

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)**(Incorporated in Malaysia)****QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER
ENDED 31 MARCH 2017****CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****(The figures have not been audited)**

| | Individual Quarter | | Cumulative Quarter | |
|--------------------------------------------------------------------------------------|--------------------|---------------|--------------------|---------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Revenue | 43,255 | 43,741 | 43,255 | 43,741 |
| Cost of sales | (49,333) | (43,500) | (49,333) | (43,500) |
| Gross (loss)/profit | (6,078) | 241 | (6,078) | 241 |
| Other income | 5,791 | 9,303 | 5,791 | 9,303 |
| Other operating expenses | (6,892) | (7,205) | (6,892) | (7,205) |
| (Loss)/Profit from operations | (7,179) | 2,339 | (7,179) | 2,339 |
| Finance costs | (2,024) | (2,786) | (2,024) | (2,786) |
| Loss before tax | (9,203) | (447) | (9,203) | (447) |
| Income tax expense | (89) | (92) | (89) | (92) |
| Loss for the period | (9,292) | (539) | (9,292) | (539) |
| Loss attributable to: | | | | |
| Equity holders of the Parent | (9,292) | (539) | (9,292) | (539) |
| Non-Controlling Interest | - | - | - | - |
| | (9,292) | (539) | (9,292) | (539) |
| Loss per share(EPS) attributable to owners of the Company(sen per share): | | | | |
| Basic (sen) | (2.31) | (0.13) | (2.31) | (0.13) |
| 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 | |
|----------------------------------------------------|---------------------------|---------------------|---------------------------|---------------------|
| | 31/03/2017 | 31/03/2016 | 31/03/2017 | 31/03/2016 |
| | RM' 000 | RM' 000 | RM' 000 | RM' 000 |
| Loss for the period | (9,292) | (539) | (9,292) | (539) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | <u>(9,292)</u> | <u>(539)</u> | <u>(9,292)</u> | <u>(539)</u> |
| Total comprehensive loss: | | | | |
| Equity holders of the Parent | (9,292) | (539) | (9,292) | (539) |
| Non-Controlling Interest | - | - | - | - |
| | <u>(9,292)</u> | <u>(539)</u> | <u>(9,292)</u> | <u>(539)</u> |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | Unaudited As at 31/03/2017 RM' 000 | Audited As at 31/12/2016 RM' 000 |
|----------------------------------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 261,507 | 260,537 |
| Investment properties | 92 | 92 |
| Other investment | 186 | 186 |
| Goodwill on consolidation | 86,592 | 86,592 |
| Deferred tax assets | 1,738 | 1,760 |
| | <u>350,115</u> | <u>349,167</u> |
| Current assets | | |
| Trade and other receivables | 36,546 | 28,469 |
| Amount due from related companies | 41,434 | 40,686 |
| Tax recoverable | 792 | 792 |
| Cash and bank balances | 5,189 | 5,949 |
| | <u>83,961</u> | <u>75,896</u> |
| TOTAL ASSETS | <u>434,076</u> | <u>425,063</u> |
| LIABILITIES AND EQUITY | | |
| Current liabilities | | |
| Short term borrowings | 39,801 | 40,295 |
| Trade and other payables | 117,665 | 102,898 |
| Amount due to related companies | 66,562 | 60,040 |
| Current tax payables | 2,952 | 3,027 |
| Provision for retirement benefits | 885 | 885 |
| | <u>227,865</u> | <u>207,145</u> |
| Net current liabilities | (143,904) | (131,249) |
| Non-current liabilities | | |
| Long term borrowings | 74,202 | 76,595 |
| Provision for retirement benefits | 8,904 | 8,905 |
| Deferred tax liabilities | 25,318 | 25,340 |
| | <u>108,424</u> | <u>110,840</u> |
| Total liabilities | 336,289 | 317,985 |
| Net assets | 97,787 | 107,078 |
| Equity attributable to equity holders of parents | | |
| Share capital | 40,280 | 40,280 |
| Share premium | 7,511 | 7,511 |
| Reserves | | |
| Capital reserve | 23,563 | 23,563 |
| Other reserves | (95) | (95) |
| Retained earnings | 77,322 | 86,614 |
| Merger deficit | (52,991) | (52,991) |
| Shareholders' equity | <u>95,590</u> | <u>104,882</u> |
| Non-controlling interest | 2,196 | 2,196 |
| Total equity | <u>97,786</u> | <u>107,078</u> |
| TOTAL LIABILITIES AND EQUITY | <u>434,075</u> | <u>425,063</u> |
