13. FINANCIAL INFORMATION

13.1 Historical financial information

The following section set out the summary of our Group's proforma financial statements. The proforma consolidated financial information of our Company for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 are prepared based on the audited consolidated financial statements of our Company. The proforma consolidated financial information as contained herein are presented for illustrative purposes to show the aggregate results of our Group and on the assumption that our Group's current structure has been in existence throughout the financial years/period under review.

13.1.1 Proforma consolidated statements of comprehensive income

You should read the summary of our proforma consolidated financial information which have been presented below together with the management's discussion and analysis of financial conditions and results of operations and the Reporting Accountants' letter on our proforma consolidated financial information as set out in Sections 13.2 and 13.9 of this Prospectus respectively.

	3-month FPE 2007	FYE 2008	FYE 2009	6-month period ended 30 June 2009[(1)]	6-month period ended 30 June 2010
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	3,501	6,533	13,150	7,550	9,996
GP	1,793	3,830	6,883	2,783	5,119
EBITDA	969	2,187	4,234	1,272	4,222
Less: Amortisation	-	(5)	(5)	(3)	(3)
Finance cost	(145)	-	(70)	(13)	(46)
Depreciation	(144)	(816)	(830)	(415)	(718)
Add: Interest income	31	46	29	14	23
PBT	711	1,412	3,358	855	3,478
Taxation	(6)	-	-	-	(3)
PAT	705	1,412	3,358	855	3,475
Number of Shares in issue ('000)[(2)]	130,000	130,000	130,000	130,000	130,000
Gross EPS (sen)[(3)]	0.55	1.09	2.58	1.32[(5)]	5.35[(5)]
Net EPS (sen)[(4)]	0.54	1.09	2.58	1.32[(5)]	5.35[(5)]
GP margin (%)	51.19	58.63	52.34	36.86	51.22
PBT margin (%)	20.31	21.61	25.54	11.33	34.79
PAT margin (%)	20.14	21.61	25.54	11.33	34.76

Notes:

(1) *Unaudited and for comparison purpose only.*

(2) *Number of existing Shares in issue after the Acquisition but before the Public Issue.*

(3) *Calculated based on PBT of our Group for the respective years/periods divided by the number of Shares had our Group been in existence.*

(4) *Calculated based on PAT of our Group for the respective years/periods divided by the number of Shares had our Group been in existence.*

(5) *Based on annualised PBT and PAT.*

Our audited financial statements for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 are not subject to any audit qualifications. There were also no extraordinary items for all the financial years under review.

13.1.2 Proforma consolidated statements of financial position

Our proforma consolidated statements of financial position have been prepared for illustrative purpose only based on our audited consolidated statements of financial position as at 30 June 2010 and have been prepared on the assumption that the IPO had been effected on 30 June 2010.

We advise you to read the proforma consolidated statements of financial position presented below together with the notes included in the Reporting Accountants' letter on proforma consolidated financial information as set out in Section 13.9 of this Prospectus.

	Audited as at 30 June 2010 RM	(i) After Public Issue RM	(ii) After (i) and utilisation of proceeds RM
Assets			
Non- current assets			
Property, plant and equipment	13,544,284	13,544,284	29,544,284
Development costs	13,523	13,523	13,523
Intangible assets[(1)]	2,211,950	2,211,950	2,211,950
Goodwill on consolidation	2,570,627	2,570,627	2,570,627
Total non-current assets	**18,340,384**	**18,340,384**	**34,340,384**
Current assets			
Trade receivables	194,049	194,049	194,049
Other receivables and prepaid expenses	34,976	34,976	34,976
Deferred expenditure	131,100	131,100	-
Deposits with financial institutions	662,376	662,376	662,376
Cash and bank balances	1,523,461	24,063,461	6,654,561
Total current assets	**2,545,962**	**25,085,962**	**7,545,962**
Total assets	**20,886,346**	**43,426,346**	**41,886,346**
Equity and liabilities			
Capital and reserves			
Share capital	13,000,000	22,800,000	22,800,000
Share premium	-	12,740,000	11,200,000
Retained earnings	6,017,612	6,017,612	6,017,612
Shareholders' equity	**19,017,612**	**41,557,612**	**40,017,612**
Non-current liability			
Term loan	1,234,496	1,234,496	1,234,496
Total non-current liability	**1,234,496**	**1,234,496**	**1,234,496**
Current liabilities			
Trade payables	130,000	130,000	130,000
Other payables and accrued expenses	30,841	30,841	30,841
Amount owing to directors	75,755	75,755	75,755
Term loan	394,944	394,944	394,944
Tax liability	2,698	2,698	2,698
Total current liabilities	**634,238**	**634,238**	**634,238**
Total liabilities	**1,868,734**	**1,868,734**	**1,868,734**
Total equity and liabilities	**20,886,346**	**43,426,346**	**41,886,346**

Note:

(1) The intangible assets consist of the following:

	(RM)
• *Application and licensing fees for the CASP Individual License, NFP Individual License and NSP Individual License*	*180,000*
• *Incidental costs, which include feasibility studies, technical consultation and preparation of applications for the CASP Individual License, NFP Individual License and NSP Individual License*	*2,031,000*
• *Trade mark registration fee*	*950*
Total	***2, 211,950***

13.1.3 Proforma consolidated cash flow statements

Our proforma consolidated cash flow statements for the 6-month period ended 30 June 2010 as set out below have been prepared for illustrative purposes only, after incorporating such adjustments necessary for the elimination of all inter-company transactions and balances and on the assumption that our Group's current structure had been in existence since 1 January 2010 and the IPO had been effected on 30 June 2010.

	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	3,477,493
Adjustment for :	
Amortisation of development costs	2,705
Allowance for doubtful debts	64,969
Depreciation of property, plants and equipment	718,454
Finance cost	45,983
Gain on disposal of property, plant and equipment	(4,590)
Interest income	(22,537)
Operating profit before working capital changes	4,282,477
Changes in working capital:	
Decrease in receivables	239,755
Increase in payables	130,467
Decrease in amount owing to directors	(23,810)
Cash generated from operations	4,628,889
Interest received	22,537
Interest paid	(45,983)
Net cash from operating activities	**4,605,443**
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(18,053,277) *(1)*
Additions in intangible assets	(2,211,950)
Net cash used in investing activities	**(20,265,227)**
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of shares, net of listing expenses	21,000,000
Repayment of term loan	(385,603)
Net cash from financing activities	**20,614,397**
NET INCREASE IN CASH AND CASH EQUIVALENTS	**4,954,613**
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	**1,740,738**
CASH AND CASH EQUIVALENTS CARRIED FORWARD	**6,695,351**

Cash and cash equivalents carried forward consist of:	
Deposits with financial institutions	662,376
Cash and bank balances	6,654,561
	7,316,937
Less: Fixed deposits pledged as security	(621,586)
	6,695,351

Note:

(1) For proforma purpose, it includes the amount spent for the purchase of property, plant and equipment of RM2.05 million and amount to be spent on DTTB of RM16.00 million.

13.2 Management's discussion and analysis of financial condition and results of operations

Investors should read the following discussion and analysis of our financial condition and results of operations in conjunction with the proforma consolidated financial information and the related notes thereon for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 as set out in Section 13.9 of this Prospectus.

This discussion and analysis contains data derived from our audited financial statements as well as forward-looking statements that involve risks and uncertainties. The results may differ significantly from those projected in the forward-looking statements. Factors that may cause future results to differ significantly from those included in the forward-looking statements include, but are not limited to, those discussed below and elsewhere in this Prospectus, particularly the risk factors as set out in Section 5 of this Prospectus.

13.2.1 Overview of operations

(i) Revenue

As highlighted in Section 7.2.1 of this Prospectus, our Group currently provides the following services to our customers:

(a) air-time sales;

(b) programme sponsorship; and

(c) creative and production works.

As such, we generate revenue from the above services in the following manner:

(a) sales of advertising time in between programmes on our Transit-TV Network System;

(b) sales of programme sponsorship to anchor advertisers which provide an opportunity for the anchor advertisers to leverage on our Transit-TV Network System to gain more publicity with a longer duration of commercial time. In addition, the anchor advertisers are able to participate in activities such as viewers' choice/voting and prize winning contest; and

(c) sales of creative and production works, which provide a one-stop solution service to the advertisers for works such as creative design, video shooting, 2-dimension and 3-dimension animation with the assistance from external production houses from time to time. As such, a major portion of the revenue received from the sales of creative and production works will be paid to external production houses for their services.

Our advertising customers normally subscribe to items (a) and (c) whilst the anchor advertisers subscribe to items (a), (b) and (c) as a package.

