

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FIRST QUARTER**  
**ENDED 31 MARCH 2020**

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

	Individual Quarter		Cumulative Quarter	
	31/3/2020 RM' 000	31/3/2019 RM' 000	31/3/2020 RM' 000	31/3/2019 RM' 000
<b>Revenue</b>	<b>21,280</b>	<b>36,069</b>	<b>21,280</b>	<b>36,069</b>
Cost of sales	(28,071)	(34,069)	(28,071)	(34,069)
<b>Gross (loss)/profit</b>	<b>(6,791)</b>	<b>2,000</b>	<b>(6,791)</b>	<b>2,000</b>
Other income	2,154	3,290	2,154	3,290
Other operating expenses	(6,371)	(4,546)	(6,371)	(4,546)
<b>(Loss)/Profit from operations</b>	<b>(11,008)</b>	<b>744</b>	<b>(11,008)</b>	<b>744</b>
Finance costs	(1,033)	(342)	(1,033)	(342)
<b>(Loss)/Profit before tax</b>	<b>(12,041)</b>	<b>402</b>	<b>(12,041)</b>	<b>402</b>
Income tax expense	(39)	-	(39)	-
<b>(Loss)/Profit for the financial period</b>	<b>(12,080)</b>	<b>402</b>	<b>(12,080)</b>	<b>402</b>
<b>Loss attributable to:</b>				
Equity holders of the Parent	(12,080)	402	(12,080)	402
Non-Controlling Interest	-	-	-	-
	<b>(12,080)</b>	<b>402</b>	<b>(12,080)</b>	<b>402</b>
<b>Loss per share(EPS) attributable to owners of the Company(sen per share):</b>				
Basic (sen)	(3.00)	0.10	(3.00)	0.10
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	
	31/3/2020 RM' 000	31/3/2019 RM' 000	31/3/2020 RM' 000	31/3/2019 RM' 000
(Loss)/Profit for the financial period	(12,080)	402	(12,080)	402
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/profit for the financial period</b>	<u>(12,080)</u>	<u>402</u>	<u>(12,080)</u>	<u>402</u>
<b>Total comprehensive (loss)/income:</b>				
Equity holders of the Parent	(12,080)	402	(12,080)	402
Non-Controlling Interest	-	-	-	-
	<u>(12,080)</u>	<u>402</u>	<u>(12,080)</u>	<u>402</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 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**

