.

The D:E Ratio is:

the ratio of indebtedness of MESB represented by:

i) all nominal value outstanding under the IMTNs; plus

ii) all principal amounts outstanding under all other indebtedness for borrowed monies (be it actual or contingent); plus

iii) all hire purchase obligations, finance lease obligations, net exposure determined on a marked to market basis under any derivative instrument and obligations/contingent liabilities under guarantees/call or put options of MESB save for performance bonds and maintenance bonds that are to be issued by MESB to GOM pursuant to the project documents but excluding inter company loans which are subordinated to the IMTNs,

to Equity, defined as the shareholders' funds of MESB including, if any, preference equity, subordinated shareholders' advances/loans, the funding provided by GOM to MESB pursuant to the Concession Agreement ("Government Grant") and retained earnings/losses less intangibles (if any). For avoidance of doubt, any double counting shall be disregarded.

The D:E Ratio calculations shall be duly confirmed by MESB's external auditors based on the latest audited accounts.

MESB shall arrange for the external auditor's confirmation to be forwarded to the Facility Agent for its distribution to the Trustee and Rating Agency.

(vi) Available Cash Flow : In any annual period, the sum of:

i. all income received by MESB under the Project Agreements and any other receipts of a capital or revenue nature under any contract or agreement;

ii. all distribution, returns and realised gains received by MESB;

iii. all credit balances in the Designated Accounts including accrued profit payments retained by or on behalf of MESB and the amount utilised from the Designated Accounts for Permitted Investments at the beginning of the relevant 12 month period; and

iv. proceeds of takaful/insurance claims received by MESB.

<u>Less:</u>

i. the total amount spent on management, administration, operation, maintenance and heavy repairs;

ii. taxes paid or such other contributions paid by MESB to GOM;

iii. capital expenditure incurred; and

iv. any payments made by MESB under the project documents or other contract or agreement.

(vii) Designated Accounts : MESB shall open and maintain the following Designated Accounts (which shall be Shariah compliant) with a bank to be appointed by MESB which is acceptable to the Lead Manager and the Shariah Adviser:

i. Operations Account
ii. Finance Service Reserve Account
iii. Compensation Account

Operations Account ("OA")

The OA shall be operated by MESB.

The following shall be deposited into the OA:

(i) Issue proceeds under the IMTN Programme net of the amount used for the refinancing of the Existing Debt Securities and the repayment of the shareholders advances;

(ii) all revenues and receivables under the Project other than the Compensation(as defined below), all other revenues (inclusive of any profit earned on Permitted Investments) received by MESB;

(iii) any equity contributions, advances or loans subordinated to the IMTNs from the shareholders received by MESB;

(iv) proceeds of takaful/insurance claims and any claims received in respect of third party performance bonds/guarantees or any other compensation received by MESB, but excluding any third party takaful/insurances which are payable directly to third parties;

(v) any funds released from the FSRA which exceeds the FSRA Minimum Required Balance; and

The balance in the OA shall be applied in accordance with the following priority ("Cashflow Priority"):

(i) For payment of operating and maintenance, taxes, duties and capital expenditures in respect of the Project;

(ii) for payment of profit and principal payments, fees, commissions and other payments payable under the IMTN Programme;

(iii) for payment to the FSRA to meet the relevant requirements;

(iv) for payment of any loans/borrowings in accordance with the terms thereof;

(v) for repurchase and cancellation of the IMTNs as provided for under the terms of the IMTN Programme (if any);

(vi) for payment of permitted distributions to shareholders as contemplated under the transaction documents subject to all requisite terms and conditions of the transaction documents being met.

<u>Finance Service Reserve Account ("FSRA")</u>

The FSRA shall be solely operated by the Trustee.

An initial deposit equivalent to an amount payable in respect of any profit and principal payments of the IMTNs for the next 6 months shall be made into the FSRA.

MESB shall at all times thereafter maintain an amount equivalent to an amount payable in respect of any principal and profit payments of the IMTNs for the next 6 months (the "Minimum Required Balance").

The monies in the FSRA may be withdrawn to the extent that funds in the OA are insufficient to fulfill MESB's payment obligations in respect of the principal and profit of the IMTNs.