Our revenue is recorded net of any sales discounts from our official list prices that we may provide to our advertising customers. These discounts include volume discounts and other customer incentives offered to our advertising customers, including additional broadcast time for their advertisements if we have unused time available. Sales discounts are usually provided to our long term advertising customers or those who had huge purchases from us in order for us to maintain a good working relationship with these customers. Our advertising customers include advertisers that directly engage in advertisement placements with us and advertising agencies retained by some advertisers to place advertisement on their behalf.

We recognised revenue upon airing of the advertisement on our Transit-TV Network System based on the schedule agreed upon with our advertising customers as illustrated as follow:

Time line

-Obtained purchase order	-Airing of 1st scheduled advertisement -Raise invoice -Recognised revenue	-Airing of final scheduled advertisement -Raise invoice -Recognised revenue

We do not experience any material seasonality in our business, as our business operations are relatively stable throughout the year. However, we may experience a higher turnover towards the end of each calendar year due to a higher demand for our services during Christmas and school holidays which take place towards the end of the year.

The following table depicts the proforma revenue breakdown by subsidiary companies and segmented by products for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010:

Proforma revenue by subsidiary companies:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[(1)]		2010	
	RM'000	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**	**RM'000**	**%**
AMSB	3,000	86	6,330	97	12,961	99	7,462	99	9,895	99
TESB	501	14	203	3	189	1	88	1	101	1
Total	3,501	100	6,533	100	13,150	100	7,550	100	9,996	100

Note:

(1) Unaudited and for comparison purpose only.

Proforma revenue by products and services:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[1]		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Air time	750	21	1,808	28	3,674	28	2,076	28	2,339	23
Programme sponsorship	600	17	2,128	33	4,156	32	2,428	32	2,415	24
Creative and production	2,151	62	2,597	39	5,320	40	3,046	40	5,242	53
Total	3,501	100	6,533	100	13,150	100	7,550	100	9,996	100

Note:

(1) Unaudited and for comparison purpose only.

Due to the strong growth rate in DOOH transit media industry between 2007 and 2008 of 128.60% and also 61.50% between 2008 and 2009, with a CAGR of 92.10% from 2007 to 2009, despite the global economic downturn in 2008, as disclosed in Section 9 of this Prospectus, our revenue has been growing on a year-to-year basis due to increasing interest in DOOH transit media from our existing and new customers during the periods under review. The consistent growth since our commencement of business in October 2007 was also due to additional new customers secured throughout the periods under review.

The contributions of proforma revenue from our existing and new advertising customers during the periods under review are as follows:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[1]		2010	
	Existing	New	Existing	New	Existing	New	Existing	New	Existing	New
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Air time	-	750	959	849	1,248	2,426	397	1,679	1,544	795
Programme sponsorship	-	600	1,205	923	1,483	2,673	426	2,002	1,577	838
Creative and production	-	2,151	1,526	1,071	1,922	3,398	566	2,480	3,477	1,765
Total	-	3,501	3,690	2,843	4,653	8,497	1,389	6,161	6,598	3,398
% of total revenue	-	100	56.48	43.52	35.38	64.62	18.40	81.60	66.01	33.99

Note.

(1) Unaudited and for comparison purpose only.

Even though our creative and production segment contributed a major portion of our total revenue during the periods under review, a major portion of the revenue received was subsequently paid to the external production houses we engaged to provide their services on the production of technical works that required by our customers from time to time as we promoted it with other segments of our business as a package. Its contribution to the total revenue decreased from 62% to 39% in the FYE 2008 as the percentage increase of contributions from air time and programme sponsorship segments were much higher than the increase from the creative and production segment.

During the 6-month period ended 30 June 2010, the contribution from our creative and production segment increased to 53% of our total revenue as some customers had more budget to spend on creative and production at the beginning of the year in order to produce new advertisements which can be used in the later period of the year to promote their products and services. The increase was also contributed by our new customers who needed us to assist them in producing their advertisements for the first time. In view of the increase of contribution from our creative and production segment as mentioned above, the contributions from our air time and programme sponsorship segments decreased to 23% and 24%, respectively.

Factors that can affect our revenue include:

(a) Actual price of advertising air time

The price that we actually charged our customers for our advertising air time directly affects our revenue. The listed prices for advertising air time on our network vary according to the States in Malaysia where the buses are operating. In accordance with the standard industry practice, we offer discounts to our customers on individual basis, so the actual price we charge for our advertising time after taking into account any discounts will affect our revenue.

The increase in our coverage to other public transports in the future such as trains (i.e, KL Monorail, LRT and KTMB Komuter) is expected to improve our pricing of advertising air time. An increase in coverage to other public transports will also increase our geographical coverage to reach out to a larger audience and this will make the advertising on our network more attractive to our customers. We expect our actual price of advertising air time to increase as our geographical coverage increases.

(b) Quality and attractive contents and programmes

The quality of the contents and programmes broadcast on our network affects our ability to maintain existing customers and capture new customers. Programmes and contents that can attract the attention of our targeted mobile audience will make our advertising platform more effective. Our ability to locate, produce, edit and provide suitable programmes and contents that appeal to our intended audience will affect our actual price of advertising time and the continuing interest of advertisers in this medium as part of their advertising strategies.

Based on our experience, our targeted mobile audience's participation in prize winning contests related to sports contents was higher than other contents. As such, our ability to provide more sports related contents is expected to increase the interest of our existing and new customers to advertise on our Transit-TV Network System.

We believe that the upgrading of our current pre-recorded system to DTTB which delivers substantial real-time value to the targeted mobile audience will provide our advertising customers a more effective method of delivering advertisements to audience that are drawn by up-to-date news, sports events and entertainment as this will increase the attention of audience on the advertisements and programmes sponsored by our customers and will also increase the confidence level of our advertising customers on our network.

(c) Contents to advertising ratio

The good mixture of contents or programmes to advertisements gets broadcasted on our network will affect the effectiveness of advertising on our network, which in turn will affect our revenue. Broadcasting a good mixture of advertisements and contents will be able to capture the attention of our targeted audience and lead to the effectiveness of our network and higher sales.

Currently we maintain approximately 30 minutes within an hour for advertisements whilst the remaining 30 minutes within an hour for contents to ensure that our targeted audience do not lose interest on the repeated advertisements and contents.

(d) Advertising air time

The total air time available determines our total sales capacity and it will affect our advertising revenue. As we need to allocate certain amount of time for contents, there is a maximum capacity for us to expand sales of advertising times between programmes. As such, we need to maximise our sales of soft advertisements embedded on the contents and programme sponsorship on our network system to maximise air time per hour and to realise additional revenue from the time reserved for broadcast contents. Increase in our sale of such advertisements is envisaged to increase our revenue per hour.

In addition, our ability to expand our network into stationary advertising platform in major bus and train stations will also increase the availability of air time per hour.

Please refer to Section 5 of this Prospectus for other factors that may affect our financial performance.

(ii) Cost of sales

Our cost of sales consists of costs directly related to the offering of our services which comprises mainly:

(a) Production costs

Production costs comprise mainly the engagement of external production houses to assist our creative department by providing us with ideas, proposals and their expertise in producing more complex productions with additional technical effects required by our customers from time to time. As such, a major portion of the revenue generated from our sales of creative and production works will be paid to external production houses for their services, which translate into the cost of sale for our creative and production works.

(b) Content costs

Content costs comprise mainly the purchase of movies for the long journey buses or music videos, sports and news for the RapidKL Buses. We normally purchase these contents from the licensed production houses that have the copy rights to the contents.

The following table depicts the proforma cost of sales breakdown by subsidiary companies and segmented by products for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010:

Proforma cost of sales by subsidiary companies:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[1]		6-month period ended 30 June 2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proforma revenue										
AMSB	3,000	86	6,330	97	12,961	99	7,462	99	9,895	99
TESB	501	14	203	3	189	1	88	1	101	1
	3,501	100	6,533	100	13,150	100	7,550	100	9,996	100
Proforma cost of sales										
AMSB	(1,660)	97	(2,630)	97	(6,205)	99	(4,736)	99	(4,845)	99
TESB	(48)	3	(73)	3	(62)	1	(31)	1	(32)	1
	(1,708)	100	(2,703)	100	(6,267)	100	(4,767)	100	(4,877)	100
GP										
AMSB	1,340	75	3,700	97	6,756	98	2,726	98	5,050	99
TESB	453	25	130	3	127	2	57	2	69	1
	1,793	100	3,830	100	6,883	100	2,783	100	5,119	100
GP margin (%)										
AMSB		45		58		52		37		51
TESB		90		64		67		65		68

Note:

(1) Unaudited and for comparison purpose only.

