

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)

(Incorporated in Malaysia)

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)

	Individual Quarter		Cumulative Quarter	
	30/09/ 2014	30/09/2013	30/09/ 2014	30/09/2013
	RM' 000	RM' 000	RM' 000	RM' 000
Revenue	51,604	61,298	163,352	179,459
Cost of sales	(48,810)	(56,059)	(155,050)	(167,182)
Gross profit	2,794	5,239	8,303	12,277
Other income	8,663	4,417	23,312	30,163
Other operating expenses	(9,550)	(11,487)	(24,370)	(27,582)
Profit from operations	1,908	(1,831)	7,245	14,858
Finance costs	(875)	(676)	(2,584)	(2,428)
Profit before tax	1,033	(2,507)	4,661	12,430
Income tax expense	(200)	-	(925)	(729)
Profit for the period	833	(2,507)	3,736	11,701
Profit attributable to:				
Equity holders of the Parent	833	(2,507)	3,736	11,701
Non-Controlling Interest	-	-	-	-
	833	(2,507)	3,736	11,701
Earnings per share(EPS) attributable to owners of the Company(sen per share):				
Basic (sen)	0.21	(0.62)	0.93	2.90
Diluted (sen)	N/A	N/A	N/A	N/A

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(The figures have not been audited)(cont'd)

	Individual Quarter		Cumulative Quarter	
	30/09/ 2014 RM' 000	30/09/2013 RM' 000	30/09/ 2014 RM' 000	30/09/2013 RM' 000
Profit for the period	833	(2,507)	3,736	11,701
Other comprehensive income:				
Item that will not be subsequently reclassified to profit or loss:				
Actuarial losses on defined benefit obligation	-	(64)	(254)	(64)
Item that may be subsequently reclassified to profit or loss:				
Foreign currency translation	-	(7)	46	23
Net fair value changes in available-for-sale(AFS) financial assets	-	18	(8)	18
Total other comprehensive income net of income tax	<u>-</u>	<u>(53)</u>	<u>(216)</u>	<u>(23)</u>
Total comprehensive income for the period	<u>833</u>	<u>(2,560)</u>	<u>3,520</u>	<u>11,678</u>
Total comprehensive income:				
Equity holders of the Parent	833	(2,560)	3,520	11,678
Non-Controlling Interest	-	-	-	-
	<u>833</u>	<u>(2,560)</u>	<u>3,520</u>	<u>11,678</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements..

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/09/2014 RM' 000	Audited As at 31/12/2013 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	154,822	164,887
Investment properties	161	228
Other investment	247	255
Goodwill on consolidation	86,592	86,592
Deferred tax assets	5,121	5,121
	<u>246,943</u>	<u>257,083</u>
Current assets		
Inventories	509	304
Trade and other receivables	30,915	25,242
Amount due from related companies	35,108	36,411
Tax recoverable	322	322
Cash and bank balances	6,259	7,894
	<u>73,114</u>	<u>70,173</u>
Non-current assets held for sale	-	3,469
TOTAL ASSETS	<u>320,057</u>	<u>330,725</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short term borrowings	44,019	33,898
Trade and other payables	48,746	55,839
Amount due to related companies	53,218	65,143
Current tax payables	3,897	4,168
Provision for retirement benefits	864	864
	<u>150,744</u>	<u>159,912</u>
Net current liabilities	(77,630)	(86,270)
Non-current liabilities		
Long term borrowings	21,943	27,326
Provision for retirement benefits	11,190	10,827
Deferred tax liabilities	9,253	9,252
	<u>42,385</u>	<u>47,405</u>
Total liabilities	193,129	207,317
Net assets	126,928	123,408
Equity attributable to equity holders of parents		
Share capital	201,399	201,399
Share premium	7,511	7,511
Reserves		
Capital reserve	23,563	23,563
Other reserves	107	69
Accumulated losses	(53,420)	(56,902)
Merger deficit	(54,428)	(54,428)
Shareholders' equity	<u>124,732</u>	<u>121,212</u>
Non-controlling interest	2,196	2,196
Total equity	<u>126,928</u>	<u>123,408</u>
TOTAL LIABILITIES AND EQUITY	<u>320,057</u>	<u>330,725</u>
Net assets per share attributable to ordinary equity holders of the Company(RM)	0.32	0.31