In the event that the balance held in the FSRA is less than or exceeds the Minimum Required Balance, the shortfall or excess shall be topped up from or released to the OA, as the case may be. MESB shall top up the FSRA so as to comply with the Minimum Required Balance within 45 days from the day that the balance held in FSRA is less than the Minimum Required Balance.

Compensation Account ("CA")

The CA shall be jointly operated by the Trustee and MESB.

The form of payment or compensation (as defined below) from GOM shall be deposited into the CA and may only be transferred into the OA for the following purposes in the order set out below:

(a) transfer to the relevant Designated Account to meet any shortfall to fulfil MESB's obligations under the IMTNs;

(b) transfer into the Operating Account in the event that there is a shortfall in the Operating Account to fulfill MESB's obligations save for item (vi) of the Cashflow Priority; and

(c) any other payments/utilization (including any distribution, repayment or prepayment to its shareholders, whether capital or income in nature) to be mutually agreed between MESB and the holders of the IMTNs.

Compensation means any future lump sum cash compensation received by MESB from GOM pursuant to or in connection with the Concession Agreement between MESB and GOM (save and except for any payment or compensation pursuant to or in connection with the revision of toll rates).

(viii) Permitted Investments : For the purposes of the IMTN Programme, Permitted Investments are as follows:

(i) deposits with licensed Islamic financial institutions in Malaysia; or

(ii) Islamic bankers acceptances, Islamic bills and other Islamic money market instruments by licensed financial institutions with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent; or

(iii) Islamic treasury bills, Islamic money market instruments, and other Islamic securities / sukuk issued by Bank Negara Malaysia ("BNM") or GOM; or

(iv) Islamic securities / sukuk issued by quasi government or government related corporations with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent or Islamic securities / sukuk guaranteed by the GOM; or

(v) Islamic securities / sukuk issued by corporations with a short term rating of P1 and a minimum long term rating of AA3 or their equivalent, or by financial institutions or guaranteed by licensed financial institutions with a short term rating of P1 or a minimum long term rating of AA3 or their equivalent; or

(vi) any Islamic fund approved by the SC which invests in any of the instruments above.

(ix) Information Covenants : To include but not limited to the following:

(i) MESB shall provide to the Trustee at least on an annual basis, a certificate confirming that it has complied with all its obligations under the transaction documents and the terms and conditions of the IMTNs and that there does not exist or had not existed, from the date the IMTNs were issued, any Event of Default, and if such is not the case, to specify the same;

(ii) MESB shall deliver to the Trustee the following:

(a) as soon as they become available (and in any event within one hundred and eighty (180) days after the end of each of its financial years) copies of its financial statements for that year which shall contain the income statements and balance sheets of MESB and which are audited and certified without qualification by a firm of independent certified public accountants acceptable to the Trustee;

(b) as soon as they become available (and in any event within ninety (90) days after the end of the first half of its financial year) copies of its unaudited half yearly financial statements for that period which shall contain the income statements and balance sheets of MESB which are duly certified by any one of its directors;

(c) promptly, such additional financial or other information relating to MESB's business and its operations as the Trustee may from time to time reasonably request in order to discharge its duties and obligations as trustee to the extent permitted by law; and

(d) promptly, all notices or other documents received by MESB from any of its shareholders or its creditors which contents may materially and adversely affect the interests of the IMTNholders, and a copy of all documents dispatched by MESB to its shareholders (or any class of them) in their capacity as shareholders or its creditors generally, which contents may affect the interests of the IMTNholders, at the same time as these documents are dispatched to these shareholders or creditors,

(iii) MESB shall promptly notify the Trustee of any change in its board of directors and/or shareholders;

(iv) MESB shall promptly notify the Trustee of any change in its condition (financial or otherwise) and of any litigation or other proceedings of any nature whatsoever being threatened or initiated against MESB before any court or tribunal or administrative agency which may materially and adversely affect the ability of MESB to perform any of its obligations under any of the transaction documents;