| Net assets per share attributable to ordinary equity holders of the Company(RM) | 0.24 | 0.27 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 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 | Non-Controlling Interest | Total Equity |
|----------------------------------------------------------|--------------------------------------------------|---------------|-----------------|-----------------|---------------|------------------------------------------|----------------|--------------------------|----------------|
| | ← Non-distributable | | | → Distributable | | | | | |
| | Share Capital | Share Premium | Capital Reserve | Merger Deficit | Other Reserve | Retained Earnings / (Accumulated Losses) | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2017 | 40,280 | 7,511 | 23,563 | (52,991) | (95) | 86,614 | 104,882 | 2,196 | 107,078 |
| Loss for the period | - | - | - | - | - | (9,292) | (9,292) | - | (9,292) |
| Other comprehensive income for the financial year | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | - | (9,292) | (9,292) | - | (9,292) |
| At 31 March 2017 | <u>40,280</u> | <u>7,511</u> | <u>23,563</u> | <u>(52,991)</u> | <u>(95)</u> | <u>77,322</u> | <u>95,590</u> | <u>2,196</u> | <u>97,786</u> |
| At 1 January 2016 | 40,280 | 7,511 | 23,563 | (54,428) | (95) | 111,576 | 128,407 | 2,196 | 130,603 |
| Loss for the financial year | - | - | - | - | - | (539) | (539) | - | (539) |
| Other comprehensive income for the financial year | - | - | - | - | - | - | - | - | - |
| Total comprehensive loss | - | - | - | - | - | (539) | (539) | - | (539) |
| At 31 March 2016 | <u>40,280</u> | <u>7,511</u> | <u>23,563</u> | <u>(54,428)</u> | <u>(95)</u> | <u>111,037</u> | <u>127,868</u> | <u>2,196</u> | <u>130,064</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 2016 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 | |
|-----------------------------------------------------------------------|-----------------------|---------------------|
| | 3 months ended | |
| | 31/03/2017 | 31/03/2016 |
| | RM ' 000 | RM ' 000 |
| Cash flows from operating activities | | |
| Loss before tax | (9,203) | (447) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 10,628 | 9,985 |
| Amortisation of investment property | - | - |
| Provision for retirement benefits | - | 357 |
| Impairment loss on receivables, net of reversal | - | - |
| Loss on disposal of property, plant and equipment | 452 | 73 |
| Interest income | - | |
| Dividend income | - | |
| Interest expense | 2,024 | 2,786 |
| Operating profit before working capital changes | <u>3,901</u> | <u>12,754</u> |
| Decrease in inventories | - | - |
| Increase in receivables | (8,077) | (5,987) |
| Increase/(Decrease) in payables | 4,482 | (230) |
| Changes in related companies balances | 5,774 | (1,427) |
| Cash generated from operations | <u>6,080</u> | <u>5,110</u> |
| Tax paid | (164) | (184) |
| Interest paid | (2,024) | (2,786) |
| Retirement benefits paid | - | (234) |
| Net cash generated from operating activities | <u>3,892</u> | <u>1,906</u> |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (1,815) | (525) |
| Proceeds from disposal of property, plant and equipment | 50 | 175 |
| Dividend received | - | - |
| Interest received | - | - |
| Net cash used in investing activities | <u>(1,765)</u> | <u>(350)</u> |
| Cash flows from financing activities | | |
| Net repayment of borrowings | (2,887) | (2,839) |
| Net cash used in financing activities | <u>(2,887)</u> | <u>(2,839)</u> |
| Net decrease in cash and cash equivalents | (760) | (1,283) |
| Effects of foreign exchange rate changes | - | - |
| Net fair value changes in available-for-sale(AFS) financial assets | - | - |
| Cash and cash equivalents as at 1 January 2017/2016 | <u>5,949</u> | <u>6,708</u> |
| Cash and cash equivalents as at 31 March 2017/2016 | <u>5,189</u> | <u>5,425</u> |

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

| | | |
|-----------------------------------|---------------------|---------------------|
| Fixed deposits with licensed bank | 3,346 | 3,359 |
| Cash and bank balances | <u>1,843</u> | <u>2,066</u> |
| | <u>5,189</u> | <u>5,425</u> |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.

