

KONSORTIUM TRANSNASIONAL BERHAD
(617580-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED
31 DECEMBER 2010

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2010 RM'000	Preceding year corresponding quarter 31/12/2009 RM'000	Twelve months to 31/12/2010 RM'000	Twelve months to 31/12/2009 RM'000
1 (a) Revenue	68,746	66,495	263,717	283,034
(b) Cost of sales	(61,064)	(60,522)	(240,459)	(233,766)
(c) Gross profit	7,682	5,973	23,258	49,268
(d) Other income	(163)	(2,479)	1,631	(600)
(e) Other operating expenses	(11,684)	(14,235)	(39,371)	(45,817)
(f) (Loss)/profit from operations	(4,165)	(10,741)	(14,482)	2,851
(g) Finance costs	(3,093)	(2,691)	(11,676)	(12,894)
(h) Loss before income tax	(7,258)	(13,432)	(26,158)	(10,043)
(i) Income tax	(8,243)	(2,572)	(8,243)	(3,797)
(j) Loss for the period	(15,501)	(16,004)	(34,401)	(13,840)
Attributable to:				
(k) Equity holders of the Company	(15,501)	(16,018)	(34,401)	(14,102)
(l) Minority interest	-	14	-	262
	(15,501)	(16,004)	(34,401)	(13,840)
2 Loss per share based on 1 (k) above:				
Basic	(4.64) sen	(5.30) sen	(10.30) sen	(4.58) sen
Diluted	(4.64) sen	(3.97) sen	(10.30) sen	(3.44) sen

The condensed Consolidated Income Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

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II. CONDENSED CONSOLIDATED BALANCE SHEET

	Unaudited Current quarter ended 31/12/2010 RM'000	Audited Financial year ended 31/12/2009 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	249,601	264,574
Investment properties	897	938
Prepaid land lease payments	4,065	5,093
Goodwill on consolidation	87,024	87,024
Deferred tax assets	694	1,493
Financial assets available-for-sale	29	109
	342,310	359,231
2. Current assets		
Inventories	1,149	1,651
Trade and other receivables	32,620	31,587
Amount due from related companies	9,630	12,462
Tax recoverable	1,170	1,562
Cash and bank balances	6,324	5,620
	50,893	52,882
TOTAL ASSETS	393,203	412,113
EQUITY AND LIABILITIES		
3. Equity attributable to equity holders of the Company		
Share capital	166,999	150,999
Reserves		
Capital reserve	5,811	5,811
Exchange reserves	72	92
Merger deficit	(54,428)	(54,428)
Accumulated losses	(49,212)	(14,811)
Irredeemable Convertible Secured Loan Stocks ("ICSLs") – equity	43,686	57,911
Total shareholders' equity	112,928	145,574
Minority interest	1,398	1,398
Total equity	114,326	146,972
4. Non-current liabilities		
Long term borrowings	94,080	101,724
Provision for retirement benefits	11,583	11,156
Deferred tax liabilities	5,032	6,371
	110,695	119,251
5. Current liabilities		
Short term borrowings	58,459	59,474
Trade and other payables	55,553	56,478
Amount due to related companies	42,696	24,661
Current tax payables	10,624	3,123
Provision for retirement benefits	850	951
ICSLs – liability	-	1,203
	168,182	145,890
Total liabilities	278,877	265,141
TOTAL EQUITY AND LIABILITIES	393,203	412,113
6. Net assets per share attributable to ordinary equity holders of the Company	RM0.28	RM0.37

The condensed Consolidated Balance Sheet should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

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III. CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Unaudited Twelve months to 31/12/2010 RM'000	Unaudited Twelve months to 31/12/2009 RM'000
Operating Activities		
Cash receipts from customers	266,623	298,745
Cash payments to suppliers and employees	(224,097)	(225,769)
Cash generated from operations	42,526	72,976
Income taxes paid	(742)	(2,049)
Retirement benefits paid	(1,149)	(1,643)
Net cash from operating activities	40,635	69,284
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,447	7,265
Purchase of property, plant and equipment	(824)	(498)
Proceeds from disposal of other investments	64	25
Interest received	116	1
Net cash generated investing activities	803	6,793
Financing Activities		
Repayment of bank borrowings	(936)	(18,067)
Repayment of lease financing	(28,005)	(42,685)
Repayment of ICSLS	(467)	(1,156)
Interest paid	(11,326)	(14,097)
Net cash used in financing activities	(40,734)	(76,005)
Net change in Cash and Cash Equivalents	704	72
Cash and Cash Equivalents as at beginning of financial period	5,620	5,356
Cash and Cash Equivalents as at end of financial period	6,324	5,428