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Proforma cost of sales by products and services:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[(1)]		2010	
	RM'000	%	RM'000	%	RM'000	%	RM'000	%	RM'000	%
Proforma revenue										
Air time	750	21	1,808	28	3,674	28	2,076	28	2,339	23
Programme sponsorship	600	17	2,128	33	4,156	32	2,428	32	2,415	24
Creative and production	2,151	62	2,597	39	5,320	40	3,046	40	5,242	53
	3,501	100	6,533	100	13,150	100	7,550	100	9,996	100
Proforma cost of sales										
Air time	-	-	-	-	-	-	-	-	-	-
Programme sponsorship	(48)	3	(468)	17	(1,160)	19	(550)	12	(570)	12
Creative and production	(1,660)	97	(2,235)	83	(5,107)	81	(4,217)	88	(4,307)	88
	(1,708)	100	(2,703)	100	(6,267)	100	(4,767)	100	(4,877)	100
GP										
Air time	750	42	1,808	47	3,674	53	2,076	75	2,339	46
Programme sponsorship	552	31	1,660	43	2,996	44	1,878	67	1,845	36
Creative and production	491	27	362	10	213	3	(1,171)	(42)	935	18
	1,793	100	3,830	100	6,883	100	2,783	100	5,119	100
GP margin (%)										
Air time		100.00		100.00		100.00		100.00		100.00
Programme sponsorship		92.00		78.01		72.09		77.35		76.40
Creative and production		22.83		13.94		4.00		(38.44)		17.84

Note:

(1) Unaudited and for comparison purpose only.

The GP margin for the air time segment has been consistently 100% as the direct costs which attributed to the cost of sales are production costs and contents which affect only the programme sponsorship and creative and production.

The GP margin for programme sponsorship segment is lower for the FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 as compared to the 3-month FPE 2007 which was mainly due to the increase in the purchase of contents from third parties during the FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 because of an increase in demand from our customers for a variety of contents, whereas most of the contents for programmes sponsorship were produced in-house for the 3-month FPE 2007. As we are not specialising in content production, it is more cost effective for us to purchase a variety of contents from third parties as compared to in-house contents production.

The GP margin for creative and production segment fluctuated over the period under review and is dependent on the extensity of our engagement of external production house. As highlighted in Section 7.2.1 (iii) of this Prospectus, we engage external production houses to assist our creative department by providing us with ideas, proposals and their expertise in producing more complex productions with additional technical effects on the production of technical works required by our customers from time to time. In general, the more frequent we engage external production houses for the production of technical works, the lower our GP margin.

The air time segment contributed the highest GP during the periods under review.

Even though the creative and production segment contributed a major portion of our total revenue during the periods under review, its cost of sales was the highest and thus the GP and GP margin were the lowest. The reason for the above was due to the fact that a major portion of the revenue received was subsequently paid to the external production house as our cost of sales.

Factors that can affect our cost of sales include:

(a) Underestimation of production costs

The pricing of our advertisement for customers which requires an end-to-end service with higher end of technical effects is determined by our estimation of cost for the engagement of the production house. Inadequate or erroneous cost estimation and/or unanticipated increase in the production cost may lead to cost overrun. Any changes or requirement for higher technical effects to meet our customers' specifications will also increase our cost of sales.

(b) Change in riders' preference

Any change in our riders' preference whereby they do not accept or lose interest in our in-house production contents will require us to purchase more contents from third parties and hence will increase our cost of sales. As our Group is not specialising in content production, the inclusion of more contents from third parties will increase the variety of our programmes on our network to attract the interest and attention of our targeting audience.

Any substantial increase in the purchase of contents will increase our cost of sales.

Please refer to Section 5 of this Prospectus for other factors that may affect our financial performance.

(iii) Operating costs

Our operating costs comprise mainly staff, administrative, depreciation and amortisation cost. The following table depicts the operating cost breakdown for the 3-months FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010:

	3-month FPE 2007		FYE 2008		FYE 2009		6-month period ended 30 June 2009[1]		2010	
	RM'000	% of revenue	RM'000	% of revenue	RM'000	% of revenue	RM'000	% of revenue	RM'000	% of revenue
Staff	424	12.11	1,105	16.91	1,488	11.32	591	7.83	554	5.54
Administrative	555	15.85	1,279	19.58	1,263	9.60	919	12.17	366	3.66
Depreciation	144	4.11	816	12.49	830	6.31	415	5.50	718	7.19
Amortisation	-	-	5	0.08	5	0.04	3	0.04	3	0.03
Total	**1,123**	**32.07**	**3,205**	**49.06**	**3,586**	**27.27**	**1,928**	**25.54**	**1,641**	**16.42**

Note:

(1) Unaudited and for comparison purpose only.

Our staff costs primarily consist of salaries, Employees Provident Funds contribution, training and benefits to all our staff whilst the administrative costs primarily consist of office rental, professional service fees, maintenance, utilities and other office expenses.

We expect that our operating costs to increase in the future as we plan to hire additional personnel and incur additional costs in connection with the expansion of our business.

(iv) Effective tax rate

AMSB was accorded with MSC Malaysian Status on 10 October 2007 by MDeC and is entitled to a five (5) years tax exemption, which can be extended for a further five (5) years subsequently. Since then AMSB is not required to pay any tax for the FYE 2008 and FYE 2009.

The income tax expenses for the 6-month period ended 30 June 2010 was due to interest income.

13.2.2 Commentary on performance

3-month FPE 2007

(i) Revenue

We recorded approximately RM3.50 million of revenue for the 3-month FPE 2007 since our commencement of business in October 2007. The revenue during the 3-month FPE 2007 was mainly contributed by the purchases from two (2) media agencies, namely OMD (M) Sdn Bhd and WPP Marketing Communication (M) Sdn Bhd whereby we provided them with the new experience in advertising with DOOH transit media, and in return they provided a new form of advertising media to their customers and as such they placed their customers' advertisements with us by a large quantity purchased.

(ii) GP margin

We recorded a GP margin of approximately 51.19% for the 3-month FPE 2007.

(iii) PBT

We recorded approximately RM0.71 million in PBT for the 3-month FPE 2007 based on our revenue of approximately RM3.50 million.

FYE 2008

(i) **Revenue**

We recorded approximately RM6.53 million of revenue for the FYE 2008. This was mainly due to the increase of sales to new customers, whereby approximately 43.52% or RM2.84 million of the revenue in the FYE 2008 was contributed by new customers while the existing customers contributed the balance 56.48% or RM3.69 million of revenue in the FYE 2008.

(ii) **GP margin**

Our GP margin increased by 7.44% from 51.19% in the 3-month FPE 2007 to 58.63% in the FYE 2008. The increase in the GP margin in the FYE 2008 was mainly due to a lower cost incurred in engaging external production houses as our in-house production team was able to produce some of the advertisements which met our advertising customers' requirements with less assistance from the external production houses.

(iii) **PBT**

We recorded approximately RM1.41 million in PBT for the FYE 2008 based on our revenue of approximately RM6.53 million.

FYE 2009 compared to FYE 2008

(i) **Revenue**

Our revenue increased by approximately 101.29% from the FYE 2008 to FYE 2009. The increase was mainly due to the marketing effort to promote our network by our sales team, which include additional two (2) commissioned agents, namely Zenith Media Sdn Bhd and Starcom Mediavest Group Sdn Bhd, during the FYE 2009 who contributed approximately 24.63% increase in our revenue for the FYE 2009. In addition, our new marketing strategy to encourage our new customers to sign-up with us for a longer period by providing them with an additional free air time had contributed to the increase in revenue for the FYE 2009. Our winning of several awards such as "Best Start-up Company"; "Biggest Transit-TV Network (Bus)"; and "SME Rising Star Award" had improved our reputation in the DOOH transit media industry, hence increased our revenue. In addition, we managed to complete the installation of our Transit-TV Network System in additional 250 buses in late 2008 and the effect was seen in our revenue growth in the FYE 2009.

(ii) **GP margin**

Our GP margin decreased by 6.29% from 58.63% in the FYE 2008 to 52.34% in FYE 2009. The decrease in the GP margin was mainly due to the lower fees charged to a few of our loyal customers to reward and encourage them to continue staying with us. Meanwhile, the decrease was also contributed by the purchase of contents from third parties instead of in-house production which resulted in higher cost of sales.

(iii) **PBT**

Our PBT increased by approximately RM1.95 million or 137.82% from RM1.41 million for the FYE 2008 to RM3.36 million for the FYE 2009. Our PBT margin also improved from 21.61% for the FYE 2008 to 25.54% for the FYE 2009 with the improved economies of scale arising from the revenue growth.