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	←←←← Attributable to Equity Holders of the Parent →→→→						Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Non-distributable			Distributable					
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserve RM'000	Accumulated Losses RM'000			
At 1 January 2014	201,399	7,511	23,563	(54,428)	69	(56,902)	121,212	2,196	123,408
Profit for the period	-	-	-	-	-	3,736	3,736	-	3,736
Other comprehensive income for the period	-	-	-	-	38	(254)	(216)	-	(216)
Total comprehensive income	-	-	-	-	38	3,482	3,520	-	3,520
At 30 September 2014	<u>201,399</u>	<u>7,511</u>	<u>23,563</u>	<u>(54,428)</u>	<u>107</u>	<u>(53,420)</u>	<u>124,732</u>	<u>2,196</u>	<u>126,928</u>
At 1 January 2013	201,399	7,511	23,563	(54,428)	(56)	(70,541)	107,448	2,196	109,644
Profit for the year	-	-	-	-	-	13,894	13,894	-	13,894
Other comprehensive income for the year	-	-	-	-	125	(255)	(130)	-	(130)
	-	-	-	-	125	13,639	13,764	-	13,764
At 31 December 2013	<u>201,399</u>	<u>7,511</u>	<u>23,563</u>	<u>(54,428)</u>	<u>69</u>	<u>(56,902)</u>	<u>121,212</u>	<u>2,196</u>	<u>123,408</u>

The Condensed Consolidated Statement of Changes in Total Equity should be read in conjunction with the Annual Financial Report for year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	9 months ended	
	30/09/ 2014	30/09/2013
	RM ' 000	RM ' 000
Operating activities		
Cash receipt from customers	211,729	192,815
Cash payments to suppliers and employees	(210,857)	(160,861)
Cash generated from operations	872	31,954
Income taxes refund/(paid)	(725)	(2,760)
Retirement benefits paid	(977)	(358)
Net cash flow from operating activities	(830)	28,836
Investing activities		
Proceed from disposal of property, plant and equipment	6,531	10,769
Purchase of property, plant and equipment	(5)	-
Interest received	(9)	19
Net cash used in investing activities	6,517	10,788
Financing activities		
Repayment of lease financing	(4,738)	(31,070)
Interest paid	(2,584)	(2,428)
Net cash flow from financing activities	(7,322)	(33,498)
Net changes in cash and cash equivalents	(1,635)	6,126
Cash and cash equivalents as at 1 January 2014/2013	7,894	8,938
Cash and cash equivalents as at 30 September 2014 /2013	6,259	15,064

The cash and cash equivalents at the end of the financial period comprise the following balance sheet components :

Fixed deposits with licensed bank	746	598
Cash and bank balances	5,513	14,466
	6,259	15,064

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.

1 FIRST-TIME ADOPTION OF MALAYSIAN FINANCIAL REPORTING STANDARDS(MFRs)

These condensed consolidated interim financial statements, for the year ended 31 December 2013 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Certain financial instruments have been carried at fair value in accordance to Malaysian Financial Reporting Standard (MFRS)139 Financial Instruments:Recognition and Measurement,and the retirement benefit obligations include actuarial gains and losses in accordance with MFRS 119 Employee Benefits. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2013. The explanatory notes attached to these condensed consolidated interim 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 year ended 31 December 2013.

2 CHANGES IN ACCOUNTING POLICIES

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2013, except with the adoption of Amendments to Standards and Issue Committee(IC) Interpretations effective as of 1 January 2014.

Adoption of Amendments to Standards and IC Interpretations

The Group has adopted the following Amendments to Standards and IC Interpretations,with a date of initial application of 1 January 2014.

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial
Liabilities	
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of the above pronouncements did not have any impact on the financial statements of the Group.

Standards issued but not yet effective

At the date of authorisation of the Condensed Report,the following Standards were issued but not yet effective and have not been adopted by the Group:

Effective for financial periods	Description beginning on or after
MFRS 9 ; Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)	To be announced by Malaysian Accounting Standards Board (MASB)

2 CHANGES IN ACCOUNTING POLICIES(Cont'd)

Standards issued but not yet effective

At the date of authorisation of the Condensed Report,the following Standards were issued but not yet effective and have not been adopted by the Group:

Effective for financial periods	Description beginning on or after
MFRS 9 ; Financial Instruments (IFRS 9 issued by International Accounting Standards Board (IASB) in November 2009)	To be announced by Malaysian counting Standards Board (MASB)
MFRS 9 ; Financial Instruments : Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)	To be announced by MASB
MFRS 9 ; Financial Instruments : (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)	To be announced by MASB
Amendments to MFRS 119; Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2013 Cycle	1 July 2014

The Group will adopt the above pronouncements when they become effective in the respective financial periods. These pronouncements are not expected to have any effect to the financial statements of the Group upon the initial application, other than for MFRS 9 Financial Instruments. The Group will assess the financial implications of MFRS 9 Financial Instruments when the full standard is issued.