1 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 31 March 2017 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.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2016. 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 2016.

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 2016 except with the adoption of Amendments to Standards and Issue Committee(IC) Interpretations effective as of 1 January 2017.

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 2017.

| | |
|------------------------|-------------------------------------------------------------------------|
| Amendments to MFRS 107 | Statement of Cash Flows - Disclosure Initiative |
| Amendments to MFRS 112 | Income Taxed - Recognition of Deferred Tax Assets for Unrealised Losses |
| Improvement to MFRSs | Annual Improvement 2012-2014 Cycle |

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

Amendments to Standards and IC Interpretations that are applicable to the Group but not yet effective

The Group did not early adopted the following Amendments to Standards and IC Interpretations, with a date beginning on or after of 1 January 2017.

| | |
|------------------------|-------------------------------------------------------------------------------------------|
| MFRS 9 | Financial Instruments |
| to MFRS 15 | Revenue from Contracts with Customers |
| MFRS 16 | Leases |
| IC Interpretation 22 | Foreign Currency Transactions and Advance Consideration |
| Amendments to MFRS 140 | Classification on 'Change in Use' - Assets Transferred to, or from Investment Properties. |

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

3 QUALIFICATION OF AUDIT REPORT OF THE PRECEEDING ANNUAL FINANCIAL STATEMENT

The audit report on the Group's financial statements for the financial year ended 31 December 2016 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 31 March 2017.

8 DIVIDEND

The Directors do not recommend any interim dividend on ordinary shares of RM0.10 each for the current financial year ended 31 March 2017 (2016: Nil)

9 SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD

(a) Primary reporting format-by product and services

| | Individual Quarter | | Cumulative Quarter | |
|---------------------------------|-------------------------------------------------|---------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | Current Year Quarter 31/03/2017 RM'000 | Preceding Year Quarter 31/03/2016 RM'000 | Three months to 31/03/2017 RM'000 | Three months to 31/03/2016 RM'000 |
| Revenue | | | | |
| Public transportation services | 43,132 | 43,631 | 43,132 | 43,631 |
| Others | 123 | 110 | 123 | 110 |
| Total | <u>43,255</u> | <u>43,741</u> | <u>43,255</u> | <u>43,741</u> |
| (Loss)/Profit before tax | | | | |
| Public transportation services | (9,059) | (377) | (9,059) | (377) |
| Others | (144) | (70) | (144) | (70) |
| Total | <u>(9,203)</u> | <u>(447)</u> | <u>(9,203)</u> | <u>(447)</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 have contingent liabilities by giving Corporate Guarantee on behalf of subsidiary companies amounting to RM90,688,789 as at the date of this announcement.

13 CAPITAL COMMITMENTS

There are no material capital commitments.

14 PROFIT BEFORE TAX

Included in the profit before tax are the following items:

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | Current Year Quarter 31/03/2017 RM'000 | Preceding Year Quarter 31/03/2016 RM'000 | Three months to 31/03/2017 RM'000 | Three months to 31/03/2016 RM'000 |
| Other income | 5,791 | 9,303 | 5,791 | 9,303 |
| Interest expense | (2,024) | (2,786) | (2,024) | (2,786) |
| Depreciation and amortisation | (10,628) | (9,985) | (10,628) | (9,985) |
| Gain on disposal of property, plant and equipment | (452) | (73) | (452) | (73) |

15 INCOME TAX EXPENSE

Taxation includes:

