

KONSORTIUM TRANSNASIONAL BERHAD
(617580-T)
Incorporated in Malaysia

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER ENDED
30 June 2011

THE FIGURES HAVE NOT BEEN AUDITED

I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2011	30/6/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
1 (a) Revenue	62,207	60,488	123,680	125,797
(b) Cost of sales	(58,163)	(52,684)	(115,936)	(104,666)
(c) Gross profit	4,044	7,804	7,744	21,131
(d) Other income	36	457	1,983	1,124
(e) Other operating expenses	(8,833)	(16,603)	(18,503)	(28,388)
(f) Loss from operations	(4,753)	(8,342)	(8,776)	(6,133)
(g) Finance costs	(1,989)	(2,465)	(4,383)	(5,661)
(h) Loss before tax	(6,742)	(10,807)	(13,159)	(11,794)
(i) Income tax	-	-	-	-
(j) Loss for the period, net of tax	(6,742)	(10,807)	(13,159)	(11,794)
Other comprehensive income:				
Foreign currency translation	71	-	71	-
Total comprehensive income	(6,671)	(10,807)	(13,088)	(11,794)
for the period	(6,671)	(10,807)	(13,088)	(11,794)
Attributable to:				
(k) Equity holders of the Company	(6,772)	(10,807)	(13,249)	(11,794)
(l) Non-controlling interest	30	-	90	-
	(6,742)	(10,807)	(13,159)	(11,794)

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I. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (cont'd)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Total comprehensive income:				
(m) Equity holders of the Company	(6,701)	(10,807)	(13,178)	(11,794)
(n) Non-controlling interest	30	-	90	-
	<u>(6,671)</u>	<u>(10,807)</u>	<u>(13,088)</u>	<u>(11,794)</u>
2				
Loss per share attributable to the equity holders of the Company (sen per share):				
Basic, for loss net of tax	<u>(2.12 sen)</u>	<u>(3.58 sen)</u>	<u>(4.15 sen)</u>	<u>(3.91 sen)</u>
Diluted, for loss net of tax	<u>(1.74 sen)</u>	<u>(2.68 sen)</u>	<u>(3.41 sen)</u>	<u>(2.92 sen)</u>

The condensed consolidated statement of comprehensive income should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

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II. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited Current quarter ended 30/06/2011 RM'000	Audited Financial year ended 31/12/2010 RM'000
ASSETS		
1. Non-current assets		
Property, plant and equipment	238,673	251,094
Investment properties	897	897
Goodwill on consolidation	87,024	86,989
Deferred tax assets	2,565	2,565
Financial assets available-for-sale	97	29
	329,256	341,574
2. Current assets		
Inventories	787	891
Trade and other receivables	26,697	27,243
Amount due from related companies	9,485	9,237
Tax recoverable	846	1,044
Cash and bank balances	2,788	5,842
	40,603	44,257
Non-current assets held for sale	1,500	1,500
	42,103	45,757
TOTAL ASSETS	371,359	387,331
LIABILITIES AND EQUITY		
3. Current liabilities		
Short term borrowings	61,967	66,250
Trade and other payables	57,502	56,943
Amount due to related companies	43,614	37,825
Current tax payables	10,325	11,500
Provision for retirement benefits	537	967
	173,945	173,485
Net current liabilities	(131,842)	(127,728)
4. Non-current liabilities		
Long term borrowings	79,138	82,487
Provision for retirement benefits	11,515	11,510
Deferred tax liabilities	4,176	4,176
	94,829	98,173
Total liabilities	268,774	271,658
Net assets	102,585	115,673
5. Equity attributable to equity holders of the Company		
Share capital	166,999	166,999
Share premium	4,000	4,000
Reserves		
Capital reserve	5,811	5,811
Exchange reserves	77	6
Accumulated losses	(59,536)	(46,287)
Merger deficit	(54,428)	(54,428)
Irredeemable Convertible Secured Loan Stocks ("ICSLs") – equity	37,911	37,911
Total shareholders' equity	100,834	114,012
Non-controlling interest	1,751	1,661
Total equity	102,585	115,673
TOTAL LIABILITIES AND EQUITY	371,356	387,331
6. Net assets per share attributable to ordinary equity holders of the Company	RM0.32	RM0.36

The condensed consolidated statement of financial position should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

