

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

**QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE SECOND QUARTER**  
**ENDED 30 JUNE 2020**

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

	Individual Quarter		Cumulative Quarter	
	30/6/2020	30/6/2019	30/6/2020	30/6/2019
	RM' 000	RM' 000	RM' 000	RM' 000
<b>Revenue</b>	<b>1,196</b>	<b>34,788</b>	<b>22,476</b>	<b>70,857</b>
Cost of sales	(12,370)	(36,103)	(40,441)	(70,172)
<b>Gross (loss)/profit</b>	<b>(11,174)</b>	<b>(1,315)</b>	<b>(17,965)</b>	<b>685</b>
Other income	(34)	3,133	2,120	6,423
Other operating expenses	(1,581)	(5,057)	(7,952)	(9,603)
<b>Loss from operations</b>	<b>(12,789)</b>	<b>(3,239)</b>	<b>(23,797)</b>	<b>(2,495)</b>
Finance costs	(929)	(201)	(1,962)	(543)
<b>Loss before tax</b>	<b>(13,718)</b>	<b>(3,440)</b>	<b>(25,759)</b>	<b>(3,038)</b>
Income tax expense	(30)	(96)	(69)	(96)
<b>Loss for the financial period</b>	<b>(13,748)</b>	<b>(3,536)</b>	<b>(25,828)</b>	<b>(3,134)</b>
<b>Loss attributable to:</b>				
Equity holders of the Parent	(13,748)	(3,536)	(25,828)	(3,134)
Non-Controlling Interest	-	-	-	-
	<b>(13,748)</b>	<b>(3,536)</b>	<b>(25,828)</b>	<b>(3,134)</b>
<b>Loss per share(EPS) attributable to owners of the Company(sen per share):</b>				
Basic (sen)	(3.41)	(0.88)	(6.41)	(0.78)
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	
	30/6/2020 RM' 000	30/6/2019 RM' 000	30/6/2020 RM' 000	30/6/2019 RM' 000
Loss for the financial period	(13,748)	(3,536)	(25,828)	(3,134)
Other comprehensive income	-	-	-	-
<b>Total comprehensive (loss)/profit for the financial period</b>	<u>(13,748)</u>	<u>(3,536)</u>	<u>(25,828)</u>	<u>(3,134)</u>
<b>Total comprehensive (loss)/income:</b>				
Equity holders of the Parent	(13,748)	(3,536)	(25,828)	(3,134)
Non-Controlling Interest	-	-	-	-
	<u>(13,748)</u>	<u>(3,536)</u>	<u>(25,828)</u>	<u>(3,134)</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 As at 30/6/2020 RM' 000</b>	<b>Audited As at 31/12/2019 RM' 000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	152,837	161,786
Right-Of-Use Assets	150	311
Investment properties	89	90
Other investment	108	108
Goodwill on consolidation	16,647	16,647
	<u>169,831</u>	<u>178,942</u>
<b>Current assets</b>		
Trade and other receivables	9,608	18,354
Tax recoverable	662	662
Cash and bank balances	7,450	5,768
	<u>17,720</u>	<u>24,784</u>
<b>TOTAL ASSETS</b>	<u><b>187,551</b></u>	<u><b>203,726</b></u>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Short term borrowings	33,523	33,683
Lease Liabilities	168	195
Trade and other payables	69,900	60,109
Current tax payables	606	619
Provision for retirement benefits	593	511
	<u>104,790</u>	<u>95,117</u>
<b>Net current liabilities</b>	<u>(87,070)</u>	<u>(70,333)</u>
<b>Non-current liabilities</b>		
Long term borrowings	36,003	35,257
Lease liabilities	-	114
Trade payables	26,395	26,395
Amount due to related companies	68,227	68,793
Provision for retirement benefits	5,777	5,863
Deferred tax liabilities	12,282	12,282
	<u>148,684</u>	<u>148,704</u>
<b>Total liabilities</b>	<u>253,474</u>	<u>243,821</u>
<b>Net liabilities</b>	<u>(65,923)</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	(86,387)	(60,559)
Merger deficit	(52,991)	(52,991)
Shareholders' equity	<u>(68,119)</u>	<u>(42,291)</u>
Non-controlling interest	2,196	2,196
<b>Total equity</b>	<u>(65,923)</u>	<u>(40,095)</u>
<b>TOTAL LIABILITIES AND EQUITY</b>	<u><b>187,551</b></u>	<u><b>203,726</b></u>
<b>Net assets per share attributable to ordinary equity holders of the Company(RM)</b>	<b>(0.14)</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
	←←← Non-distributable			→→→ Distributable					
	Share Capital RM'000	Share Premium RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserve RM'000	Retained Earnings / (Accumulated 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>	-	-	-	-	-	(25,828)	(25,828)	-	(25,828)
<b>Other comprehensive income for the financial period</b>	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(25,828)	(25,828)	-	(25,828)
<b>At 30 June 2020</b>	<u>47,791</u>	<u>-</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>(86,387)</u>	<u>(68,119)</u>	<u>2,196</u>	<u>(65,923)</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>	-	-	-	-	-	(3,134)	(3,134)	-	(3,134)
<b>Other comprehensive income for the financial period</b>	-	-	-	-	-	-	-	-	-
Total comprehensive profit	-	-	-	-	-	(3,134)	(3,134)	-	(3,134)
<b>At 30 June 2019</b>	<u>47,791</u>	<u>-</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>26,842</u>	<u>45,110</u>	<u>2,196</u>	<u>47,306</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>6 months ended</b>	
	<b>30/6/2020</b>	<b>30/6/2019</b>
	<b>RM ' 000</b>	<b>RM ' 000</b>
<b>Cash flows from operating activities</b>		
Loss before tax	(25,759)	(3,038)
Adjustments for:		
Depreciation of property, plant and equipment	12,605	13,438
Depreciation of property, plant and equipment right-of-use assets	161	122
Amortisation of investment property	1	-
Loss on disposal of property, plant and equipment	2,335	286
Interest income	(9)	(1)
Finance cost	1,952	535
Finance cost on right-of-use assets	12	16
Operating profit before working capital changes	<u>(8,702)</u>	<u>11,358</u>
Increase/(increase) in receivables	8,593	(7,805)
Decrease in payables	5,344	2,432
Changes in related companies balances	(566)	4,224
Cash generated from operations	<u>4,669</u>	<u>10,209</u>
Tax paid	(82)	(155)
Interest paid	(1,952)	(535)
Retirement benefits paid	(4)	(404)
Net cash generated from operating activities	<u>2,631</u>	<u>9,115</u>
<b>Cash flows from investing activities</b>		
Proceeds from disposal of property, plant and equipment	791	1,462
Interest received	9	1
Net cash generated from investing activities	<u>800</u>	<u>1,463</u>
<b>Cash flows from financing activities</b>		
Net repayment of borrowings, representing net cash used in financing activities	<u>(1,749)</u>	<u>(6,859)</u>
Net cash used in financing activities	<u>(1,749)</u>	<u>(6,859)</u>
<b>Net increase in cash and cash equivalents</b>	<b>1,682</b>	<b>3,719</b>
<b>Cash and cash equivalents as at 1 January 2020/2019</b>	<u>5,768</u>	<u>12,475</u>
<b>Cash and cash equivalents as at 30 June 2020/2019</b>	<u><b>7,450</b></u>	<u><b>16,194</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	3,231	3,506
Cash and bank balances	4,219	12,688
	<u>7,450</u>	<u>16,194</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.