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|-----------------------------------------|----------------------------------------------------|------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | Current Year Quarter 31/03/2017 RM'000 | Preceding Year Quarter 31/03/2016 RM'000 | Three months to 31/03/2017 RM'000 | Three months to 31/03/2016 RM'000 |
| Malaysian taxation: | | | | |
| - Current taxation | 89 | 92 | 89 | 92 |
| - Under/(Over) provision in prior years | - | - | - | - |
| | <u>89</u> | <u>92</u> | <u>89</u> | <u>92</u> |

16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

| | INDIVIDUAL PERIOD | | CUMULATIVE PERIOD | |
|------------------------------------|----------------------------------------------------|------------------------------------------------------|--------------------------------------------|--------------------------------------------|
| | Current Year Quarter 31/03/2017 RM'000 | Preceding Year Quarter 31/03/2016 RM'000 | Three months to 31/03/2017 RM'000 | Three months to 31/03/2016 RM'000 |
| Penultimate holding company | | | | |
| - Secretarial services | - | 38 | - | 38 |
| Immediate holding company | | | | |
| - Rental of premises | 195 | 195 | 195 | 195 |
| Related companies | | | | |
| - Rental of buses | 32 | 116 | 32 | 116 |
| - Rental of workshop/depo | 92 | 92 | 92 | 92 |
| - Bus repair services | 1,599 | 1,849 | 1,599 | 1,849 |
| - Purchase of spare parts | - | 1 | - | 1 |
| - Purchase of tyres | 777 | 1,439 | 777 | 1,439 |
| - Security services | 558 | 399 | 558 | 399 |
| - Bus insurance services | 4 | 3 | 4 | 3 |
| - E-ticketing system maintenance | 616 | 454 | 616 | 454 |
| - Purchase of uniforms | 6 | 63 | 6 | 63 |
| -Workshop Repair & Maintenance | - | 75 | - | 75 |
| | <u>-</u> | <u>75</u> | <u>-</u> | <u>75</u> |

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

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

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

There was no corporate proposal announced but not completed in the current period.

19 BORROWINGS AND DEBTS SECURITIES

Total Group borrowings as at 31 March 2017 are as follows:

| | 31/03/2017 | 31/12/2016 |
|-------------------------|----------------|----------------|
| | RM'000 | RM'000 |
| Current | | |
| Secured | | |
| - Finance Lease | 18,401 | 18,895 |
| - Term Loan | 14,400 | 14,400 |
| - Revolving Credit | 7,000 | 7,000 |
| | <u>39,801</u> | <u>40,295</u> |
| Non-Current | | |
| Secured | | |
| - Finance Lease | 31,536 | 32,669 |
| - Term Loan | 42,666 | 43,926 |
| | <u>74,202</u> | <u>76,595</u> |
| Total Borrowings | | |
| Secured | | |
| - Finance Lease | 49,937 | 51,564 |
| - Term Loan | 57,066 | 58,326 |
| - Revolving Credit | 7,000 | 7,000 |
| | <u>114,003</u> | <u>116,890</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

There are no material litigation as at the date of this announcement.

22 COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER

The Group has recorded higher revenue of RM43.3 million for the current quarter as compared to RM42.4 million in the immediate preceding quarter.

The Group recorded loss before tax of RM9.2 million as compared to loss before tax of RM2.2 million in the immediate preceding quarter.

23 REVIEW OF PERFORMANCE OF THE GROUP

For current quarter under review, the Group recorded lower revenue of RM43.3 million for the period ended 31 March 2017 as compared to RM43.7 million in the same cumulative quarter for the period ended 31 March 2016.

The Group recorded a loss before tax of RM9.2 million for the period ended 31 March 2017 as compared to loss before tax of RM0.4 million in the period ended 31 March 2016. The unfavorable variance is attributable to lower government contribution and higher operating costs.