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III. CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited Six months to 30/06/2011 RM'000	Unaudited Six months to 30/06/2010 RM'000
Operating Activities		
Cash receipts from customers	125,560	127,253
Cash payments to suppliers and employees	(108,999)	(118,788)
Cash generated from operations	16,561	8,465
Income taxes paid	(175)	(303)
Retirement benefits paid	(442)	(174)
Net cash from operating activities	15,944	7,988
Investing Activities		
Proceeds from disposal of property, plant and equipment	1,500	2,417
Purchase of property, plant and equipment	(259)	(330)
Proceeds from disposal of other investments	-	64
Interest received	11	9
Net cash generated investing activities	1,252	2,160
Financing Activities		
Repayment of lease financing	(14,728)	(5,845)
Repayment of ICSSL	-	(467)
Repayment of term loan	(1,139)	(463)
Interest paid	(4,383)	(6,865)
Net cash used in financing activities	(20,250)	(13,640)
Net change in Cash and Cash Equivalents	(3,054)	(3,492)
Cash and Cash Equivalents as at beginning of financial period	5,842	5,620
Cash and Cash Equivalents as at end of financial period	2,788	2,128

The condensed consolidated statement of cash flows should be read in conjunction with the Annual Financial Statements for the year ended 31 December 2010.

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IV. CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN TOTAL EQUITY

	<-----Attributable to equity holders of the Company ----->							Non- controlling interest RM'000	Total equity RM'000	
	<-----Non-distributable----->									
	Share capital RM'000	Share premium RM'000	Capital reserve RM'000	Merger deficit RM'000	Exchange reserve RM'000	Accumulated losses RM'000	ICSLS RM'000			Total RM'000
Six months to 30 June 2011 (unaudited)										
Balance as at 1 January 2011	166,999	4,000	5,811	(54,428)	6	(46,287)	37,911	114,012	1,661	115,673
Total comprehensive income	-	-	-	-	71	(13,249)	-	(13,178)	90	(13,088)
Balance as at 30 June 2011	166,999	4,000	5,811	(54,428)	77	(59,536)	37,911	100,834	1,751	102,585
Twelve months to 31 December 2010 (audited)										
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	-	-	-	-	-	(73)	-	(73)	-	(73)
	150,999	-	5,811	(54,428)	92	(14,884)	57,911	145,501	1,398	146,899
Total comprehensive income	-	-	-	-	(86)	(31,403)	-	(31,489)	263	(31,226)
Issued/(converted) during the year	16,000	4,000	-	-	-	-	(20,000)	-	-	-
Balance as at 31 December 2010	166,999	4,000	5,811	(54,428)	6	(46,287)	37,911	114,012	1,661	115,673

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 2010.

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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 2010.

1. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The quarterly financial report has been prepared in accordance with the reporting requirements outlined in Financial Reporting Standard (“FRS”) 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the listing requirements of Bursa Malaysia Securities Berhad (“the Listing Requirements”). The quarterly report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 December 2010. These explanatory notes attached to the quarterly financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2010. The accounting policies and methods of computation applied in the quarterly financial statements are consistent with those applied in the annual audited financial statements for the year ended 31 December 2010, except for the Group’s adoption of the following revised FRSs, Amendments to FRSs, Interpretations of the Issues Committee (“IC Interpretations”) and Amendments to IC Interpretation issued by the MASB that are mandatory for the financial year beginning 1 January 2011:

Revised FRSs, Amendments to FRSs, IC Interpretations and Amendments to IC Interpretation

FRS 1	First-time Adoption of Financial Reporting Standards
FRS 3	Business Combinations (Revised)
Amendments to FRS 2	Share-based Payment
Amendments to FRS 5	Non-current Assets Held for Sale and Discontinued Operations
Amendments to FRS 127	Consolidated and Separate Financial Statement
Amendments to FRS 138	Intangible Assets
IC Interpretation 9	Amendments to IC Interpretation 9
IC Interpretation 12	Service Concession Arrangements
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 16	Hedges of a Net Investment in a Foreign Operation
IC Interpretation 17	Distributions of Non-cash Assets to Owners
Amendments to FRS 132	Classification of Rights Issues
Amendments to FRS 1	Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters
Amendments to FRS 7	Improving Disclosures about Financial Instruments

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

The revised FRS 3 and FRS 127 will impact the Group's consolidation accounting relating to the acquisition costs and disposal of interests in subsidiaries. Amendments to FRS 7 require enhanced disclosures on fair value measurements and liquidity risk of the Group. Improvements to FRSs (2010) will impact the disclosures in the Group's financial statements. The revised FRS 1, other amendments to FRSs, the IC Interpretations and Amendments to IC Interpretation 9 are not expected to have any significant impact on the financial statements of the Group.

As at the date of this quarterly report, the following revised FRS, IC Interpretations and Amendments to IC Interpretation have been issued by MASB but are not effective yet and have not been adopted by the Group.