The condensed Consolidated Cash Flow Statement should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	<-----Attributable to equity holders of the Company----->							Minority interest RM'000	Total equity RM'000
	Share capital RM'000	<-----Non-distributable----->			Accumulated losses RM'000	ICSLS RM'000	Total RM'000		
		Capital reserve RM'000	Merger deficit RM'000	Exchange reserve RM'000					
Twelve months to 31 December 2010 (unaudited)									
Balance as at 1 January 2010	150,999	5,811	(54,428)	92	(14,811)	57,911	145,574	1,398	146,972
Effect of adopting FRS 139	-	-	-	(20)	-	-	(20)	-	(20)
Balance as at 1 January 2010	<u>150,999</u>	<u>5,811</u>	<u>(54,428)</u>	<u>72</u>	<u>-</u>	<u>57,911</u>	<u>145,554</u>	<u>1,398</u>	<u>146,952</u>
Issued during the period	16,000	-	-	-	-	-	16,000	-	16,000
Converted during the period	-	-	-	-	-	(13,758)	(13,758)	-	(13,758)
Loss for the period	-	-	-	-	(34,401)	-	(34,401)	-	(34,401)
Repayment during the year	-	-	-	-	-	(467)	-	-	(467)
Balance as at 31 December 2010	<u>166,999</u>	<u>5,811</u>	<u>(54,428)</u>	<u>72</u>	<u>(49,212)</u>	<u>43,686</u>	<u>112,928</u>	<u>1,398</u>	<u>114,326</u>
Twelve months to 31 December 2009 (audited)									
Balance as at 1 January 2009	150,999	5,811	(54,428)	(41)	-	57,911	160,252	1,673	161,925
Foreign currency translation reserve representing total recognised income in equity	-	-	-	133	-	-	133	-	133
Loss for the period	-	-	-	-	(14,811)	-	(14,811)	(275)	(15,086)
Balance as at 31 December 2009	<u>150,999</u>	<u>5,811</u>	<u>(54,428)</u>	<u>92</u>	<u>(14,811)</u>	<u>57,911</u>	<u>145,574</u>	<u>1,398</u>	<u>146,972</u>

The condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

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V. NOTES TO THE CONDENSED FINANCIAL STATEMENTS

The notes to the condensed Financial Statements should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2009.

1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The quarterly consolidated financial statements have been prepared by applying accounting policies and methods of computation consistent with those used in the preparation of the most recent audited financial statements of the Group and are in accordance with FRS 134₂₀₀₄, Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), except for the adoption of revised Financial Reporting Standards (“FRS”) stated in the audited financial statements of the Group as at 31 December 2009.

The adoption of the pronouncements does not have significant impact to the Group, except as described below:

(a) FRS 139: Financial Instruments: Recognition and Measurement

The adoption of FRS 139 has resulted in changes to accounting policies relating to recognition and measurement of the financial instruments as follows:

(i) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, financial assets held-to-maturity, loans and receivables or financial assets available-for-sale.

When financial assets are recognized initially, they are measured at fair value, plus in the case of investments not at fair value through profit and loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

(aa) Investment in quoted shares, DRB-Hicom, South Malaysia Industries Bhd, BIMB Holdings Berhad, Kuala Lumpur Industries Holdings Bhd, Equine Capital Bhd and Tasek Corporation Bhd.

Prior to 1 January 2010, the Group classified its investments as non-current investments which were carried at cost less allowances for diminution in value. With the adoption of FRS 139, these investments are now classified as financial assets available-for-sale and measured at fair value.

The difference between the carrying values of the Group’s investment in the shares and the fair value, amounting to approximately RM20k has been recognised as impairment loss and adjusted against the opening balance of Accumulated losses as at 1 January 2010 on adoption of FRS 139. Whilst the subsequent changes in fair value of these financial assets have been recognised directly in the Consolidated Statement of Comprehensive Income as Available-For-Sale Reserves.

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1. **ACCOUNTING POLICIES AND METHODS OF COMPUTATION (CONT'D)**

(a) FRS 139: Financial Instruments: Recognition and Measurement (cont'd)

(i) Financial assets (cont'd)

(aa) Investment in quoted shares, DRB-Hicom, South Malaysia Industries Bhd, BIMB Holdings Berhad, Kuala Lumpur Industries Holdings Bhd, Equine Capital Bhd and Tasek Corporation Bhd (cont'd).

Summary of the financial impact to the Group's consolidated financial statements are as follows:

	Available- For-Sale Reserves RM'000	Accumulated Losses RM'000	Net Assets Attributable To Equity Holders RM'000
As at 1 January 2010			
- Decrease in Accumulated Losses/increase in Net Assets as a result of the adjustment to the opening balances	-	20	20
For the twelve months to 31 December 2010			
- Increase in Available-For-Sale Reserves/increase in Net Assets Recognized in Statement of Comprehensive Income	-	-	-

(bb) Trade and other receivables

Prior to the adoption of FRS 139, an allowance for doubtful debts was made when a receivable is considered irrecoverable by the management. With the adoption of FRS 139, an impairment loss is recognised for trade and other receivables and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

(ii) Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities at amortised cost using the effective interest rate method. Financial liabilities at fair value are held for trading if the financial liabilities are incurred with the intention of repurchasing them in the near term or derivative liability unless it forms part of a designated and effective hedging relationship.