(v) MESB shall promptly give notice to the Trustee of the occurrence of any Event of Default or any event which, upon the giving of notice and/or lapse of time and/or the issue of a certificate and/or the fulfilment of the relevant requirement as contemplated under the relevant transaction document would constitute an Event of Default ("Potential Event of Default") forthwith upon becoming aware thereof, and it shall take all reasonable steps and/or such other steps as may reasonably be requested by the Trustee to remedy and/or mitigate the effect of the Event of Default or the Potential Event of Default;

(vi) MESB shall promptly notify the Trustee of any substantial change in the nature of the business of MESB;

(vii) MESB shall promptly notify the Trustee and the Rating Agency of any circumstance that has occurred that would materially prejudice MESB;

(viii) MESB shall promptly notify the Trustee of any change in the utilization of proceeds of the IMTNs, where the Information Memorandum or any agreement entered into in connection with the issue, offer or invitation sets out a specific purpose for which proceeds are to be utilized;

(ix) MESB shall promptly notify the Trustee and the Rating Agency of any other matter which may materially prejudice the interests of the holders of the IMTNs; and

(x) any other covenants as advised by the legal counsel of the Lead Manager

(x) Positive Covenants : To include but not limited to the following:

(i) MESB shall maintain in full force and effect all relevant authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) and will promptly obtain any further authorisations, consents, rights, licences, approvals and permits (governmental and otherwise) which is or may become necessary to enable it to own its assets, to carry on its business or for MESB to enter into or perform its obligations under the transaction documents or to ensure the validity, enforceability, admissibility in evidence of the obligations of MESB or the priority or rights of the financiers under the transaction documents and MESB shall comply with the same;

(ii) MESB shall at all times on demand execute all such further documents and do all such further acts reasonably necessary at any time or times to give further effect to the terms and conditions of the transaction documents;

(iii) MESB shall exercise reasonable diligence in carrying out its business and affairs in a proper and efficient manner and in accordance with sound financial and commercial standards and practices;

(iv) MESB shall promptly perform and carry out all its obligations under all the transaction documents (including but not limited to redeeming the IMTNs on the relevant Maturity Date(s) or any other date on which the IMTNs are due and payable) and ensure that it shall immediately notify the Trustee in the event that MESB is unable to fulfil or comply with any of the provisions of the transaction documents;

(v) MESB shall prepare its financial statements on a basis consistently applied in accordance with approved accounting standards in Malaysia and those financial statements shall give a true and fair view of the results of the operations of MESB for the period to which the financial statements are made up and shall disclose or provide against all liabilities (actual or contingent) of MESB;

(vi) MESB shall promptly comply with all applicable laws including the provisions of the CMSA and/or the notes, circulars, conditions or guidelines issued by SC from time to time;

(vii) MESB shall maintain the takaful/insurances required by the transaction documents and project documents;

(viii) MESB shall maintain a paying agent in Malaysia;

(ix) MESB shall procure that the paying agent shall notify the Trustee in the event that the paying agent does not receive payment from MESB on the due dates as required under the trust deed and the terms and conditions of the IMTNs;

(x) MESB shall give to the Trustee such information as it may require in order to discharge its duties and obligations as trustee under the trust deed relating to MESB's affairs to the extent permitted by law;

(xi) MESB shall keep proper books and accounts at all times and to provide the Trustee and any person appointed by the trustee (for example the auditors) access to such books and accounts;

(xii) MESB shall file all relevant tax returns and pay all taxes promptly upon the same becoming due except to the extent that taxes are being contested in good faith or an adequate reserve has been set aside with respect thereto; and

(xiii) such other covenants as may be advised by the legal counsel of the Lead Manager.

(xi) Negative Covenants : To include but not limited to the following:

(i) MESB shall not incur any additional indebtedness (including any loans or advances from its shareholders, subsidiaries or associated companies) save and except where:-

(a) such indebtedness (including but not limited to hire purchase, leasing arrangements and maintenance bonds) does not exceed RM50.0 million in aggregate and is unsecured, with a sub-limit of RM20.0 million in aggregate for facilities raised for working capital purposes only on secured basis with the balance being on an unsecured basis;

(b) such indebtedness is for refinancing of the new IMTNs; or

(c) such loans or advances from its shareholders, subsidiaries or associated companies are fully subordinated to the IMTNs issued under the Facility.