Revised FRS, IC Interpretations and Amendments to IC Interpretation		Effective for annual periods beginning on or after
IC Interpretation 14	Prepayments of a Minimum Funding Requirement (Amendments to IC Interpretation 14)	1 July 2011
IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2011
IC Interpretation 15	Agreements for the Construction of Real Estate	1 January 2012
Amendments to FRS 124	Related Party Disclosures	1 January 2012

2. AUDIT REPORT IN RESPECT OF THE 2010 FINANCIAL STATEMENTS

The audit report on the Group's financial statements for the financial year ended 31 December 2010 was not qualified.

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 30 June 2011.

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7. **DIVIDEND**

The Directors do not recommend any interim dividend on ordinary shares of RM0.50 each for the current period ended 30 June 2011 (2010: Nil).

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

(a) Primary reporting format – by products and services

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 30/06/2011 RM'000	Preceding Year Quarter 30/06/2010 RM'000	Six months to 30/06/2011 RM'000	Six months to 30/06/2010 RM'000
Revenue				
Public transportation services	60,026	58,424	120,904	122,063
Trading of vehicles	650	576	1,157	1,200
Others	1,531	1,448	1,619	2,534
	<u>62,207</u>	<u>60,488</u>	<u>123,680</u>	<u>125,797</u>
Net (loss)/profit for the period				
Public transportation services	(6,764)	(10,789)	(13,360)	(11,786)
Trading of vehicles	99	(4)	297	(22)
Others	(77)	(14)	(96)	14
	<u>(6,742)</u>	<u>(10,807)</u>	<u>(13,159)</u>	<u>(11,794)</u>

(b) Secondary reporting format – by geographical segments

	Individual Quarters		Cumulative Quarters	
	Current Year Quarter 30/06/2011 RM'000	Preceding Year Quarter 30/06/2010 RM'000	Six months to 30/06/2011 RM'000	Six months to 30/06/2010 RM'000
Revenue				
Malaysia	61,557	59,912	122,523	124,597
Indonesia	650	576	1,157	1,200
	<u>62,207</u>	<u>60,488</u>	<u>123,680</u>	<u>125,797</u>
Net (loss)/profit for the period				
Malaysia	(6,841)	(10,803)	(13,456)	(11,772)
Indonesia	99	(4)	297	(22)
	<u>(6,742)</u>	<u>(10,807)</u>	<u>(13,159)</u>	<u>(11,794)</u>

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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

(a) On 2 February 2011, 29 March 2011 and 4 April 2011 respectively, SKMK, a wholly owned subsidiary of the Company received letters of intent from various third parties for the disposal of the following parcels of land:

- i) PT 25, H.S (D) T.M 7/79, Bandar Tanah Merah, Kelantan
- ii) No. LO. 1000, H.S. (D) T.M. 78/81, Mukim Maka, Daerah Tanah Merah, Kelantan
- iii) No. Lot 690, No. MG 1494, Mukim Kenali, Kelantan

Referring to item (i), on 17 March 2011, the Company has entered into a Sales and Purchase Agreement with a third party. The disposal of this land has yet to be completed subject to the fulfilment of the condition precedent, which is the approval from the Kelantan state government for the disposal of the said land.

(b) On 14 December 2010, the Company entered into a Sale and Purchase Agreement with Nadicorp for the disposal of 700 ordinary shares of USD100 each, representing 70% equity interest in PT Indonadi for a total cash consideration of USD70,000. However, on 28 April 2011, the Company entered into a Deed of Revocation with Nadicorp to revoke and rescind the Sale and Purchase Agreement as certain conditions precedent for the transfer of the shares has yet to be fulfilled.

Except for the above, there are no other items, transactions or events of a material and unusual nature which have arisen since 30 June 2011 to the date of this announcement which would substantially affect the financial results of the Group for the period ended 31 December 2011.

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

The Group does not have any material capital commitments as at the date of this announcement.

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14. **INCOME TAX**

	Individual Quarter		Cumulative Quarter	
	Current year quarter	Preceding year corresponding quarter	Six months to	Six months to
	30/06/2011	30/06/2010	30/06/2011	30/06/2010
	RM'000	RM'000	RM'000	RM'000
Malaysian taxation:				
- Current taxation	-	-	-	-
- Under provision in prior years	-	-	-	-
- Deferred taxation	-	-	-	-
	-	-	-	-
	-	-	-	-

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

During the period the Group has disposed a parcel of its leasehold land, Lot No. PT 6301, Lot 34, Semambu Industrial Estate, Kuantan, Pahang for the total consideration of RM1,500,000.