6-month period ended 30 June 2010 compared to 6-month period ended 30 June 2009

(i) **Revenue**

Our revenue increased by approximately 32.40% from RM7.55 million in the 6-month period ended 30 June 2009 to RM10.00 million in the 6-month period ended 30 June 2010. The increase was mainly due to the purchase from our existing customers whereby approximately 66.01% or RM6.60 million of the revenue in the 6-month period ended 30 June 2010 was contributed by our existing customers while the additional twenty (24) new customers contributed the balance 33.99% or RM3.40 million of revenue. The increase was also contributed by some of our customers who spent more on creative and production for new advertisements to promote their products and services.

(ii) **GP margin**

Our GP margin increased by14.36% from 36.86% in the 6-month period ended 30 June 2009 to 51.22% in the 6-month period ended 30 June 2010. The increase in the GP margin was mainly due to competitive production costs provided by the external production houses and also higher production fees charged to our customers in the 6-month period ended 30 June 2010.

(iii) **PBT**

Our PBT increased by approximately RM2.62 million or 306.78% from RM855,000 in the 6-month period ended 30 June 2009 to RM3.48 million in the 6-month period ended 30 June 2010. Our PBT margin also improved from 11.33% for the 6-month period ended 30 June 2009 to 34.79% in the 6-month period ended 30 June 2010. The increase in PBT and PBT margin was mainly due to the increase in revenue, decrease in costs of sales and lower operating costs.

13.2.3 Liquidity and capital resources

(i) **Working capital**

Our operations, business growth and expansion have been financed through a combination of cash generated from our operating activities and bank borrowings.

Our Directors are of the opinion that, after taking into consideration the cash and cash equivalents, the expected funds to be generated from operating activities and amounts available under our existing banking facilities, our Group will have adequate working capital for a period of twelve (12) months from the date of this Prospectus.

(ii) **Proforma cash flows**

A summary of our Group's proforma cash flows position for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 is as follows:

	3-month FPE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	6-month period ended 30 June 2009[(1)] RM'000	2010 RM'000
Net cash from operating activities	268	1,814	4,731	3,830	4,605
Net cash (used in) investing activities	(1,258)	(5,313)	(6,236)	(4,441)	(20,265)
Net cash from financing activities	282	3,000	1,393	2,390	20,614
Net increase/(decrease) in cash and cash equivalents	(708)	(499)	(112)	1,779	4,954
Cash and cash equivalents at end of financial year	2,352	1,853	1,741	3,632	6,695

Note:

(1) Unaudited and for comparison purpose only.

Subject to compliance of legislations and financial covenants, if any, there are no legal, financial or economic restrictions on the ability of our subsidiaries to transfer funds to our Company in the form of cash dividends, loans or advances to meet the cash obligations of our Company.

Premised on the above:

<u>*Cash flows from operating activities*</u>

- For the 3-month FPE 2007, we generated a net cash inflow from operating activities before working capital changes of approximately RM0.96 million. After accounting for the increased in trade and other receivables of approximately RM1.41 million, increased in payable of approximately RM0.27 million, increased in advance by a Director of approximately RM0.56 million, interest paid of RM0.14 million and interest received of RM0.03 million, the net cash inflow from operating activities was RM0.27 million.

- For the FYE 2008, we generated a net cash inflow from operating activities before working capital changes of approximately RM2.18 million. After accounting for the decreased in receivables of approximately RM1.15 million, decreased in payables of RM0.86 million, decreased in advance from a Director of approximately RM0.71 million and interest received of RM45,682, the net cash inflow from operating activities was RM1.81 million.

- For the FYE 2009, we generated net cash inflow from operating activities before working capital changes of approximately RM4.25 million. After accounting for the increased in receivables of approximately RM0.18 million, increased in advance by a Director of approximately RM0.71 million, tax paid of RM0.01 million and net interest paid of RM0.04, the net cash inflow from operating activities was RM4.73 million.

- For the 6-month period ended 30 June 2010, we generated a net cash flow from operating activities before working capital changes of approximately RMRM4.28 million. After accounting for the decreased in receivables of RM0.24 million, increased in payable of approximately RM0.13 million, decreased in advances by director of approximately RM0.02 million and net interest paid of RM0.02, the net cash inflow from operating activities was RM4.61 million.

Cash flows from investing activities

- For the period under review, our Group's net cash outflow from investing activities amounted to RM1.26 million for the 3-month FPE 2007, RM5.31 million for the FYE 2008, RM6.24 million for the FYE 2009 and RM20.26 million for the 6-month period ended 30 June 2010 which was mainly attributable to amount spent for the purchase of property, plant and equipment which include mainly LCD screens, video players and power supply units for our Transit-TV Network System. For proforma purposes, for the 6-month period ended 30 June 2010, we have taken into account RM2.21 million of intangible assets, amount spent for the purchase of property, plant and equipment of RM2.05 million and amount to be spent on DTTB of RM16.00 million.

Cash flows from financing activities

- For the 3-month FPE 2007, we recorded a net cash inflow from financing activities of approximately RM0.28 million which was mainly due to advances by the holding company of TESB.

- For the FYE 2008, we recorded a net cash inflow from financing activities of approximately RM3.00 million which was mainly due to the issuance of new shares by AMSB.

- For the FYE 2009, we recorded a net cash inflow from financing activities of approximately RM1.40 million which was mainly due to drawdown of term loan of RM2.38 million, which was partially offset by repayment of term loan of approximately RM0.36 million and an increase in fixed deposit pledged to a bank of approximately RM0.62 million.

- For proforma purposes, for the 6-month period ended 30 June 2010, we have taken into account the listing proceeds of RM22.54 million which was partially off-set by payment of listing expenses of approximately RM1.54 million.

(iii) Borrowings

As at LPD, our Group had total outstanding borrowings of RM1,301,215, details of which are set out below:

	RM
Long term borrowings (interest bearing)	
- Term loans (secured and guaranteed)	1,234,810
Short term borrowings (interest bearing)	
- Term loans (secured and guaranteed)	66,405
TOTAL BORROWINGS	**1,301,215**
Gearing ratio (times)	**0.07[1]**

Note:

(1) Based on the shareholders' equity after the Acquisition but prior to the Public Issue.

The term loans were obtained to finance capital expenditure and working capital. The interest rates for our term loans are based on prevailing base lending rates plus a margin agreed upon by our bankers when the respective term loans were granted. There was no default on payment either interest and/or principal sums in respect of any borrowing up to the LPD. We were not in breach in any terms and conditions or covenants associated with the credit arrangement or bank loan which can materially affect our financial position and results or business operation, or the investment by holders of the securities in us.

Currently, we do not have any interest rate hedging policy or any foreign borrowings. We will monitor the interest rate movement and will take the necessary steps to minimise interest rate risk whenever deemed appropriate such as implementing a hedge policy. However, no assurance can be given that any future significant movement in interest rate will not have a material adverse impact on our business, operating results and financial position.

(iv) Capital Expenditure

Our Group's capital expenditures for the 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 are as follows:

	3-month FPE 2007 RM'000	FYE 2008 RM'000	FYE 2009 RM'000	6-month period ended 30 June 2009[(1)] RM'000	6-month period ended 30 June 2010 RM'000
Transit-TV Network System	1,245	5,633	-	-	-
Work-in-progress	-	-	6,158	4,141	2,042
Furniture and fittings	7	25	35	19	-
Motor vehicles	-	-	4	4	4
Office equipment	15	55	34	27	7
Plant and equipment	-	-	3	-	-
Renovation and signboard	7	31	3	-	-
	1,274	**5,744**	**6,237**	**4,191**	**2,053**

Note:

(1) Unaudited and for comparison purpose only.

For the period under review, our capital expenditure was mainly concentrated on the building of our Transit-TV Network System, which is in line with our efforts to expand our business operations.

The work-in-progress for the 6-month period ended 30 June 2010 comprised of progressive installation of our Transit-TV Network System.

Moving forward, we will utilise the proceeds to be raised from the Public Issue for our capital expenditure in relation to the rolling out of our DTTB system.

Save as disclosed in Sections 7.2 and 7.15.1 of this Prospectus, we do not have any material plan on capital expenditures as at the LPD.

(v) **Material capital commitments**

As at LPD, our Board is not aware of any material capital commitments incurred or known to be incurred by our Group that has not been provided for, which upon becoming enforceable, may have a material impact on our financial results/ position.

(vi) **Contingent liabilities**

As at LPD, our Board is not aware of any contingent liability, which in the opinion of our Board, will or may substantially affect our financial results or position upon becoming enforceable.

(vii) **Material litigation, claims or arbitration**

As at LPD, neither our Company nor our subsidiary companies are engaged in any material litigation, claims or arbitration either as plaintiff or defendant, which has a material effect on the financial position of our Company or our subsidiary companies and our Board is not aware of any proceedings pending or threatened, or of any facts likely to give rise to any proceedings, which might materially and adversely affect the business or financial position of our Company or our subsidiary companies.