3 QUALIFICATION OF AUDIT REPORT OF THE PRECEDING ANNUAL FINANCIAL STATEMENT

The audit report on the Group's financial statements for the financial year ended 31 December 2013 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

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

5 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.

6 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.

7 DEBT AND EQUITY SECURITIES

The Company did not undertake any issuance and/ or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter ended 30 September 2014.

8 DIVIDEND

The Directors do not recommend any interim dividend on ordinary shares of RM0.50 each for the current period ended 30 September 2014 (2013:Nil)

9 SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD

(a) Primary reporting format-by product and services

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/09/ 2014 RM'000	Preceeding Year Quarter 30/09/2013 RM'000	Nine months to 30/09/ 2014 RM'000	Nine months to 30/09/2013 RM'000
Revenue				
Public transportation services	49,904	60,217	159,492	177,878
Trading of vehicles	-	-	-	-
Others	1,700	1,081	3,860	1,581
Total	<u>51,604</u>	<u>61,298</u>	<u>163,352</u>	<u>179,459</u>
Profit before tax				
Public transportation services	204	(3,050)	3,520	11,490
Trading of vehicles	(159)	(85)	(421)	(262)
Others	988	628	1,562	1,202
Total	<u>1,033</u>	<u>(2,507)</u>	<u>4,661</u>	<u>12,430</u>

10 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.

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 CHANGES IN CONTINGENT LIABILITIES

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

13 CAPITAL COMMITMENTS

As at 30 May 2014, the Group had entered agreement with Malaysia Debt Ventures Berhad (MDV) to purchase CNG green technology buses for fleet renewal and route expansion.

There are no other material capital commitments.

14 PROFIT BEFORE TAX

Included in the profit before tax are the following items:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/09/ 2014 RM'000	Preceding Year Quarter 30/09/2013 RM'000	Nine months to 30/09/ 2014 RM'000	Nine months to 30/09/2013 RM'000
Interest income	(4)	(12)	(9)	(19)
Other income	(5,979)	(3,125)	(20,868)	(21,809)
Interest expense	871	676	2,581	2,428
Depreciation and amortisation	8,717	8,179	25,364	24,752
Loss on disposal of property, plant and equipment	171	243	412	649
Gain on disposal of property, plant and equipment	-	-	-	-
Gain on disposal of property, plant and equipment	(3,255)	(1,280)	(4,772)	(8,335)
(Gain)/Loss on translation of foreign exchange	-	(7)	-	(23)

15 INCOME TAX EXPENSE

Taxation includes:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/09/ 2014 RM'000	Preceding Year Quarter 30/09/2013 RM'000	Nine months to 30/09/ 2014 RM'000	Nine months to 30/09/2013 RM'000
Malaysian taxation:				
- Current taxation	50	-	475	938
- Under/(Over) provision in prior years	150	-	450	(209)
	<u>200</u>	<u>-</u>	<u>925</u>	<u>729</u>

16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/09/ 2014 RM'000	Preceding Year Quarter 30/09/2013 RM'000	Nine months to 30/09/ 2014 RM'000	Nine months to 30/09/2013 RM'000
Penultimate holding company				
- Secretarial services	36	36	108	108
Immediate holding company				
- Rental of premises	184	184	552	552
Related companies				
- Rental of buses	7,677	7,185	16,008	21,561
- Rental of workshop/depo	36	24	110	98
- Bus repair services	893	2,701	4,368	7,044
- Purchase of tyres	456	1,555	1,624	5,476
- Purchase of C&G	386	75	622	335
- Internal charter	(2,241)	(377)	(3,252)	(1,719)
- Security services	171	111	329	310
- E-ticketing system maintenance	390	440	1,199	1,432
- Purchase of uniforms	31	-	280	3

The directors are of the opinion that all the transactions above transactions have been entered into the normal course of business and have been established on negotiated terms which the directors are satisfied as not being detrimental to the Group and the Company.

17 DISPOSAL OF UNQUOTED INVESTMENTS AND/ OR PROPERTIES

Two properties in Selangor and one property in Pahang have been disposed to MHSB Development Sdn Bhd during the quarter with the total proceeds of RM 3.9 million.