Except for the above, there was no disposal of unquoted investments and/or properties in the current period.

16. **INVESTMENTS IN QUOTED SECURITIES**

Total investments in quoted securities are as follows:

	Carrying amount 30 June 2011	Market value 30 June 2011
	RM'000	RM'000
Investment in:		
- DRB-Hicom Berhad	7	7
- South Malaysia Industries Berhad	1	1
- BIMB Holdings Berhad	89	89
	97	97
	97	97

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.

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.

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19. **BORROWINGS AND DEBT SECURITIES**

Details of the Group's borrowings and debt securities as at 30 June 2011 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>Borrowings</u>						
Domestic						
- Finance lease	70,594	-	70,594	59,251	-	59,251
- Revolving credit	7,000	-	7,000	-	-	-
- Term loan	1,544	-	1,544	2,716	-	2,716
TOTAL	79,138	-	79,138	61,967	-	61,967

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.

Judgement in default obtained by Exing dated 18 July 2007 has been set aside by the court and Siana has also filed its application for security for cost on 25 May 2009, and that the court had on 17 May 2010 duly allowed the said application in favour of Siana. The court has also fixed the date for the trial of the case on the 5th, 6th and 7th December 2011.

The directors, under the advise of its solicitors, is of the opinion that Exing's claim is subject to proof and may ultimately be proven to be unsubstantiated with regard to the sum claimed. Hence, the legal claim has not been taken into account in the financial statements.

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

The Group has recorded slightly higher revenue of RM62.2 million for the current quarter as compared to RM60.5 million in the same quarter last year. The increase in revenue is due to the impact of passenger travelling pattern has increased.

The Group recorded loss before tax of RM6.7 million as compared to loss before tax of RM10.8 million in the same quarter last year. The lower loss before tax during this quarter is mainly due to the higher revenue as explained above.

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23. **REVIEW OF PERFORMANCE**

The Group recorded revenue of RM123.7 million for the current quarter and for the period ended 30 June 2011 under review as compared to RM125.7 million in the same quarter and the period ended 30 June 2010.

The overall reduction in revenue for the current year as compared to Year 2010 is due to the drop in ridership and the impact of shifting of bus terminal from Puduraya to Bukit Jalil since second quarter 2010.

The Group recorded a loss before tax of RM13.2 million for the current quarter and for the financial period ended 30 June 2011 as compared to loss before tax of RM11.7 in the previous year corresponding quarter and the period ended 30 June 2010.

24. **PROSPECTS FOR THE CURRENT FINANCIAL YEAR**

The industry is highly sensitive to the fluctuation of the operational cost, such as fuel, toll, tyres and spare parts which is on the increasing trend. However, with the re-location of the bus terminal from Bukit Jalil Stadium back to Puduraya will improve ridership for the next quarter, hence we foresee such trend will continue in the coming months and may increase revenue. In order to reduce future losses, we had taken measures by discontinuing non-profitable routes in order to improve our performance.

25. **EARNINGS PER SHARE**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/06/2011	Preceding year corresponding quarter 30/06/2010	Six months to 30/06/2011	Six months to 30/06/2010
(a) Basic				
Loss for the period attributable to equity holders of the Company (RM'000)	(6,701)	(10,807)	(13,178)	(11,794)
Weighted average number of shares in issue ('000)	319,445	301,998	319,445	301,998
Loss per share (sen)	(2.10)	(3.58)	(4.13)	(3.91)
(b) Diluted				
Loss for the period attributable to equity holders of the Company (RM'000)	(6,701)	(10,807)	(13,178)	(11,794)
Weighted average number of shares in issue ('000)	319,445	301,998	319,445	301,998
Effect of dilution on ICSLS ('000)	68,800	100,800	68,800	100,800
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	388,245	402,798	388,245	402,798
Diluted loss per share (sen)	(1.73)	(2.68)	(3.39)	(2.92)

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26. **DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSES)**

The breakdowns of the retained profits of the Group as at 30 June 2011 and 31 December 2010 into realised and unrealised profits are as follows:

	As at	As at
	30 June	31 December
	2011	2010
	RM'000	RM'000
Total accumulated losses of the Company and its subsidiaries		
- Realised	(59,034)	(45,875)
- Unrealised	1,611	1,611
	<u>(57,423)</u>	<u>(44,264)</u>
Add: Consolidated adjustments	(2,113)	(2,023)
Accumulated losses as per financial statements	<u>(59,536)</u>	<u>(46,287)</u>

By Order of the Board

TIFLA HAIRI TAIB (LS0008017)
Secretary

Kuala Lumpur
26 August 2011