(viii) **Key financial ratios**

The key financial ratios of our Group for the past 3-months FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 are as follows:

	3-months FPE 2007	**FYE 2008**	**FYE 2009**	**6-month period ended 30 June 2009**[(1)]	**6-month period ended 30 June 2010**
Trade receivables turnover (months)	1.16[(2)]	0.64[(3)]	0.47[(3)]	5.91[(4)]	0.12[(4)]
Trade payables turnover (months)	-[(5)]	-[(5)]	-[(5)]	11.07[(6)]	0.16[(6)]

Notes:

(1) Unaudited and for comparison purpose only.

(2) Trade receivables divided by total revenue and multiplied by three (3) months.

(3) Trade receivables after allowance for doubtful debts divided by total revenue and multiplied by twelve (12) months.

(4) Trade receivables after allowance for doubtful debts divided by total revenue and multiplied by six (6) months.

(5) There were no trade payables for the respective period under review.

(6) Trade payables divided by total cost of sales and multiplied by six (6) months.

(a) **Trade receivables turnover**

We normally grant credit terms of 30 to 90 days to our customers. Other credit terms are assessed and approved on a case-by-case basis.

Our trade receivables turnover for the 3-month FPE 2007 was approximately 1.16 months.

The credit control measures implemented by us had successfully reduced the trade receivables for the periods under review whereby our trade receivables turnover decreased to 0.64 month for the FYE 2008 and to 0.47 month for the FYE 2009.

For the 6-month period ended 30 June 2010, our trade receivables turnover was approximately 0.12 month, which was substantially lower as compared to 5.91 months for the 6-month period ended 30 June 2009.

As part of our overall credit control policy, our Group has taken steps to manage and reduce our trade receivables turnover such as the following:

- Applying a stringent credit evaluation process such as carrying out assessment of the financial credibility of existing and new customers before setting credit limit and credit period for any existing and new customers; and

- Monitoring the outstanding trade receivable closely by analysing the monthly trade receivables aging report and follow-up closely with customers.

(b) Trade payables turnover

There were no trade payables as at 31 December 2007 to 2009 as we settled all the payable on time.

(ix) Aging analysis of the receivables

	←–Within credit period–→			←—Exceeding credit period—→			
No of days	**0-30**	**31-60**	**61-90**	**91-180**	**180-365**	**>365**	**Total**
Trade receivables (RM)	82,449	71,925	17,050	17,125	5,500	97,653	291,702
Less:							
Allowance for doubtful debts (RM)	-	-	-	-	-	(97,653)	(97,653)
Total (RM)	82,449	71,925	17,050	17,125	5,500	-	194,049

As at 30 June 2010, approximately 88.34% of our trade receivables were within our credit period. Our management is of the opinion that the remaining debts are collectable and hence, no further allowance for doubtful debt is required.

The allowance for doubtful debt of RM97,653 is in respect of outstanding trade receivables which existed since June 2008.

Our finance team monitors all the outstanding trade receivables and if a customer fails to make payment on our invoice within the credit period granted, our sales personnel will contact the customer directly to follow-up on the status of payment. We will make specific provisions in the event that the recovery of the debt appears doubtful. The quantum of such provision is dependent on the duration for which the debt was overdue, payment history of our customers and likely hood that such debt may be unrecoverable.

13.2.4 Trend analysis

As at LPD, to the best of our Directors' knowledge and belief, our operations have not been and are not expected to be affected by any of the following:

(i) known trends, demands, commitments, events or uncertainties that have had or that we reasonable expect to have, a material favourable or unfavourable impact on our Group's financial performance, position, operations and liquidity and capital resources other than those disclosed in Sections 5, 7, 9 and 13.2 of this Prospectus;

(ii) known trends, demands, commitments, events or uncertainties that are reasonably likely to make our Group's historical financial statements not indicative of the future financial performance and position, save for those that have been disclosed in Section 5 of this Prospectus;

(iii) material commitments for capital expenditure, save as those disclosed in Section 13.2.3(iv) of this Prospectus; and

(iv) unusual, infrequent events or transactions or any significant economic changes that have materially affected the financial performance, positions and operations of our Group save as disclosed in Sections 5 and 13.2 of this Prospectus.

13.3 Capitalisation and indebtedness

The following information shall be read in conjunction with the Reporting Accountants' letter on proforma consolidated financial information and Accountants' Report set out in Sections 13.9 and 14 of this Prospectus.

The following table shows our Group's cash and bank balances, capitalisation and indebtedness:

(i) based on our financial position as at 30 June 2010; and

(ii) as adjusted for the net proceeds from the Public Issue and proposed utilisation of the proceeds from the Public Issue.

	As at 30 June 2010 RM'000	**After Public Issue and utilisation of proceeds RM'000**
Indebtedness		
Current		
Term loan	395	395
Non current		
Term loan	1,235	1,235
Total indebtedness	1,630	1,630
Shareholders' equity	19,018	40,018
Total capitalisation and indebtedness	**20,648**	**41,648**

13.4 Order book

As at the LPD, our short term order book amounted to approximately RM0.86 million. Our order book has not been significant due to the nature of our business as we do not receive long term order from our customers. We generate our revenue as and when we deliver our products and services pursuant to purchase orders.

Despite the absence of long-term orders from our customers, we have been successfully in maintaining existing customers as well as secured new customers as evidenced by the revenue growth during the periods under review.

13.5 Impact of inflation

Our Group's financial performances for the past 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 were not materially affected by inflation.

13.6 Government / economic / fiscal / monetary policies

Risks relating to government, economic, fiscal or monetary policies, which may materially affect our operations, are set out in Section 5 of this Prospectus. Save for the risks disclosed in Section 5 of this Prospectus, there is no government, economic, fiscal or monetary policies or factors that will have a material impact on our profitability and financial position.

13.7 Impact of foreign exchange / interest rate / commodity prices on operating profit

Our Group does not have any business transaction in foreign exchange and is not dependent on commodity prices. As such, our Group's financial performances for the past 3-month FPE 2007, FYE 2008, FYE 2009 and 6-month period ended 30 June 2010 were not materially affected by foreign exchange or commodity prices.

As at LPD, we have a term loan of RM1.30 million. Any material changes on the interest rate charge by the bank will affect our interest expenses.

13.8 Dividend policy

It is our Directors' policy to recommend dividends to allow our shareholders to participate in the profits of our Group. However, our ability to declare dividends or make other distributions to our shareholders in the future years is subject to various factors such as having profits and excess funds, which are not required to be retained to fund our business.

Our Directors will consider the following factors that they currently intend to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends:

(i) the level of cash and level of indebtedness;

(ii) required and expected interest expense, cash flows, our profits, return on equity and retained earnings;

(iii) our expected results of operations and future level of operations; and

(iv) our projected levels of capital expenditure and other investment plans.

13. FINANCIAL INFORMATION *(Cont'd)*

The payment and amount of any dividends or distributions to our shareholders will be at the discretion of our Directors and will depend on factors stated above. There can be no assurance as to whether the dividend distribution will occur as intended, the amount of dividend payment or timing of such payment.

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13.9 Reporting Accountants' Letter on the Proforma Consolidated Financial Information

TAN CHIN HUAT & CO

AF 1395
Chartered Accountants

No: 232 2nd Floor Block A Damansara Intan
No: 1 Jalan SS 20/27 47400 Petaling Jaya
Tel: 03-77268992
Fax. 03-77284992

REPORTING ACCOUNTANTS' LETTER
ON THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION
(Prepared foi inclusion in this Prospectus)

Dale: 8 December 2010

The Board of Directors
ASIA MEOIA GROUP BERHAO
(Formerly known as Gerak Bayan Sdn. Bhd.)
No: 35, Firsl Floor, Jalan Bandar 16
Pusat Bandar Puchong
47100 Puchong
Selangor Darul Ehsan

Dear Sirs,

ASIA MEOIA GROUP BERHAO ("ASIA MEOIA" or "the Company")
PROFORMA CONSOLIOATEO FINANCIAL INFORMATION

We have reviewed the proforma consolidated financial informalion of ASIA MEDIA and its subsidiaries ("ASIA MEDIA Group" or "the Group"), togelher with the accompanying noles thereto, as set oul in the accompanying statements (initialled by us for purpose of identificalion only). The proforma consolidated financial information has been prepared foi illustrative purposes only on the basis of assumptions as sel out in the accompanying notes and after making cerlain adjustments to show what:

(i) the financial results ot the ASIA MEDIA Group tor the three (3) financial years ended ("FYEs") 31 December 2007 to 2009 and six (6) months financial period ended ("FPE") 30 June 2010 would have been, it lhe Group structure as at the date of the Prospectus had been in place throughout the financial years/period being reported thereon;

(ii) the financial position of ASIA MEDIA Group as al 30 June 2010 would have been, if the Group stiucture as al the dale of lhe Prospectus had been in existence on thal date, adjusted for lhe IPO Exercise (as defined herein) and utilisation of proceeds from the Public Issue (as defined herein); and

(iii) the cash flows of the ASIA MEDIA Group tor the six (6) months FPE 30 June 2010 would have been, if the Gioup structure as at the date of the Prospectus had been in place since the beginning ot the financial period, adjusted tor lhe IPO Exercise (as defined herein) and utilisation of proceeds trom the Public Issue (as defined herein).