	<b>Unaudited</b>	<b>Audited</b>
	<b>As at</b>	<b>As at</b>
	<b>31/3/2020</b>	<b>31/12/2019</b>
	<b>RM' 000</b>	<b>RM' 000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	159,158	161,786
Right-Of-Use Assets	210	311
Investment properties	90	90
Other investment	108	108
Goodwill on consolidation	16,647	16,647
	<u>176,213</u>	<u>178,942</u>
<b>Current assets</b>		
Trade and other receivables	17,010	18,354
Tax recoverable	662	662
Cash and bank balances	4,885	5,768
	<u>22,557</u>	<u>24,784</u>
	<u>198,770</u>	<u>203,726</u>
<b>TOTAL ASSETS</b>		
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short term borrowings	33,613	33,683
Lease Liabilities	195	195
Trade and other payables	69,951	60,109
Current tax payables	609	619
Provision for retirement benefits	593	511
	<u>104,961</u>	<u>95,117</u>
<b>Net current liabilities</b>	<u>(82,404)</u>	<u>(70,333)</u>
<b>Non-current liabilities</b>		
Long term borrowings	35,598	35,257
Lease liabilities	43	114
Trade payables	26,395	26,395
Amount due to related companies	65,889	68,793
Provision for retirement benefits	5,777	5,863
Deferred tax liabilities	12,282	12,282
	<u>145,984</u>	<u>148,704</u>
<b>Total liabilities</b>	<u>250,945</u>	<u>243,821</u>
<b>Net liabilities</b>	<u>(52,175)</u>	<u>(40,095)</u>
<b>Equity attributable to equity holders of parents</b>		
Share capital	47,791	47,791
Reserves		
Capital reserve	23,563	23,563
Other reserves	(95)	(95)
Retained earnings	(72,639)	(60,559)
Merger deficit	(52,991)	(52,991)
Shareholders' equity	<u>(54,371)</u>	<u>(42,291)</u>
Non-controlling interest	2,196	2,196
<b>Total equity</b>	<u>(52,175)</u>	<u>(40,095)</u>
	<u>198,770</u>	<u>203,726</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		
<b>Net assets per share attributable to ordinary equity holders of the Company(RM)</b>	<b>(0.11)</b>	<b>(0.08)</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 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
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserve RM'000	Retained Earnings / Losses) RM'000			
<b>At 1 January 2020</b>	47,791	-	23,563	(52,991)	(95)	(60,559)	(42,291)	2,196	(40,095)
<b>Loss for the financial period</b>	-	-	-	-	-	(12,080)	(12,080)	-	(12,080)
<b>Other comprehensive income for the financial period</b>	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(12,080)	(12,080)	-	(12,080)
<b>At 31 March 2020</b>	<u>47,791</u>	<u>-</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>(72,639)</u>	<u>(54,371)</u>	<u>2,196</u>	<u>(52,175)</u>
<b>At 1 January 2019</b>	40,280	7,511	23,563	(52,991)	(95)	29,983	48,251	2,196	50,447
Transfer of share premium	7,511	(7,511)	-	-	-	-	-	-	-
Effect of adoption of MFRS 16 (Note 13)	-	-	-	-	-	(7)	(7)	-	(7)
<b>At 1 January 2019 (restated)</b>	<u>47,791</u>	<u>-</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>29,976</u>	<u>48,244</u>	<u>2,196</u>	<u>50,440</u>
<b>Loss for the financial period</b>	-	-	-	-	-	402	402	-	402
<b>Other comprehensive income for the financial period</b>	-	-	-	-	-	-	-	-	-
Total comprehensive profit	-	-	-	-	-	402	402	-	402
<b>At 31 March 2019</b>	<u>47,791</u>	<u>-</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>30,378</u>	<u>48,646</u>	<u>2,196</u>	<u>50,842</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 2019 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**

	<b>Unaudited</b>	
	<b>3 months ended</b>	
	<b>31/3/2020</b>	<b>31/3/2019</b>
	<b>RM ' 000</b>	<b>RM ' 000</b>
<b>Cash flows from operating activities</b>		
(Loss)/Profit before tax	(12,041)	402
Adjustments for:		
Depreciation of property, plant and equipment	6,356	6,202
Depreciation of property, plant and equipment right-of-use assets	101	61
Amortisation of investment property	1	-
Loss/(Gain) on disposal of property, plant and equipment	2,263	(1)
Interest income	(9)	(1)
Finance cost	1,023	334
Finance cost on right-of-use assets	10	8
Operating profit before working capital changes	<u>(2,296)</u>	<u>7,005</u>
Decrease/(Increase) in receivables	1,263	(9,281)
Decrease in payables	9,842	2,655
Changes in related companies balances	<u>(2,903)</u>	<u>3,142</u>
Cash generated from operations	5,906	3,521
Tax paid	(49)	(13)
Interest paid	(1,023)	(334)
Retirement benefits paid	(4)	(5)
Net cash generated from operating activities	<u>4,830</u>	<u>3,169</u>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(4,447)	(4)
Proceeds from disposal of property, plant and equipment	719	750
Interest received	9	1
Net cash (used in)/generated from investing activities	<u>(3,719)</u>	<u>747</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings, representing net cash generated from/(used in) financing activities	<u>(1,992)</u>	<u>(2,563)</u>
Net cash generated from/(used in) financing activities	<u>(1,992)</u>	<u>(2,563)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(881)</b>	<b>1,353</b>
<b>Cash and cash equivalents as at 1 January 2020/2019</b>	<u>5,766</u>	<u>12,475</u>
<b>Cash and cash equivalents as at 31 March 2020/2019</b>	<u><b>4,885</b></u>	<u><b>13,828</b></u>

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

Fixed deposits with licensed bank	3,358	3,506
Cash and bank balances	1,527	10,322
	<u>4,885</u>	<u>13,828</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2019 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 2020 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 2019. 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 2019.