For avoidance of doubt, the above financial indebtedness limit will not be applicable to the additional financing for Section III of MEX ("Spur Link Financing") subject to all of the following conditions:-

(a) No downgrade to the prevailing rating of the outstanding IMTNs issued under the Facility and subject to a minimum rating of AA-, whichever is the higher;

(b) No breach to the terms and conditions of the IMTNs and Concession Agreement;

(c) Will not have a Material Adverse Effect and is not prejudicial to the holders of the IMTNs; and

(d) such other conditions as may be advised by the legal counsel of the Lead Manager.

(ii) MESB shall not create or permit to exist any encumbrance, mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment by way of security, trust arrangement for the purpose of providing security or other security interest of any kind including, without limitation, title transfer and/or retention arrangements having a similar effect or any agreement to create any of the foregoing, but excluding liens arising in the ordinary course of business by operation of law and not by way of contract, and those security as contemplated under this term sheet;

For avoidance of doubt, the restriction on creation of security referred to above will not be applicable to the additional financing for Section III of MEX ("Spur Link Financing") subject to all of the following conditions:-

(a) No downgrade to the prevailing rating of the outstanding IMTNs issued under the Facility and subject to a minimum rating of AA-, whichever is the higher;

(b) No breach to the terms and conditions of the IMTNs and Concession Agreement;

(c) Will not have a Material Adverse Effect and is not prejudicial to the holders of the IMTNs; and

(d) such other conditions as may be advised by the legal counsel of the Lead Manager.

(iii) MESB shall not provide or permit to exist any guarantee to any party and except in the ordinary course of business of MESB or as provided in the Project Agreements;

(iv) MESB shall not dispose any assets in excess of RM10,000,000.00 in aggregate in any financial year, except where the asset disposal is solely for the purposes of facilitating Shariah concepts used in Islamic financing facilities granted to MESB;

(v) MESB shall not add, delete, amend or substitute its Memorandum or Articles of Association in a manner inconsistent with the provisions of the transaction documents unless otherwise required under the law or to increase its authorized capital or for the purpose of fulfilling any regulatory requirements which may be applicable in connection with the listing of the shares of MESB;

(vi) MESB shall not reduce its authorised or paid-up share capital whether by varying the amount, structure or value thereof or the rights attached thereto or by converting any of its share capital into stock, or by consolidating, dividing or sub-dividing all or any of its shares, or by any other manner save and except for purposes of listing of the shares of MESB;

(vii) MESB shall not declare or pay any dividends or make any distribution whether income or capital in nature to its shareholders unless the following conditions are met:

(a) no Event of Default / Dissolution Event (or event or condition which, with the giving of notice, the passage of time, or both, would become an Event of Default / Dissolution Event) shall have occurred and be continuing on the date any distributions or payment is to be made;

(b) any amount under the FSRA is due or any installment on any of the payments under the arrangements pertaining to the IMTNs is overdue and unpaid or if any of the payments under the arrangements pertaining to the IMTNs which has become payable has not been paid as a consequence of default by MESB;

(c) the Reporting Accountant certifies that the D:E Ratio for the preceeding 12 months did not exceed 2:1 and will not exceed 2:1 immediately after the proposed distribution; and

(d) the Reporting Accountant certifies that the FSCR will remain at least 1.75 times immediately after the proposed distribution. For the purpose of calculating the FSCR under this covenant, the Available Cash Flow shall exclude monies in the Compensation Account.

(viii) MESB shall not make any payments (whether in relation to principal, interest or otherwise) to its shareholders, subsidiaries or associated companies in connection with any loans or advances from its shareholders, subsidiaries or associated companies unless the conditions described in (vii) above are met;

(ix) except otherwise contemplated in the transaction documents, MESB shall not enter into any agreement with its subsidiaries or associated companies unless such agreement is entered into:

(a) in the ordinary course of its business;

(b) on an arms-length basis; and

(c) will not have a Material Adverse Effect on MESB;

For the purposes of this Principal Terms and Conditions, Material Adverse Effect means any material adverse effect on the business or condition (financial or otherwise) or results of the operations of MESB or the ability of MESB to perform any of its obligations under any of the transaction documents.