This letter is required by and is given for the purpose of complying with the Prospectus Guidelines issued by Securities Commission ("the Guidelines") and for no othei purpose.

The proforma consolidated financial infoimation, because ot its nature, may not be reflective of ASIA MEDIA Group's actual financial results, financial position and cash flows.

Responsibilities

It is solely the responsibility of the Board of Directors of ASIA MEDIA to prepare the proforma consolidated financial information in accordance with the requirements of the Guidelines.

It is our responsibility to form an opinion, as required by the Guidelines as to the proper compilation of the proforma consolidated financial information, and to report our opinion to you.

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

Basis of opinion

We conducted our work in accordance with Malaysian Approved Standard on Assurance, ISAE 3000 - Assurance Engagements Other Than Audit or Review Historical Information. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the proforma consolidated financial information to the audited financial statements as listed below, considering the evidence supporting the adjustments and discussing the proforma consolidated financial information with the Directors of ASIA MEDIA:

(i) the audited financial statements of ASIA MEDIA for the first financial period from 9 April 2008 (date of incorporation) to 30 September 2009, three (3) months FPE 31 December 2009 and six (6) months FPE 30 June 2010;

(ii) the audited financial statements of Asia Media Sdn. Bhd. ("AMSB") for the financial period from 1 October 2007 to 31 December 2007, two (2) FYEs 31 December 2008 and 2009 and six (6) months FPE 30 June 2010;

(iii) the audited financial statements of Transnet Express Sdn. Bhd. ("TESB") for the three (3) FYEs 31 December 2007 to 2009 and six (6) months FPE 30 June 2010;

(iv) the audited financial statements of Asia Media Interactive Sdn. Bhd. (formerly known as Ibizasia.com Sdn. Bhd.) ("Asia Media Interactive") for the three (3) FYEs 31 December 2007 to 2009 and six (6) months FPE 30 June 2010;

(v) the audited financial statements of Asia Media Marketing Sdn. Bhd. (formerly known as Ciri Kesturi Sdn. Bhd.) ("Asia Media Marketing") for the first financial period from 26 August 2008 (date of incorporation) to 31 December 2009 and six (6) months FPE 30 June 2010.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the proforma consolidated financial information have been properly compiled on the basis stated using financial statements prepared in accordance with Financial Reporting Standards in Malaysia, and in a manner consistent with both the format of the financial statements and the accounting policies of ASIA MEDIA Group. Our work also involves assessing whether each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

In our opinion:

(i) the proforma consolidated financial information which has been prepared by the Directors of ASIA MEDIA have been properly compiled on the basis stated in the accompanying notes using the financial statements prepared in accordance with Financial Reporting Standards in Malaysia and in a manner consistent with both the format of the financial statements and the accounting policies adopted by ASIA MEDIA Group; and

(ii) each material adjustment made to the information used in the preparation of the proforma consolidated financial information is appropriate for the purposes of preparing the proforma consolidated financial information.

Yours faithfully,

TAN CHIN HUAT & CO
Firm No : AF 1395
Chartered Accountants

TAN CHIN HUAT
Approval No: 2037/6/12(J)
Proprietor

ASIA MEDIA GROUP BERHAD ("ASIA MEDIA" or "the Company")
PROFORMA CONSOLIDATED FINANCIAL INFORMATION

1 INTRODUCTION

The proforma consolidated financial information, comprising the proforma consolidated statements of comprehensive income for the three (3) FYEs 31 December 2007 to 2009 and six (6) months FPE 30 June 2010, the proforma consolidated statement of financial position as at 30 June 2010 and the notes thereto, and the proforma consolidated cash flow statement for the six (6) months FPE 30 June 2010, have been prepared for inclusion in the Prospectus of ASIA MEDIA in connection with the listing of ASIA MEDIA on the ACE Market of the Bursa Malaysia Securities Berhad ("Bursa Securities").

2 INITIAL PUBLIC OFFERING EXERCISE ("IPO EXERCISE")

Restructuring Scheme

AMSB undertook the following exercises:

a) Disposal of its 100% equity interest in Transnet (JB) Sdn. Bhd. ("TJBSB"), which was dormant, for a total consideration of RM2, completed on 7 April 2010.

b) Acquired the remaining 8% equity interest in TESB for a total consideration of RM84,000, completed on 9 March 2010.

c) Increased its paid-up share capital from RM5,000,000, comprising 50,000,000 ordinary shares of RM0.10 each to RM10,000,000, comprising 100,000,000 ordinary shares of RM0.10 each, by way of capitalisation of amount owing to Directors of AMSB, completed on 1 April 2010.

Subsequent to the restructuring by AMSB, ASIA MEDIA acquired AMSB and all its subsidiaries for a total consideration of RM12,999,998, satisfied by the issuance of 129,999,980 ordinary shares of RM0.10 each in ASIA MEDIA at par, completed on 3 May 2010.

Listing Scheme

In conjunction with and as an integral part of the listing of and quotation for the entire enlarged issued and paid-up share capital of ASIA MEDIA on the ACE Market of Bursa Securities, ASIA MEDIA undertakes the following:

a) Public issue of 98,000,000 new ordinary shares of RM0.10 each in ASIA MEDIA ("ASIA MEDIA Shares") at an issue price of RM0.23 per ASIA MEDIA Share to the public and private placement to the selected investors ("Public Issue"); and

b) Listing of and quotation for ASIA MEDIA's entire enlarged issued and paid-up share capital of RM22,800,000 comprising 228,000,000 ASIA MEDIA Shares upon completion of the Public Issue on the ACE Market of Bursa Securities.

3 BASIS OF PREPARATION OF THE PROFORMA CONSOLIDATED FINANCIAL INFORMATION

3.1 The proforma consolidated financial information has been prepared to illustrate that:

a) the financial results of the ASIA MEDIA Group for the three (3) FYEs 31 December 2007 to 2009 and six (6) months FPE 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the years being reported thereon;

b) the financial position of the ASIA MEDIA Group as at 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place on that date adjusted for the Flotation Exercise and utilisation of proceeds from the Public Issue; and

c) the cash flows of the ASIA MEDIA Group for the six (6) months FPE 30 June 2010 would have been, if the Group structure as at the date of the Prospectus had been in place since the beginning of the financial period, adjusted for the Flotation Exercise and utilisation of proceeds from the Public Issue.

3.2 The proforma consolidated financial information has been prepared using the bases and the accounting principles consistent with those adopted by the ASIA MEDIA Group, which have been prepared in accordance with the applicable approved accounting standards in Malaysia, where relevant adjustments were made to the financial results and financial positions to comply with the Financial Reporting Standards in Malaysia for the purpose of inclusion in the proforma consolidated financial information.

3.3 It was assumed that ASIA MEDIA acquired its subsidiaries prior to 1 January 2007 in arriving at the proforma consolidated statements of comprehensive income for the three (3) FYEs 31 December 2007 to 2009 and six (6) months FPE 30 June 2010 for illustrative purposes.

The proforma consolidated financial information has been prepared for illustrative purposes only and, because of their nature, may not be reflective of the actual financial position, results of operations and cash flows of the ASIA MEDIA Group.

3.4 Auditors' opinions

a) The audited financial statements of ASIA MEDIA for the financial period from 9 April 2008 (date of incorporation) to 30 September 2009 and 1 October 2009 to 31 December 2009 have been audited and reported without any qualification, however, the auditors' report for the financial period from 9 April 2008 (date of incorporation) to 30 September 2009 include an emphasis of matter note on the going concern condition of ASIA MEDIA. The financial statements were audited by Messrs Mustapha, Khoo & Co.

The audited financial statements of ASIA MEDIA for the six (6) months FPE 30 June 2010 were reported on without qualification or modification by Messrs STYL Associates.

b) The audited financial statements of AMSB for the financial period from 1 October 2007 to 31 December 2007 were reported on without qualification or modification by Messrs Wong, Leong & Associates.

The audited financial statements of AMSB for the FYEs 31 December 2008 and 2009 were reported on without qualification or modification by Messrs LT Lim & Co.