## **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 2019 except with the adoption of Amendments to Standards and Issue Committee(IC) Interpretations effective as of 1 January 2020.

### **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 2020.

MFRS 17 Insurance Contracts

Amendments to MFRS 3 - Definition of a Business

Amendments to MFRS 101 and MFRS 108 - Definition of Material

Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

Revised Conceptual Framework for Financial Reporting

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 2019 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 2020.

## **8 DIVIDEND**

The Directors do not recommend any interim dividend on ordinary shares of RM0.10 each for the current financial period ended 31 March 2020 (2019: Nil).

## 9 SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD

(a) Primary reporting format-by product and services

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
<b>Revenue</b>				
Public transportation services	21,278	35,909	21,278	35,909
Others	2	160	2	160
<b>Total</b>	<b>21,280</b>	<b>36,069</b>	<b>21,280</b>	<b>36,069</b>
<b>Loss before tax</b>				
Public transportation services	(12,007)	65	(12,007)	65
Others	(34)	337	(34)	337
<b>Total</b>	<b>(12,041)</b>	<b>402</b>	<b>(12,041)</b>	<b>402</b>

## 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 LIABILITY

The Group have no contingent liability as at the date of this announcement.

## 13 CAPITAL COMMITMENTS

There are no material capital commitments.

## 14 LOSS BEFORE TAX

Included in the loss before tax are the following items:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
Other income	2,154	3,290	2,154	3,290
Finance cost	1,023	334	1,023	334
Finance cost on right-of-use assets	10	8	10	8
Depreciation and amortisation	(6,356)	(6,202)	(6,356)	(6,202)
(Loss)/Gain on disposal of property, plant and equipment	(2,263)	1	(2,263)	1

## 15 INCOME TAX EXPENSE

Taxation includes:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
Malaysian taxation:				
- Current taxation	-	-	-	-
- Under/(Over) provision in prior years	39	-	39	-
	<u>39</u>	<u>-</u>	<u>39</u>	<u>-</u>

## 16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/3/2020 RM'000	Preceding Year Quarter 31/3/2019 RM'000	Three months to 31/3/2020 RM'000	Three months to 31/3/2019 RM'000
<b>Penultimate holding company</b>				
- Secretarial services	29	114	29	114
<b>Immediate holding company</b>				
- Rental of premises	36	585	36	585
<b>Related companies</b>				
- Rental of buses	143	184	143	184
- Rental of workshop/depo	32	346	32	346
- Bus repair services	91	3,403	91	3,403
- Purchase of buses	1,339	-	1,339	-
- Purchase of spare parts	24	647	24	647
- Purchase of tyres	489	1,567	489	1,567
- Security and enforcement services	580	682	580	682
- Bus insurance services	1	3	1	3
- E-ticketing system maintenance	493	193	493	193

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 2020 are as follows:

	31/3/2020	31/12/2019
	RM'000	RM'000
<b>Current</b>		
Secured		
- Finance Lease	7,000	7,000
- Term Loan	18,946	19,016
- Revolving Credit	7,667	7,667
	<u>33,613</u>	<u>33,683</u>
<b>Non-Current</b>		
Secured		
- Finance Lease	18,722	18,044
- Term Loan	16,876	17,213
	<u>35,598</u>	<u>35,257</u>
<b>Total Borrowings</b>		
Secured		
- Finance Lease	25,722	25,044
- Term Loan	35,822	36,229
- Revolving Credit	7,667	7,667
	<u>69,211</u>	<u>68,940</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:-

Konsortium Transnasional Berhad and its subsidiaries companies, Transnasional Express Sdn Bhd, Plusliner Sdn Bhd, Syarikat Kenderaan Melayu Kelantan Berhad, Syarikat Rembau Tampin Sdn Bhd, Kenderaan Langkasuka Sdn Bhd and its associated company, MHSB Property Sdn Bhd (hereinafter collectively referred to as "the Plaintiffs") had jointly served against Tan Chong Industrial Equipment Sdn Bhd (hereinafter referred to as "the Defendant") on 15th August 2017 with a Writ of Summons and Statement of Claim and an Injunction Application for an alleged unjust enrichment based on a Settlement Agreement entered into by all parties on 4th July 2016.