(x) MESB shall not use the proceeds of the Facility except for the purposes set out in this term sheet;

(xi) MESB shall not lend any money to any party other than to MESB's directors, officers or employees as part of their terms of employment;

(xii) MESB shall not enter into any amalgamation, demerger, reconstruction or transfer or assign any or all of their rights in title to or interest of the license(s) necessary for the operations of MESB in such a manner which may result in or potentially would have a Material Adverse Effect;

(xiii) MESB shall not invest in or create any subsidiary or associated company, other than any Permitted Investments (where applicable);

(xiv) MESB will not carry on any business other than its undertaking and enjoyment of the Concession and the maintenance of roads and such ancillary activities permitted under the Concession Agreement and to demand, collect, retain and distribute tolls, on behalf of other persons awarded concessions by GOM;

(xv) MESB will not abandon the Concession;

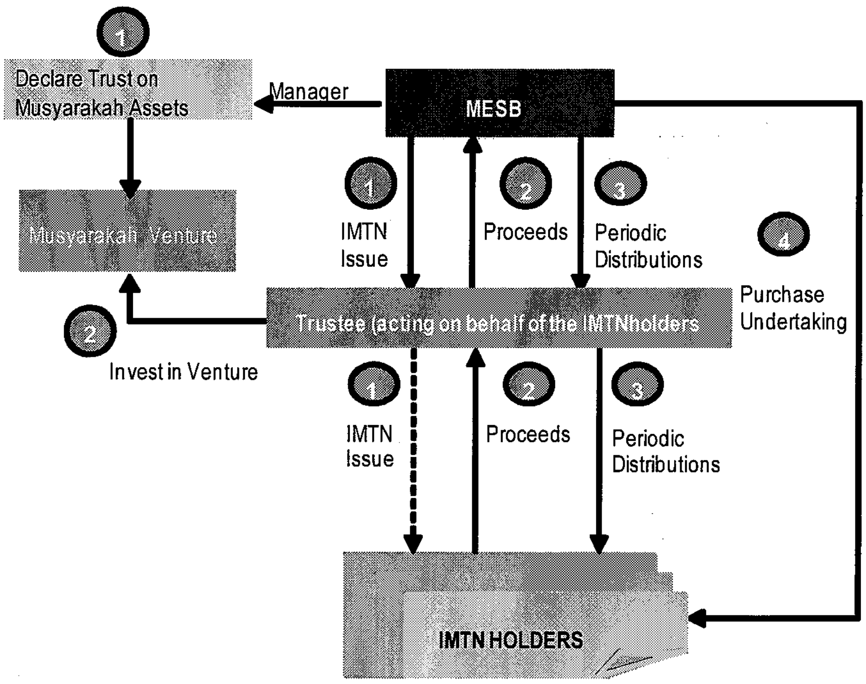
(xvi) MESB shall not agree to waive any breach or proposed breach of any of the Project Agreements which would have a Material Adverse Effect and/or materially prejudice the interest of the IMTNholders or any security created under the security documents; and

(xvii) such other covenants as may be advised by the legal counsel of the Lead Manager.

(xii)	**Compensation for late and/or default payment(s) ("Ta'widh")**	:	In the event of overdue payments of any amount due under the Purchase Undertaking, MESB shall pay the compensation on such overdue amount at the rate and manner prescribed by the SC's Shariah Advisory Council from time to time in accordance with Shariah.
(xiii)	**Taxation**	:	All payments by MESB shall be made without withholding or deductions for or on account of any present or future tax, duty or charge of whatsoever nature imposed or levied by or on behalf of Malaysia or any other applicable jurisdictions, or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law, in which event the payer shall be required to make such additional amount so that the payee would receive the full amount which the payee would have received if no such withholding or deductions are made.
(xiv)	**Governing Law**	:	Laws of Malaysia
(xv)	**Jurisdiction**	:	MESB shall unconditionally and irrevocably submit to the non-exclusive jurisdiction of the courts of Malaysia.
(xvi)	**Other Conditions**	:	The IMTNs shall at all times be governed by the guidelines issued and to be issued from time to time by the SC, BNM and/or any other authority in Malaysia having jurisdiction over matters pertaining to the IMTNs, and the Codes of Conduct.
(xvii)	**Redemption**		Unless previously redeemed or purchased and cancelled, the IMTNs will be redeemed by MESB at 100% of their nominal value on their respective maturity dates.
(xviii)	**Repurchase and Cancellation**		MESB may at any time purchase the IMTNs at any price in the open market or by private treaty, but these repurchased IMTNs shall be cancelled and cannot be reissued.
(xix)	**Availability**		Upon completion of documentation and, unless waived by the Lead Manager,