The audited financial statements of AMSB for the six (6) months FPE 30 June 2010 were reported on without qualification or modification by Messrs Tan Chin Huat & Co.

c) The audited financial statements of TESB for the FYE 31 December 2007 were reported on without qualification, however, the auditors' report include an emphasis of matter note on the going concern condition of TESB. The financial statements were audited by Messrs BDO Binder Malaysia.

The audited financial statements of TESB for the FYEs 31 December 2008 and 2009 were reported on without qualification, however, the auditors' report include an emphasis of matter note on the going concern condition of TESB. The financial statements were audited by Messrs LT Lim & Co.

The audited financial statements of TESB for the six (6) months FPE 30 June 2010 were reported on without qualification or modification by Messrs Tan Chin Huat & Co.

d) The audited financial statements of Asia Media Interactive for the FYEs 31 December 2007 to 2009 were reported on without qualification, except for the auditors' report for the FYE 31 December 2008, which was qualified as follow:

"In common with many businesses of similar size and organisation, the Company's system of internal controls is dependent upon the close involvement of the Directors who are the major shareholders; where independent confirmation of the completeness of the accounting records was therefore not available, we have received assurances from the Directors that all transactions pertaining to revenue, expenditures, assets, liabilities and contingent liabilities (including related party transactions, if any) of the Company had been reflected correctly and accurately in the reports and the values of inventories, trade receivables, sundry receivables, deposit & prepayments, trade payables, sundry payables & accruals and amount due from/to Directors and/or Shareholders, thereof are realisable, correct and accountable of which the Board of Directors under Notes of Representations which form an integral part of the Directors' Report has explained that steps will be taken to improve and rectify any systems shortcomings."

The financial statements for Asia Media Interactive for the FYEs 31 December 2007 and 31 December 2008 were audited by Messrs Loh Kam Choon & Co. whilst the financial statements for the FYE 31 December 2009 were audited by Messrs LT Lim & Co.

The audited financial statements of Asia Media Interactive for the six (6) months FPE 30 June 2010 were reported on without qualification or modification by Messrs Tan Chin Huat & Co.

e) The audited financial statements of Asia Media Marketing for the financial period from 26 August 2008 (date of incorporation) to 31 December 2009 were reported on without qualification or modification by Messrs LT Lim & Co.

The audited financial statements of Asia Media Marketing for the six (6) months FPE 30 June 2010 were reported on without qualification or modification by Messrs Tan Chin Huat & Co.

ASIA MEDIA
Notes to the proforma consolidated financial information

4 Summarised proforma consolidated statements of comprehensive income of the ASIA MEDIA Group

4.1 The following table sets out a summary of the proforma consolidated statements of comprehensive income of lhe ASIA MEDIA Group for the past three (3) FYEs 31 December 2007 to 2009 and six (6) monlh FPE 30 June 2010 prepared on the assumption that the ASIA MEDIA Group has been in existence lhroughout the years/period under review. The proforma consolidaled statemenls of comprehensive income are prepared for illustrative purposes only and should be read in conjuction with lhe accompanying notes and assumplions included in the proforma consolidated financial information set out in this Prospectus.

4.2 ASIA MEDIA Group

	<------------FYE 31 December------------>			6-month FPE <-----30 June------>	
	2007 RM	2008 RM	2009 RM	2009[i] RM	2010 RM
Revenue	3,501,620	6,533,187	13,150,080	7,549,737	9,995,819
Gross profit	1,792,525	3,830,287	6,882,592	2,783,170	5,119,413
Earnings before interesl, depreciation, tax and amortisation ("EBIDTA")	968,759	2,187,285	4,233,739	1,271,976	4,222,098
Interesl income	31,037	45,682	29,712	14,013	22,537
Depreciation	(143,721)	(815,758)	(830,127)	(415,063)	(718,454)
Interest expense	(145,030)	-	(69,376)	(13,039)	(45,983)
Amortisation	-	(5,422)	(5,458)	(2,729)	(2,705)
Profil before tax ("PBT")	711,045	1,411,787	3,358,490	855,158	3,477,493
Income tax expense	(5,821)	-	-	-	(2,698)
Profit after tax ("PAT")	705,224	1,411,787	3,358,490	855,158	3,474,795
Olher comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	705,224	1,411,787	3,358,490	855,158	3,474,795
Number of ordinary shares of RM0.10 each [ii]	130,000,000	130,000,000	130,000,000	130,000,000	130,000,000
Weighled average number of ordinary shares of RM0.10 each	130,000,000	130,000,000	130,000,000	130,000,000	130,000,000
Earnings per share					
- Gross [iii] (Sen)	0.55	1.09	2.58	1.32^	5.35^
- Net [iv] (Sen)	0.54	1.09	2.58	1.32^	5.35^
Gross profit margin (%)	51.19	58.63	52.34	36.86	51.22
EBIDTA margin (%)	27.67	33.48	32.20	16.85	42.24

13. FINANCIAL INFORMATION *(Cont'd)*

	<----FYE 31 December---->			6-month FPE <--30 June-->	
	2007	2008	2009	2009[(i)]	2010
PBT margin (%)	20.31	21.61	25.54	11.33	34.79
PAT margin (%)	20.14	21.61	25.54	11.33	34.76
Effective lax rate (%)	0.82	-	-	-	0.08
Interest coverage (limes)	5.90	n/a	49.41	66.58	76.63
Dividend (%)	-	-	-	-	-

Notes:

(i) The statement of comprehensive income for the six (6) months FPE 30 June 2009 is unaudited and is included for comparison purposes only.

(ii) Number of existing Shares in issue after Acquisition but before the Public Issue

(iii) $\frac{\text{PBT tor the year/period}}{\text{Weighted average number of ordinary shares}}$

(iv) $\frac{\text{PAT for the year/period}}{\text{Weighted average number of ordinary shares}}$

(v) There were no extraordinary or exceplional ilems during the financial years/period under review.

(vi) There were no accounting policies which are peculiar to ASIA MEDIA Group due to the nature of business or industry it is involved in and thal would affect lhe determination of ASIA MEDIA Group's income or financial position.

n/a Nol applicable

^ Annualised

ASIA MEDIA
Notes to the proforma consolidated financial information

5 Proforma consolidated statements of financial position of ASIA MEDIA as at 30 June 2010

The proforma consolidated statements of financial position below are for illustrative purposes only, based on the audited financial statements of ASIA MEDIA and its subsidiaries as at 30 June 2010, to show the effects on the consolidated statements of financial position of ASIA MEDIA had the Public Issue and the utilisation of proceeds from the Public Issue been completed on 30 June 2010.

	Note	Audited as at 30 June 2010 RM	(i) After Public Issue RM	(ii) After (i) and the utilisation of proceeds RM
ASSETS				
Non-Current Assets				
Property, plant and equipment	5.2	13,544,284	13,544,284	29,544,284
Development costs	5.3	13,523	13,523	13,523
Intangible assets	5.4	2,211,950	2,211,950	2,211,950
Goodwill on consolidation	5.5	2,570,627	2,570,627	2,570,627
Total Non-Current Assets		18,340,384	18,340,384	34,340,384
Current Assets				
Trade receivables	5.6	194,049	194,049	194,049
Other receivables and prepaid expenses	5.7	34,976	34,976	34,976
Deferred expenditure	5.8	131,100	131,100	-
Deposits with financial institutions	5.9	662,376	662,376	662,376
Cash and bank balances	5.10	1,523,461	24,063,461	6,654,561
Total Current Assets		2,545,962	25,085,962	7,545,962
TOTAL ASSETS		20,886,346	43,426,346	41,886,346
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	5.11	13,000,000	22,800,000	22,800,000
Share premium	5.12	-	12,740,000	11,200,000
Retained earnings		6,017,612	6,017,612	6,017,612
Shareholders' equity		19,017,612	41,557,612	40,017,612
Non-Current Liability				
Term loan	5.13	1,234,496	1,234,496	1,234,496
Total Non-Current Liability		1,234,496	1,234,496	1,234,496

13. FINANCIAL INFORMATION *(Cont'd)*

		Audited as at 30 June 2010 RM	(i) After Public issue RM	(ii) After (i) and the utilisation of proceeds RM
Current Liabilities				
Trade payables	5.14	130,000	130,000	130,000
Other payables and accrued expenses	5.14	30,841	30,841	30,841
Amount owing to directors	5.15	75,755	75,755	75,755
Term loan	5.13	394,944	394,944	394,944
Tax liabilities		2,698	2,698	2,698
Total Current Liabilities		634,238	634,238	634,238
Total Liabilities		1,868,734	1,868,734	1,868,734
TOTAL EQUITY AND LIABILITIES		20,886,346	43,426,346	41,886,346
Net assets (NA)/Proforma NA		19,017,612	41,557,612	40,017,612
No. of ordinary shares of RM0.10 each assumed in issue		130,000,000	228,000,000	228,000,000
NA/Proforma NA per share (RM)		0.15	0.18	0.18