The Settlement Agreement was entered into by the parties for the settlement of the amount outstanding under 64 lease agreements and 87 maintenance agreements in respect of the buses leased from the Defendant. The total amount outstanding under the said agreements are RM32,920,575.06 and RM16,000,000 had been duly settled by the Plaintiffs by the transfer of MHSB Properties Sdn Bhd's property in Bandar Ampang, Daerah Ulu Langat held under H.S.(D) 87546, PT No. 7929, measuring 95,434 square metre (hereinafter referred to as "the Property") to the Defendant which were then valued by the Defendant at RM16,000,000.

On 20th June 2017, MHSB Properties Sdn Bhd had received a notice from the Government pursuant to a compulsory acquisition of part of the Property whereby the Government had valued the Property at RM51,362,578.80. Subsequent to the said notice, the Plaintiff had engaged Messrs. D. Henry Valuers Realtor to carry out the valuation on the Property and Messrs. D. Henry Valuers had appraised the value of the Property on 5 August 2017 to be RM55,600,000.00.

Pursuant thereto, the Plaintiffs are alleging that the Defendant had misrepresented the value of Property prior to the signing of the Settlement Agreement and had made an unjust enrichment from the Settlement Agreement and the Plaintiff are claiming for the payment of RM22,679,424.94 being the difference between the settlement of the outstanding sum of RM32,920,575.06 and the market price of the Property at RM55,600,000.00.

The Plaintiffs have been advised by its solicitors that the Plaintiffs claim has a basis and may ultimately be proven to be justifiable.

The Plaintiffs have also filed an inter-partes injunction application among others to stop the Defendant from proceeding with the repossession of the buses under the said agreements and from dealing with the Property until the settlement of this case.

## **21 CHANGES IN MATERIAL LITIGATION (Cont'd)**

The High Court has fixed the matter for hearing of the inter-partes injunction on 27th November 2017 together with the case management for the Plaintiffs' Statement of Claims. The High Court has also been fixed to be heard the Defendant's application to strike out the Plaintiffs' claim against the Defendant on 4th January 2018.

The High Court on the 4th January 2018 had allowed the Defendant's application to strike out the Plaintiffs' claim and pursuant thereto, the Plaintiffs' had filed their Notice of Appeal in respect of the said decision of the High Court on the 9th January 2018. The hearing of the said appeal has been fixed by the Court of Appeal on 15th November 2018.

The Court of Appeal on 15th November 2018 had allowed the Plaintiff's appeal and directed for the case management of the Plaintiff's application to be heard by the High Court on 27th November 2018. The High Court has set the dates of the trial from 10th September 2019 until 13th September 2019. The Defendant has also filed their Notice of Motion for leave to appeal to the Federal Court on 30th November 2018 to appeal against the decision of the Court of Appeal and the said appeal is fixed to be heard on the 23rd July 2019.

On 23rd July 2019, the hearing was postponed for the Defendant to obtain the grounds of decision from the Court of Appeal. The matter was fixed for case management at the Federal Court on 12th November 2019. As the grounds of decision are still pending, the matter is fixed for case management 13th January 2020.

The Plaintiff also filed an application for discovery of the valuation reports and related documents at the High Court and the High Court granted the order for discovery on 11th July 2019. The Defendant has appealed against the said decision for the said discovery. The matter is fixed for case management on 10th December 2019 at the Court of Appeal.