18 STATUS OF CORPORATE PROPOSALS ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT

On 19 September 2014, the Group announced multiple corporate proposal :

i) Proposed capital reduction of the issued and paid-up share capital of KTB pursuant to Section 64 of the Companies Act, 1965, involving the cancellation of RM0.40 of the par value of each ordinary share of RM0.50 each in KTB ("Proposed Capital Reduction");

(ii) Proposed renounceable rights issue of 604,196,022 new ordinary shares of RM0.10 each in KTB ("Rights Share(s)") on the basis of three (3) Rights Shares for every two (2) ordinary shares of RM0.10 each in KTB held on an entitlement date to be determined later after the completion of the Proposed Capital Reduction ("Proposed Rights Issue"); and

(iii) Proposed amendment to the Memorandum of Association of KTB; of Capital Reductions

These corporate exercise is expected to be completed by first quarter 2015.

19 BORROWINGS AND DEBTS SECURITIES

Total Group borrowings as at 30 September 2014 are as follows:

	30/09/ 2014	30/09/2013
	RM'000	RM'000
Current		
Secured		
- Finance Lease	37,019	46,303
- Revolving Credit	7,000	7,000
	<u>44,019</u>	<u>53,303</u>
Non-Current		
Secured		
- Finance Lease	21,943	26,211
	<u>21,943</u>	<u>26,211</u>
Total Borrowings		
Secured		
- Finance Lease	58,962	72,514
- Revolving Credit	7,000	7,000
	<u>65,962</u>	<u>79,514</u>

20 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

21 CHANGES IN 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 ("Exing") (in liquidation) for an alleged breach of contract. Siana had filed its defence on 27 September 2007.

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 the trial of the case on 2nd, 3rd and 4th April 2012. The trial was subsequently adjourned as Exing wanted to amend its statement of claim. The court subsequently rejected Exing's application to amend its statement of claim and Exing filed an appeal to the Court of Appeal against the decision of the High Court in dismissing their application to amend their statement of claim. Exing subsequently withdrew their appeal on 7 March 2013. The hearing of the case had commenced on 26th November 2013 and the continued hearing of the case has been fixed on 27th November 2014, 28th November 2014 and 22nd December 2014.

The directors, under the advise of the Company's 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 lower revenue of RM51.6 million for the current year quarter as compared to RM56.6 million in the immediate preceding quarter.

The Group recorded profit before tax of RM1.0 million as compared to profit before tax of RM2.9 million in the immediate preceding quarter.

23 REVIEW OF PERFORMANCE OF THE GROUP

For the cumulative quarter under review, the Group recorded a lower revenue of RM163.3 million for the period ended 30 September 2014 as compared to RM179.4 million in the same cumulative quarter for the period ended 30 September 2013 because we are not able to maximize available opportunities.

The Group recorded a profit before tax of RM4.7 million for the period ended 30 September 2014 as compared to profit before tax of RM12.4 million in the period ended 30 September 2013 due to gain from disposal of properties of RM8.3million.

24 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy registered a growth of 5.6% in the third quarter of 2014 (2Q 2014: 6.5%) supported by private sector demand, and continued positive growth in net exports of goods and services. On the supply side, growth in the major economic sectors was sustained, supported by trade- and domestic activities. On quarter on quarter seasonally adjusted basis, the economy grew by 0.9% (2Q 2014: 1.9%) (Source:BNM).

The transportation sector is highly sensitive to the fluctuation of the operational costs such as fuel, tyres and spare parts. The Group will continue with its effort to maintain its quality market share through replenishment of its fleet whilst reducing operational costs.

25 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast or guarantee was issued by the Group.

26 EARNINGS PER SHARE ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 30/09/ 2014	Preceding year corresponding quarter 30/09/2013	To Date 30/09/ 2014	To Date 30/09/2013
(a) Basic				
Loss/ profit attributable to equity holders of parent (RM'000)	833	(2,507)	3,736	11,701
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Earnings/ (loss) per share (sen)	0.21	(0.62)	0.93	2.90
(b) Diluted				

The basic and diluted loss per ordinary share is the same as the Group has no dilutive potential ordinary shares.

27 DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

The breakdowns of the accumulated losses of the Group as at 30 September 2014 and 31 December 2013 into realised and unrealised loss are as follows:

	30/09/ 2014 RM'000	31/12/2013 RM'000
Total accumulated losses of the Company and its subsidiaries		
-Realised	(53,034)	(56,516)
-Unrealised	4,131	4,131
	<u>(48,903)</u>	<u>(52,385)</u>
Add: Consolidation adjustment	(4,517)	(4,517)
Accumulated losses as per financial statements	<u>(53,420)</u>	<u>(56,902)</u>

28 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 November 2014.

By Order of the Board

TIFLA HAIRI TAIB (LS0009488)
Secretary

Kuala Lumpur