compliance of all conditions precedent and other applicable conditions to the satisfaction of the Lead Manager.

Annexure



Step 1	The potential investors (the "Investors") in relation to a particular issue under the IMTN Programme shall, from time to time, form a Musyarakah among themselves to invest in a venture ("Venture"), which are the Musyarakah assets (the "Musyarakah Assets"). In this respect, MESB shall make a declaration of trust over the Musyarakah Assets for the benefit of the Investors. MESB will then issue trust certificates (which are the IMTNs) to the Investors. The IMTNs shall entitle the Investors' to the undivided proportionate share of beneficial ownership in the venture, (the quantum of which is evidenced by the IMTNs held by them) and thereby any distribution made. The Investors will also be entitled to income generated from the Trust Assets throughout the tenure of the Musyarakah and/or proceeds from the sale of the Trust Assets in proportion to the nominal value in the Venture (their respective "Entitlements") and the rights of the Investors against the Issuer under the Purchase Undertaking.
Step 2	In consideration of MESB issuing the IMTNs, the Investors shall pay MESB a purchase consideration ("Musyarakah Capital"), being the subscription price of the IMTNs. The Investors, through a Trustee acting as their agent and trustee, will acquire the Trust Asset.
Step 3	The Trustee, on behalf of the IMTNholders' shall appoint MESB to manage the Trust Assets, for which the Issuer shall be paid an incentive management fee ("Incentive Fee"). MESB shall continue to manage its business operations for the holders of the IMTNs and in consideration thereof, the Investors will agree that all Entitlements accruing to the Investors in any given period which is over and above any portion of the Expected Return that are required to be paid to the Investors during such period, will be paid to, and will belong to, MESB as an Incentive Fee for acting as Manager.
Step 4	MESB will immediately thereafter enter into an agreement (the "Purchase Undertaking") with the Trustee to acquire an interest in the Trust Asset on the Scheduled Dissolution Date or upon the declaration of a Dissolution Event, whichever is the earlier at an agreed price (the "Exercise Price"). The Exercise Price payable by MESB shall be determined based on a pre-agreed formula.

THE ISSUER
Bright Focus Berhad
(Company No. 223607-M)
No. 1, Maju Expressway (MEX)
63000 Cyberjaya
Selangor Darul Ehsan
Malaysia

PRINCIPAL ADVISER, LEAD ARRANGER AND LEAD MANAGER
Standard Chartered Saadiq Berhad
(Company No. 823437-K)
Level 33, Menara Standard Chartered
30, Jalan Sultan Ismail
50250 Kuala Lumpur
Malaysia

FINANCIAL ADVISER TO THE ISSUER
ZJ Advisory Sdn Bhd
(Company No. 645449-V)
Suite 22B, 22nd Floor
Sunway Tower
No. 86, Jalan Ampang
50450 Kuala Lumpur
Malaysia

TRUSTEE
TMF Trustees Malaysia Berhad
(Company No. 610812-W)
Level 10, Menara Hap Seng
No 1 & 3 Jalan P. Ramlee
50250 Kuala Lumpur
Malaysia

REPORTING ACCOUNTANT
Crowe Horwath
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Malaysia

LEGAL COUNSEL TO THE PRINCIPAL ADVISER / LEAD ARRANGER / LEAD MANAGER
Wong & Partners
Level 21, The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200 Kuala Lumpur
Malaysia