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**1 BASIS OF PREPARATION**

These condensed consolidated interim financial statements, for the period ended 30 June 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

**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 30 June

**8 DIVIDEND**

The Directors do not recommend any interim dividend on ordinary shares of RM0.10 each for the current financial period ended 30 June 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 30/6/2020 RM'000	Preceding Year Quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
<b>Revenue</b>				
Public transportation services	1,195	34,704	22,472	70,614
Others	1	84	4	243
<b>Total</b>	<b>1,196</b>	<b>34,788</b>	<b>22,476</b>	<b>70,857</b>
<b>Loss before tax</b>				
Public transportation services	(13,705)	(3,469)	(25,712)	(3,405)
Others	(13)	29	(47)	367
<b>Total</b>	<b>(13,718)</b>	<b>(3,440)</b>	<b>(25,759)</b>	<b>(3,038)</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 30/6/2020 RM'000	Preceding Year Quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
Other income	(34)	3,133	2,120	6,423
Finance cost	(929)	(201)	(1,952)	(535)
Finance cost on right-of-use assets	(2)	(8)	(12)	(16)
Depreciation and amortisation	(6,249)	(7,236)	(12,605)	(13,438)
(Loss)/Gain on disposal of property, plant and equipment	(72)	(287)	(2,335)	(286)

## 15 INCOME TAX EXPENSE

Taxation includes:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
Malaysian taxation:				
- Current taxation	-	96	-	96
- Under provision in prior years	31	-	70	-
	<u>31</u>	<u>96</u>	<u>70</u>	<u>96</u>

## 16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/6/2020 RM'000	Preceding Year Quarter 30/6/2019 RM'000	Six months to 30/6/2020 RM'000	Six months to 30/6/2019 RM'000
<b>Penultimate holding company</b>				
- Secretarial services	23	58	52	172
<b>Immediate holding company</b>				
- Rental of premises	36	183	72	367
<b>Related companies</b>				
- Rental of buses	-	165	143	349
- Rental of workshop/depo	26	56	58	111
- Bus repair services	-	870	91	4,273
- Purchase of buses	-	-	1,339	-
- Purchase of spare parts	7	151	32	302
- Purchase of tyres	36	370	525	1,937
- Security and enforcement services	245	252	825	503
- Bus insurance services	-	3	1	5
- E-ticketing system maintenance	-	300	493	494

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 30 June 2020 are as follows:

	30/6/2020	31/12/2019
	RM'000	RM'000
<b>Current</b>		
Secured		
- Finance Lease	7,000	7,000
- Term Loan	18,856	19,016
- Revolving Credit	7,667	7,667
	<u>33,523</u>	<u>33,683</u>
<b>Non-Current</b>		
Secured		
- Finance Lease	19,127	18,044
- Term Loan	16,876	17,213
	<u>36,003</u>	<u>35,257</u>
<b>Total Borrowings</b>		
Secured		
- Finance Lease	26,127	25,044
- Term Loan	35,732	36,229
- Revolving Credit	7,667	7,667
	<u>69,526</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 and 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-parte 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

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

The High Court has fixed the matter for hearing of the inter-parte 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 RM1.2 million for the current quarter as compared to RM21.3 million in the immediate preceding quarter.