(b) FRS 101 (revised): Presentation of Financial Statement

The Group applies FRS 101 (revised) which became effective as of 1 January 2010. Pursuant to the revised standard, the Group presents all non-owner changes in equity separately in the Consolidated Statement of Comprehensive Income.

Comparative information has been re-presented in conformity with the revised standard too.

2. **AUDIT REPORT IN RESPECT OF THE 2009 FINANCIAL STATEMENTS**

The audit report on the Group's financial statements for the financial year ended 31 December 2009 was not qualified.

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3. **SEASONAL OR CYCLICAL FACTORS**

The Group's operations are not subject to any significant seasonal or cyclical factors.

4. **UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE**

There were no items affecting assets, liabilities, equity, net income, or cash flows that were unusual because of their nature, size or incidence in the current period.

5. **MATERIAL CHANGES IN ESTIMATES USED**

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

6. **DEBT AND EQUITY SECURITIES**

The Company did not undertake any issuance and/or repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 31 December 2010.

7. **DIVIDEND**

The Directors do not recommend any interim dividend on ordinary shares of RM0.50 each for the current period ended 31 December 2010 (2009: Nil).

8. **SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD**

(a) Primary reporting format – by products and services

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 31/12/2010 RM'000	Preceding Year Quarter 31/12/2009 RM'000	Twelve months to 31/12/2010 RM'000	Twelve months to 31/12/2009 RM'000
Revenue				
Public transportation services	67,227	61,916	256,067	275,288
Trading of vehicles	700	1,488	3,195	3,487
Others	819	3,091	4,455	4,259
	<u>68,746</u>	<u>66,495</u>	<u>263,717</u>	<u>283,034</u>
Net loss for the period				
Public transportation services	(15,382)	(16,156)	(34,263)	(14,762)
Trading of vehicles	(23)	46	(45)	871
Others	(96)	106	(93)	51
	<u>(15,501)</u>	<u>(16,004)</u>	<u>(34,401)</u>	<u>(13,840)</u>

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8. **SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD (CONT'D)**

(b) Secondary reporting format – by geographical segments

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 31/12/2010 RM'000	Preceding Year Quarter 31/12/2009 RM'000	Twelve months to 31/12/2010 RM'000	Twelve months to 31/12/2009 RM'000
Revenue				
Malaysia	68,046	65,007	261,147	279,547
Indonesia	700	1,488	2,570	3,487
	<u>68,746</u>	<u>66,495</u>	<u>263,717</u>	<u>283,034</u>
Net loss for the period				
Malaysia	(15,478)	(16,050)	(34,356)	(14,711)
Indonesia	(23)	46	(45)	871
	<u>(15,501)</u>	<u>(16,004)</u>	<u>(34,401)</u>	<u>(13,840)</u>

9. **VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

The valuations of property, plant and equipment used in the condensed financial statements have been brought forward without amendment from the previous financial statements.

10. **MATERIAL EVENTS SUBSEQUENT TO THE END OF THE CURRENT FINANCIAL PERIOD**

There are no other items, transactions or events of a material and unusual nature which have arisen since 31 December 2010 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2010.

11. **CHANGES IN THE COMPOSITION OF THE GROUP**

There were no significant changes in the composition of the Group arising from business combination, acquisition or disposal of subsidiary companies and long term investment for the current quarter.

12. **CONTINGENT LIABILITIES**

The Group does not have any contingent liabilities as at the date of this announcement.

13. **CAPITAL COMMITMENTS**

As at 31 December 2010, the Group had entered into several agreements with certain bus suppliers to purchase new buses amounting to RM14,154,000.

There are no other material capital commitments.

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14. **INCOME TAX**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation:				
- Current taxation	47	1,129	47	2,204
- Under provision in prior years	8,196	952	8,196	952
- Deferred taxation	-	491	-	641
	8,243	2,572	8,243	3,797

15. **DISPOSAL OF UNQUOTED INVESTMENTS AND/OR PROPERTIES**

There was no disposal of unquoted investments and/or properties in the current period.

16 (a) **DISPOSALS OF QUOTED SECURITIES**

On 28 February 2010, the Group has disposed 14,400 units of Tasek Corporation Bhd's quoted securities for total consideration of RM63,978.89.