The Defendant also filed an application for stay of proceedings at the High Court pending the leave to appeal to the Federal Court and appeal against the discovery at the Court of Appeal. The High Court granted the stay of proceeding on 5th September 2019. The trial date on 10th September 2019 was vacated due to the stay of proceeding. The matter was then fixed for case management on 28th April 2020 pending the appeals to the Court of Appeal and leave to appeal to the Federal Court to be heard. The High Court has fixed the dates of hearing from 12th October 2020 until 16th October 2020.

The appeal filed by the Defendant against the order for discovery of documents is fixed for hearing at the Court of Appeal on 23rd July 2020. In respect of the leave to appeal to the Federal Court, the matter is fixed for hearing on 26th August 2020.

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

The Group has recorded lower revenue of RM21.3 million for the current quarter as compared to RM28.6 million in the immediate preceding quarter.

The Group recorded lower loss before tax of RM12.0 million as compared to loss before tax of RM75.6 million in the immediate preceding quarter.

## **23 REVIEW OF PERFORMANCE OF THE GROUP**

For current quarter under review, the Group recorded lower revenue of RM21.3 million for the period ended 31 March 2020 as compared to RM36.1 million in the same cumulative quarter for the period ended 31 March 2019.

The Group recorded a loss before tax of RM12.0 million for the period ended 31 March 2020 as compared to profit before tax of RM0.4 million in the period ended 31 March 2019.

## 24 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy expanded by 0.7%, this was the lowest growth since 3Q 2009 (-1.1%), reflecting the early impact of measures taken both globally and domestically to contain the spread of the COVID-19 pandemic, including the introduction of the Movement Control Order (MCO) in Malaysia. On the supply side, the services and manufacturing sectors moderated, while the other sectors contracted. From the expenditure side, domestic demand moderated, while exports of goods and services recorded a sharper decline. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 2.0% (4Q 2019: 0.6%).

Following two months of steady expansion, economic activity experienced a sharp downshift in March as a result of MCO (18 - 31 March). This was evidenced by the decline in the Industrial Production Index and Index of Wholesale and Retail Trade which recorded an average growth of 3.4% and 5.5%, respectively, in January-February before contracting to -4.9% and -6.1% in March (1Q 2020: 0.4% and 1.5% respectively). The MCO comprised government closure of schools, universities and non-essential services, border closures and restrictions on public movement, work and operating hours, as well as mandatory social distancing and personal protection measures. Essential services include telecommunications, finance, production and the provision of food supplies, healthcare, utilities, E&E, as well as selected industries in the primary and consumer clusters in the manufacturing sector. Sectors which were more labour intensive and require face-to-face interaction were more impacted by the MCO. In particular, construction activity was completely prohibited during the MCO phase. In contrast, the production capacity in industries which were more capital intensive, such as mining and the E&E manufacturing sub-sector, were affected to a lesser extent. The MCO also led to weaker private sector activity given mobility restrictions, closures of non-essential services, such as retail sub-sectors, and a temporary halt in ongoing investments.

The services sector moderated to 3.1% in 1Q 2020 (4Q 2019: 6.2%), the slowest growth since 2Q 2009. The sector was affected by the COVID-19 pandemic, particularly the tourism-related and non-food retail subsectors. The implementation of the MCO substantially affected business activity, tourism and consumer spending. This led to a sharp slowdown in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. International and domestic travel restrictions significantly impacted the transport and storage sub-sector, with passenger air travel in particular, grinding almost to a complete halt during the MCO.

Domestic demand registered a modest growth of 3.7% in the first quarter (4Q 2019: 4.8%), due mainly to weaker capital spending by both the private and public sectors. The subdued investment activity was mainly attributable to the containment measures undertaken by authorities both globally and domestically. Domestic demand was also affected by weaker consumer sentiments and business confidence, given the heightened uncertainty surrounding COVID-19. In addition, net exports performance was also a large drag to growth during the quarter. Nonetheless, growth was supported by continued expansion in private and public consumption.