The Group recorded higher loss before tax of RM13.7 million as compared to loss before tax of RM12.0 million in the immediate preceding quarter.

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

For current quarter under review, the Group recorded lower revenue of RM1.2 million for the period ended 30 June 2020 as compared to RM34.8 million in the same cumulative quarter for the period ended 30 June 2019. Significant decreased in revenue was mainly due to Movement Control Order ('MCO') enforced by the government with restricted inter state crossing from 18th March until 10th June 2020 to control Covid-19 outbreak which has resulted total shutdown of our Express Division. Due to very low demand for interstate travelling and the risk on Covid-19, the Group's Stage Division was running at minimum level during the period resulted further decreased in the Group revenue during the period as compared to the same cumulative quarter for the period ended 30 June 2020.

The Group recorded a loss before tax of RM13.7 million for the period ended 30 June 2020 as compared to loss before tax of RM3.4 million in the period ended 30 June 2019. Significant increased in loss was due to significant drop in revenue from both Express and State Divisions during the quarter due to MCO enforced by the Government.

## 24 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy was confronted by concurrent supply and demand shocks arising from weak external demand conditions and strict containment measures in 2Q 2020. As a result, the economy registered its first contraction since the Global Financial Crisis (2Q 2020: -17.1%; 3Q 2009: -1.1%). On the supply side, this was reflected in negative growth across most sectors. From the expenditure side, domestic demand declined, while exports of goods and services registered a sharper contraction. On a quarter-on-quarter seasonally-adjusted basis, the economy declined by 16.5% (1Q 2020: -2.0%).

Weak growth was recorded across most economic sectors amid the imposition of the Movement Control Order (MCO), followed by the Conditional and Recovery MCO, during 2Q 2020. The services sector contracted by 16.2% (1Q 2020: 3.1%). The sector was affected by the implementation of a nationwide restrictive MCO, with only essential services such as food-related retail, utilities, banking, transportation as well as information and communication entities allowed to operate with very limited capacity. The subsequent transition to Conditional MCO (CMCO) in May and Recovery MCO (RMCO) in June provided some relief to businesses in the sector. The lockdown had substantially affected consumer spending and tourism activity, as shown by the significant declines in the wholesale and retail trade, as well as food and beverages and accommodation sub-sectors. The transport and storage sub-sector was impacted by a sudden stop in tourist arrivals due to travel restrictions imposed domestically as well as the international border closures.

Domestic demand declined by 18.7% in 2Q 2020 (1Q 2020: 3.7%), due mainly to weaker private sector expenditure. Spending by the private sector was impacted by lower income, movement restrictions and subdued consumer and business sentiments. While net exports continued to decline, the contribution of the external sector to the economy improved due mainly to the larger contraction in imports vis-a-vis the previous quarter. Private consumption growth declined by 18.5% in 2Q 2020 (1Q 2020: 6.7%). Household spending was particularly impacted by the strict movement restrictions in the early part of the quarter and income losses amid weak economic conditions. As movement restrictions were gradually relaxed towards the end of the quarter, retail and financing data indicated some improvement in spending, albeit remaining subdued.

Public consumption continued to expand, albeit at a more moderate pace of 2.3% (1Q 2020: 5.0%). Growth was supported by continued increase in emoluments amid lower spending on supplies and services. (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 second 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 30/6/2020	Preceding year corresponding quarter 30/6/2019	To Date 30/6/2020	To Date 30/6/2019
<b>(a) Basic</b>				
Loss attributable to equity holders of parent (RM'000)	(13,748)	(3,536)	(25,828)	(3,134)
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Loss per share (sen)	(3.41)	(0.88)	(6.41)	(0.78)

### (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 30 June 2019 and 31 December 2019 into realised and unrealised loss are as follows:

	30/6/2020 RM'000	31/12/2019 RM'000
Total retained earnings of the Company and its subsidiaries		
-Realised	(389,032)	(214,636)
-Unrealised	12,282	6,632
	<u>(376,750)</u>	<u>(208,004)</u>
Add: Consolidation adjustment	290,363	147,445
(Accumulated losses)/Retained earnings as per financial statements	<u>(86,387)</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 Company'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

## 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.

	Key Audit Matters	How our audit addressed the Key Audit Matter
<p><b>1</b></p>	<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>
<p><b>2</b></p>	<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 26 August 2020.

**By Order of the Board**

**AZAHAR GHAZALI (LS0003263)**

Secretary

**Kuala Lumpur**