NOTES TO THE PROFORMA CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

5.1 The Proforma Consolidated Statements of Financial Position are provided for illustrative purposes only and have been prepared based on the audiled slatemenls of financial position of ASIA MEDIA Group as at 30 June 2010 and on the assumplion lhal the following transaclions had been effected on 30 June 2010:-

Proforma I

Public issue of 98,000,000 new ASIA MEDIA Shares at an issue price of RM0.23 per ASIA MEDIA Share lo the public and private placement to the selected investors ("Public Issue"); and

Proforma II

The gross proceeds from the Public Issue amounting to RM22,540,000 will accrue entirely lo the Company and will be utilised for the following purposes:

	RM'000
Capital expenditure [Note (i)]	16,000
Working capital [Nole (ii)]	5,000
Defray estimated listing expenses [Note (iii)]	1,540
	22,540

Note (i)
In line with the proposed roll out of DTTB in lhe near future, the Group has budgeted approximately RM16.00 million from the IPO proceeds for the purchase of equipment, construction of network facilities, integration of network system etc. over the next twelve (12) months as labulated below:

	Description of capital expenditure	Estimated amount RM '000
1)	Transmission equipment for seven (7) transmission towers	10,000
2)	Network equipment and facilities for seven (7) transmission towers	3,000
3)	Integration of network system with seven (7) transmission towers	3,000
	Tolal	16,000

Note (ii)
Approximately RM5.00 million from the IPO proceeds will be set aside to finance the Group's day-to-day operations that include payment to creditors and operating expenses as delailed below:

	Descriplion of working capital	Estimated amounl RM '000
1)	Paymenl to creditors	2,500
2)	Operating expenses	2,500
	Total	5,000

Note (iii)
The Company will bear lhe entire listing expenses and tees incidental to the Listing ot approximalely RM1.54 million as tollows:

	Estimated amount RM '000
Professional fees	900
Authorities' fees	65
Issuing house's tees, underwriting commission and placemenl tees (in respect ot IPO Shares)	340
Advertisement, printing and contingencies	235
Total	1,540

Listing of and quotation tor ASIA MEDIA's enlire enlarged issued and paid-up share capital of RM22,800,000 comprising 228,000,000 ASIA MEDIA Shares upon complelion of the Public Issue on the ACE Markel ot Bursa Securities.

The Protorma Consolidated Slatemenls of Financial Posilion are prepared on bases and accounting policies consistent wilh lhose normally adopted by ASIA MEDIA Group.

5.2 PROPERTY, PLANT AND EQUIPMENT

The movemenl ot property, plant and equipment are as follows:

	RM
As at 30 June 2010/Proforma I	13,544,284
Add: Property, plant and equipmenl acquired through the utilisation of proceeds	16,000,000
Balance after Proforma II	29,544,284

5.3 DEVELOPMENT COSTS

	RM
Cost	
Balance as at beginning ot period	27,108
Additions during the period	-
	27,108
Less:	
Accumulaled amortisalion:	
Balance as al beginning ot period	10,880
Charge tor the period	2,705
	13,585
Balance as at end of period	13,523

5.4 INTANGIBLE ASSETS

	RM
Cost	
Balance as at beginning of period	-
Additions during the period	2,211,950
	2,211,950
Less:	
Accumulated amortisation:	
Balance as at beginning of period	-
Charge for the period	-
	-
Balance as at end of period	2,211,950

Intangible assets which represent licenses, copyrights and other incidental costs incurred, are stated at cost less accumulated amortisation and impairment losses, are amortised over a period of ten (10) years.

5.5 GOODWILL ON CONSOLIDATION

	RM
Balance as at beginning and end of period	2,570,627

5.6 TRADE RECEIVABLES

	RM
Trade receivables	291,702
Less: Allowance for doubtful debts	(97,653)
Net	194,049

ASIA MEDIA Group's normal trade credit term is 30 days. Other credit terms are assessed and approved on a case-by-case basis.

ASIA MEDIA Group has no significant concentration of credit risk that may arise from exposure to a single receivable or groups of receivables

5.7 OTHER RECEIVABLES AND PREPAID EXPENSES

Other receivables and prepaid expenses consist of:

	RM
Other receivables	16,499
Refundable deposits	16,733
Prepaid expenses	1,744
	34,976

5.8 DEFERRED EXPENDITURE

The movement of deferred expenditure is as follow:

	RM
As at 30 June 2010/Proforma I	131,100
Less: transferred to share premium account upon successful listing of the Company on the ACE Market of Bursa Securities	(131,100)
Balance after Proforma II	-

Deferred expenditure represents professional charges and expenses incurred in connection with the proposed listing exercise of the Company which will be written off upon the successful listing of the Company on the ACE Market of Bursa Securities.

5.9 DEPOSITS WITH FINANCIAL INSTITUTIONS

Included in deposits with financial institutions is an amount of RM621,586 representing fixed deposits which are pledged to the financial institutions for banking facilities granted. Deposits with financial institutions have an average maturity period of 12 months. Deposits with financial institutions earn return at 2.50% per annum.

5.10 CASH AND BANK BALANCES

The movement of cash and bank balances are as follows:

	RM
As at 30 June 2010	1,523,461
Add: Proceeds from Public issue	22,540,000
Balance after Proforma I	24,063,461
Less: Cost of property, plant and equipment acquired	(16,000,000)
Payment of balance of estimated listing expenses	(1,408,900)
Balance after Proforma II	6,654,561

5.11 SHARE CAPITAL

The movement in the issued and paid-up share capital of ASIA MEDIA is as follow:

	No. of ordinary shares of RM0.10 each	Amount RM
As at 30 June 2010	130,000,000	13,000,000
Add: Public issue	98,000,000	9,800,000
Balance after Proforma I/Proforma II	228,000,000	22,800,000

5.12 SHARE PREMIUM

The movement in the share premium of ASIA MEDIA is as follow:

	RM
As at 30 June 2010	-
Add: Issuance of shares pursuant to the Public Issue	12,740,000
Balance after Proforma I	12,740,000
Less: Estimated listing expenses	(1,540,000)
Balance after Proforma II	11,200,000

5.13 TERM LOAN

	RM
Term loan repayable as follows:	
Within 1 year (Included in current liabilities)	394,944
Between 2 and 5 years	1,234,496
	1,629,440

5.14 TRADE PAYABLES, OTHER PAYABLES AND ACCRUED EXPENSES

Trade and other payables comprise amounts outstanding for trade and ongoing costs. The average credit period granted to the Group for trade purchases ranges from 30 to 90 days.

	RM
Other payables and accrued expenses consist of:	
Other payables	3,100
Accrued expenses	27,741
	30,841

5.15 AMOUNT OWING TO DIRECTORS

The amount owing to directors is unsecured, interest-free and repayable on demand.

ASIA MEDIA

Notes to the proforma consolidated financial information

6 Proforma Consolidated cash flow statement

The proforma consolidated cash flow statement of the ASIA MEDIA Group for the six (6) months FPE 30 June 2010 is provided for illustrative purposes only, assuming that the ASIA MEDIA Group had been in existence throughout the financial period under review and that the Public Issue and the utilisation of proceeds have been completed on 30 June 2010.

	RM
CASH FLOWS FROM OPERATING ACTIVITIES	
PBT	3,477,493
Adjustments for:	
Amortisation of development costs	2,705
Allowance for doubtful debts	64,969
Depreciation of property, plant and equipment	718,454
Finance cost	45,983
Gain on disposal of property, plant and equipment	(4,590)
Interest income	(22 537)
Operating profit before working capital changes	4,282,477
Changes in working capital:	
Decrease in receivables	239,755
Increase in payables	130,467
Decrease in amount owing to directors	(23,810)
Cash Generated From Operations	4,628,889
Interest received	22,537
Interest paid	(45,983)
Net Cash From Operating Activities	4,605,443
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of property, plant and equipment	(18,053,277)
Additions in intangible assets	(2,211,950)
Net Cash Used In Investing Activities	(20,265,227)
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from issuance of shares, net of listing expenses	21,000,000
Repayment of term loans	(385,603)
Net Cash From Financing Activities	20,614,397
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,954,613
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,740,738
CASH AND CASH EQUIVALENTS CARRIED FORWARD	6,695,351
Cash and cash equivalents carried forward consist of:	
Deposits with financial institutions	662,376
Cash and bank balances	6,654,561
	7,316,937
Less: Fixed deposits pledged as security	(621,586)
	6,695,351