During the quarter, private consumption growth moderated to 6.7% (4Q 2019: 8.1%). In January and February, retail and financing data indicated continued strength in consumption spending growth. The MCO in the second half of March affected spending to some extent, but mainly for big-ticket and leisure-related items such as car purchases and recreational services. Amid soft labour market conditions, stimulus measures such as bringing forward the Bantuan Sara Hidup disbursement from the second quarter to March, and the cut in the Overnight Policy Rate (OPR) particularly in January provided important support to spending. The availability of online delivery platforms also cushioned the impact of movement restrictions. (Source:BNM).

Transportation industry has been severely affected by the COVID-19 pandemic. Travels have been restricted and the public is still highly concerned about the uncertainty arising from the new disease. Coupled with challenging economic forecast for 2020 and 2021, the Group anticipate difficult business environment until the first half of 2021.

## 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 31/3/2020	Preceding year corresponding quarter 31/3/2019	To Date 31/3/2020	To Date 31/3/2019
<b>(a) Basic</b>				
Profit/(Loss) attributable to equity holders of parent (RM'000)	(12,080)	402	(12,080)	402
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Profit/(Loss) per share (sen)	(3.00)	0.10	(3.00)	0.10
<b>(b) Diluted</b>				

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 2019 and 31 December 2019 into realised and unrealised loss are as follows:

	31/3/2020 RM'000	31/12/2019 RM'000
Total retained earnings of the Company and its subsidiaries		
-Realised	(375,281)	(214,636)
-Unrealised	12,282	6,632
	<u>(362,999)</u>	<u>(208,004)</u>
Add: Consolidation adjustment	290,360	147,445
(Accumulated losses)/Retained earnings as per financial statements	<u>(72,639)</u>	<u>(60,559)</u>

## 28 MATERIAL UNCERTAINTY DISCLOSED IN THE INDEPENDENT AUDITORS' REPORT

The material uncertainty disclosed in the Independent Auditors' Report in the Annual Financial Report for the year ended 31 December 2019 are as follows:

"We draw attention to Note 2.1 to the financial statements which indicates that for the year ended 31 December 2019, the Group's current liabilities exceeded its current assets by RM70,333,000. These conditions indicate along with other matters as set forth in Note 2.1 to the financial statements the existence of a material uncertainty which may cast significant doubt about the ability of the Group and the Company to continue as going concern.

The ability of the Group and the Company to continue as going concern are dependent upon the Group obtaining the support from the Group's penultimate holding company, obtaining support from the Land Public Transport Agency ("APAD") to be disbursed to the private stage bus operators including the Group, the ability of the Group and the Company to generate adequate positive cash flows and future profits from its ongoing reorganisation of its operations and obtaining the continuing support of creditors and lenders.

On 14 April 2020 ("First Announcement"), the Company announced that it was classified as an affected listed issuer pursuant to Paragraph 2.1 (e) of Practice Note 17 ("PN 17") under the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities. The Company is required to submit a proposed regularisation plan for the Group and the Company ("the Regularisation Plan") to the relevant authorities and to implement the Regularisation Plan within the stipulated timeframe. On 1 July 2020, the Company submitted a monthly announcement in regards to the First Announcement as the Company had yet to finalise the Regularisation Plan for submission to the relevant authorities for approval in which it is being due in 21 months.

As at the date of this report, as the Company is currently in the midst of formalising the Regularisation Plan, we are unable to determine whether the Regularisation Plan will be approved by the relevant authorities and whether it will be successfully implemented for the Group and the Company to achieve sustainable and viable operations.

The financial statements of the Group and the Company do not include any adjustments relating to the amounts and classification of assets and liabilities that might be necessary should the going concern basis of preparation of the Group's and the Company's financial statements be inappropriate."

In relation to the above, the Board wishes to advise on the followings:

The Malaysian Government announced a nationwide Movement Control Order ("MCO") which took effect between 18 March 2020 and 12 May 2020, to curb the spread of Coronavirus disease 2019 ("COVID-19"). In compliance with the MCO, the Group and Company had temporarily suspended their daily operations. On 7 June 2020, a Recovery MCO ("RMCO") was announced effective starting 10 June 2020 to 31 August 2020. The RMCO allows the Group and the Company to resume their operations under strict controls and restrictions.