24 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy expanded by 5.6% in the first quarter of 2017 (4Q 2016: 4.5%), underpinned by overall expansion in various sector expenditure. On the supply side, growth continues to be driven by the manufacturing and services sectors. Overall, domestic demand expanded at a more moderate pace, as the improvement in private consumption and investment activity was more than offset by the decline in public expenditure. In the first quarter, private consumption grew by 8.2% (4Q 2016: 5.9%), supported by continued wage and employment growth. Growth of public investment improved mainly on account of higher spending on fixed assets by public corporations, but nevertheless, remained in contraction during the quarter. Public consumption recorded a stronger growth by 7.5% (4Q 2016: -4.2%) attributed by both emoluments and supplies and services.(Source:BNM).

The transportation sector is highly sensitive to the fluctuation of the operational costs such as fuel, tyres and spare parts. The Group recent unfavorable financial performance was mainly due to introduction of new buses which the expenses had immediately hit the financial result while the revenue generated is catching up. In medium term, the Group expect better financial result with fully utilisation of new buses and increase in market acceptance to the brand. The Group will continue with its effort to increase its quality market share and reduce 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 31/03/2017 | Preceding year corresponding quarter 31/03/2016 | To Date 31/03/2017 | To Date 31/03/2016 |
| (a) Basic | | | | |
| (Loss)/Profit attributable to equity holders of parent (RM'000) | (9,292) | (539) | (9,292) | (539) |
| Weighted average number of ordinary shares ('000) | 402,798 | 402,798 | 402,798 | 402,798 |
| (Loss)/Earnings per share (sen) | (2.31) | (0.13) | (2.31) | (0.13) |
| (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 retained earnings of the Group as at 31 March 2017 and 31 December 2016 into realised and unrealised loss are as follows:

| | 31/03/2017 RM'000 | 31/12/2016 RM'000 |
|-------------------------------------------------------------|----------------------|----------------------|
| Total retained earnings of the Company and its subsidiaries | | |
| -Realised | (221,344) | (212,049) |
| -Unrealised | 23,580 | 23,580 |
| | <u>(197,764)</u> | <u>(188,469)</u> |
| Add: Consolidation adjustment | 275,086 | 275,083 |
| Retained earnings as per financial statements | <u>77,322</u> | <u>86,614</u> |

28 KEY AUDIT MATTERS

The following are the Key Audit Matters as reported in the Independent Auditors' Report in the Group's audited financial statements for the year ended 31 December 2016. These matters were addressed in the context of audit of the financial statements of the Group as a whole, and in forming auditor opinion thereon, and the auditor does not provide a separate opinion on these matters.

| | Key Audit Matters | How our audit addressed the Key Audit Matter |
|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <p>Valuation and impairment of property, plant and equipment</p> <p>The Group have buses and motor vehicles with aggregate carrying values of RM247,601,000 as at 31 December 2016. Following a review of the business, outlook for the industry and the Group's operating plans, management has assessed these carrying values.</p> <p>Management concluded that the recoverable amounts were higher than their carrying values such that no impairment provision was required. These conclusions are dependent upon significant management judgement, including in respect of the computation of the buses' values in use.</p> | <p>Our procedures in relation to management's impairment assessment of buses included:</p> <ul style="list-style-type: none"> ▪ Checking, on a sample basis, the accuracy and relevance of the input data used by management to estimate values in use; ▪ Assessing management's key assumptions used to estimate values in use based on our knowledge of the public transportation industry; and ▪ Considering the potential impact of reasonably possible downside changes in these key assumptions. |
| 2 | <p>Goodwill impairment assessment – Park May Berhad Group</p> <p>The Group has a goodwill of RM86,592,000 relating to its acquisition of Park May Berhad Group ("PMBG") in 2000. PMBG incurred a net profit of RM5,043,091 during the financial year ended 31 December 2016.</p> <p>Management has concluded that there is no impairment in respect to the PMBG goodwill. This conclusion was based on a value in use model that required significant management judgement with respect to the discount rate and underlying cash flows, in particular future revenue growth.</p> | <p>Our procedures in relation to management's impairment assessment on goodwill included:</p> <ul style="list-style-type: none"> ▪ Assessing the valuation methodology; ▪ Challenging the reasonableness of key assumptions based on our knowledge of the business and industry; ▪ Reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets. |

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 25 May 2017.

By Order of the Board

TIFLA HAIRI TAIB(LS0008017)

Secretary

Kuala Lumpur