16 (b) **INVESTMENTS IN QUOTED SECURITIES**

Total investments in quoted securities are as follows:

	Carrying amount 31 December 2010	Market value 31 December 2010
	RM'000	RM'000
Investment in:		
- DRB-Hicom Berhad	7	7
- South Malaysia Industries Berhad	1	1
- BIMB Holdings Berhad	21	21
	29	29

17. **STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT**

There are no corporate proposals announced but not completed as at the date of this announcement.

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18. **STATUS OF COMPLIANCE WITH THE SECURITIES COMMISSION’S REQUIREMENTS AS AT THE DATE OF THIS ANNOUNCEMENT**

Please refer to the attachment (Appendix 1) for details on compliance with the SC’s requirements as at the date of this announcement, in compliance with one of the conditions imposed by the SC via its letter dated 29 January 2005.

19. **BORROWINGS AND DEBT SECURITIES**

Details of the Group’s borrowings and debt securities as at 31 December 2010 are as follows:-

	Long-term borrowings			Short-term borrowings		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	RM’000	RM’000	RM’000	RM’000	RM’000	RM’000
<u>Debt securities</u>						
Domestic						
- ICSLS – liability	-	-	-	-	-	-
<u>Borrowings</u>						
Domestic						
- Finance lease	90,368	-	90,368	47,000	-	47,000
- Revolving credit	-	-	-	9,063	-	9,063
- Term loan	3,712	-	3,712	2,396	-	2,396
TOTAL	94,080	-	94,080	58,459	-	58,459

All borrowings are denominated in Ringgit Malaysia.

20. **OFF BALANCE SHEET FINANCIAL INSTRUMENTS**

There are no financial instruments with off-balance sheet risks as at the date of this announcement.

21. **MATERIAL LITIGATION**

The Company and its subsidiaries have no outstanding material litigation as at the date of this announcement except for the following:-

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

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

Judgment in default obtained by Exing dated 18 July 2007 has been set aside by the court and Siana has also filed its application for security for cost on 25 May 2009 and that the court had on 17 May 2010 duly allowed the said application in favour of Siana. The court has also fixed the date for pre-trial case management on 28 February 2011.

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22. COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER

The Group has recorded lower revenue of RM68.8 million for the current quarter as compared to RM69.2 million in the immediate preceding quarter. The decrease in revenue is due to the impact of floods on both our Express and Stage Bus Division in December 2010.

The Group recorded loss before tax of RM7.3 million as compared to loss before tax of RM7.1 million in the immediate preceding quarter. The higher loss before tax during this quarter is mainly due to the lower revenue as explained above.

23. REVIEW OF PERFORMANCE

The Group recorded revenue of RM68.7 million for the current quarter and RM263.7 million for the financial period ended 31 December 2010 under review as compared to RM66.5 million in the previous year corresponding quarter and RM283 million for the period ended 31 December 2009. The overall reduction in revenue for the current year as compared to Year 2009 is due to the drop in ridership and the impact of shifting of bus terminal from Puduraya to Bukit Jalil in Year 2010.

The Group recorded a loss before tax of RM7.3 million for the current quarter and RM26.2 million for the financial period ended 31 December 2010 as compared to loss before tax of RM13.4 million in the previous year corresponding period and RM10 million for the period ended 31 December 2009. The higher loss in the current year is mainly due to the reduction in revenue as explained above.

24. PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The industry is highly sensitive to the fluctuation of fuel price and the related costs of traveling, such as toll and the price of the private vehicles. The public will choose the cheaper mode of transport. Therefore, we foresee such trend will continue in the near future and may further cause our passenger ridership to reduce further. We may have to close down more social routes in the future, especially the Stage Bus routes, in order to improve our performance.

25. EARNINGS PER SHARE

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2010	Preceding year corresponding quarter 31/12/2009	Twelve months to 31/12/2010	Twelve months to 31/12/2009
(a) Basic				
Loss for the period attributable to equity holders of the Company (RM'000)	(15,501)	(16,004)	(34,401)	(13,840)
Weighted average number of shares in issue ('000)	333,998	301,998	333,998	301,998
Loss per share (sen)	(4.64)	(5.30)	(10.30)	(4.58)

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25. **EARNINGS PER SHARE (CONT'D)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Twelve months to	Twelve months to
	31/12/2010	31/12/2009	31/12/2010	31/12/2009
(b) Diluted				
Loss for the period attributable to equity holders of the Company (RM'000)	(15,501)	(16,004)	(34,401)	(13,840)
Weighted average number of shares in issue ('000)	333,998	301,998	333,998	301,998
Effect of dilution on ICSSL ('000)	-	100,800	-	100,800
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	333,998	402,798	333,998	402,798
Diluted loss per share (sen)	(4.64)	(3.97)	(10.30)	(3.44)

By Order of the Board

TIFLA HAIRI TAIB (LS0008017)
Secretary

Kuala Lumpur
25 February 2011