The continued existence of the COVID-19 pandemic may affect the Group and Company's operations and those of third parties on which the Group and the Company relies and the impact of the COVID-19 pandemic is highly uncertain and subject to change. These effects would have a material impact on the Group's and the Company's liquidity, capital resources, operations and business and those of the third parties on which we rely. However:

- i. The Group had continuously approached creditors for debts restructuring exercise to reduce short term financial obligation.
- ii. The Gompany's ultimate and penultimate holding companies maintaining their commitment to continue their support for the operation of the Company;
- iii. The Group has 2 separate agreements with APAD to provide bus services under MYBUS and ISBSF programs. The revenue and financial supports, respectively, from both programs are significant and enable the Group to continue servicing its current financial commitments; and
- iv. The Group will continue to focus on cost optimisation and stringent cash flow management and maintaining safety and quality services to remain competitive.

## 29 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 2019. 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.

	<b>Key Audit Matters</b>	<b>How our audit addressed the Key Audit Matter</b>
<b>1</b>	<p><b>Valuation and impairment of property, plant and equipment</b></p> <p>Property, plant and equipment represents the most significant asset class on the statement of financial position of the Group amounting to RM161,786,000 as at 31 December 2019. Included in property, plant and equipment are buses and motor vehicles with aggregate carrying values of RM158,042,000.</p> <p>We focused on this area due to its magnitude and significant judgement involved in determining the key assumptions used in performing the impairment test, such as estimating the value-in-use of the buses.</p>	<p>Our procedures included, amongst others:</p> <p>We have reviewed the management's impairment assessment on the indications of impairment of the buses as at the reporting date, which the management has considered both internal and external sources of information.</p> <p>We have performed the physical sightings on a sampling basis to assess the physical conditions of the buses to identify the indications of impairment.</p> <p>For the buses which have indications of impairment; we have performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We have obtained the estimated recoverable amounts of the buses and checked, on a sampling basis, the accuracy and relevance of the input data used by management to estimate the recoverable amount of the buses and motor vehicles; and</li> <li>• We have assessed management's key assumptions used to estimate recoverable amounts based on our knowledge of the public transportation industry.</li> </ul>
<b>2</b>	<p><b>Goodwill impairment assessment - Park May Berhad Group</b></p> <p>The Group has goodwill of RM16,647,000 as at 31 December 2019 attributable to the significant cash-generating unit (CGU) relating to its acquisition of Park May Berhad Group ("PMBG") in 2000.</p> <p>We focused on this area due to the significance of the goodwill which have indefinite useful lives and are subject to annual impairment assessment.</p> <p>The impairment assessment performed by management involved significant degree of judgements in estimating the assumptions on growth rate and discount rate used. The key assumptions are disclosed in Note 16 to the financial statements and kindly refer to Note 3.1 for the Significant Accounting Estimates and Judgements.</p> <p>Arising from the impairment assessment, impairment loss of goodwill amounting to RM61,935,000 was recognised in the current financial year.</p>	<p>Our procedures in relation to management's impairment assessment on goodwill included:</p> <ul style="list-style-type: none"> <li>▪ We have challenged the key assumptions used by management in the discounted cash flows projections in determining the recoverable amounts which include no growth rate, discount rate for the Group's related industry as well as financial impact due to Movement Control Order in 2020;</li> <li>▪ We have assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; and</li> <li>▪ We have reviewed the sensitivity analysis performed by management on the growth rate, discount rate as well as on increase in fuel price to determine whether reasonable changes on these key assumptions would result in the carrying amount of the goodwill to exceed their recoverable amounts.</li> </ul>

### **30 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 10 July 2020.

**By Order of the Board**

**AZAHAR GHAZALI (LS0003263)**

Secretary

**Kuala Lumpur**