

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE THIRD QUARTER
ENDED 30 SEPTEMBER 2021

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

	Individual Quarter		Cumulative Quarter	
	30/9/2021 RM' 000	30/9/2020 RM' 000	30/9/2021 RM' 000	30/9/2020 RM' 000
Revenue	5,457	3,642	11,489	26,118
Cost of sales	(7,238)	(9,862)	(21,752)	(50,303)
Gross loss	(1,781)	(6,220)	(10,263)	(24,185)
Other income	2,112	43,263	4,179	45,383
Other operating expenses	(1,563)	(20,669)	(3,759)	(28,621)
Loss from operations	(1,232)	16,374	(9,843)	(7,423)
Finance costs	3,100	(733)	2,357	(2,695)
Profit/(Loss) before tax	1,868	15,641	(7,486)	(10,118)
Income tax expense	(21)	-	(122)	(69)
Profit/(Loss) for the financial period	1,847	15,641	(7,608)	(10,187)
Other comprehensive income	-	-	-	-
Total comprehensive income/(loss) for the financial period	1,847	15,641	(7,608)	(10,187)
Profit/(Loss) for the financial period attributable to:				
Equity holders of the Parent	1,847	15,641	(7,608)	(10,187)
Non-Controlling Interest	-	-	-	-
	1,847	15,641	(7,608)	(10,187)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent	1,847	15,641	(7,608)	(10,187)
Non-Controlling Interest	-	-	-	-
	1,847	15,641	(7,608)	(10,187)
Profit/(Loss) per share(EPS) attributable to owners of the Company(sen per share):				
Basic (sen)	0.46	3.88	(1.89)	(2.53)
Diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited As at 30/9/2021 RM' 000	Audited As at 31/12/2020 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	58,305	68,437
Right-Of-Use Assets	620	726
Investment properties	89	90
Other investment	104	104
Goodwill on consolidation	-	-
	<u>59,118</u>	<u>69,357</u>
Current assets		
Trade and other receivables	10,809	5,521
Tax recoverable	547	547
Cash and bank balances	5,003	4,703
	<u>16,359</u>	<u>10,771</u>
TOTAL ASSETS	<u>75,477</u>	<u>80,128</u>
LIABILITIES AND EQUITY		
Current liabilities		
Short term borrowings	16,095	28,601
Lease Liabilities	39	114
Trade and other payables	49,656	53,215
Current tax payables	303	306
Provision for retirement benefits	568	570
	<u>66,661</u>	<u>82,806</u>
Net current liabilities	(50,302)	(72,035)
Non-current liabilities		
Long term borrowings	10,023	14,112
Amount due to related companies	52,607	30,360
Provision for retirement benefits	6,479	5,535
Deferred tax liabilities	10,152	10,152
	<u>79,261</u>	<u>60,159</u>
Total liabilities	145,922	142,965
Net liabilities	(70,445)	(62,837)
Equity attributable to equity holders of parents		
Share capital	47,791	47,791
Reserves		
Capital reserve	23,563	23,563
Other reserves	(95)	(95)
Retained earnings	(90,909)	(83,301)
Merger deficit	(52,991)	(52,991)
Shareholders' equity	<u>(72,641)</u>	<u>(65,033)</u>
Non-controlling interest	2,196	2,196
Total equity	(70,445)	(62,837)
TOTAL LIABILITIES AND EQUITY	<u>75,477</u>	<u>80,128</u>
Net assets per share attributable to ordinary equity holders of the Company(RM)	(0.15)	(0.13)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 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				Retained Earnings / (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interest RM'	Total Equity RM'000
	Share Capital RM'000	Capital Reserve RM'000	Merger Deficit RM'000	Other Reserve RM'000				
At 1 January 2021	47,791	23,563	(52,991)	(95)	(83,301)	(65,033)	2,196	(62,837)
Loss for the financial period	-	-	-	-	(7,608)	(7,608)	-	(7,608)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(7,608)	(7,608)	-	(7,608)
At 30 September 2021	<u>47,791</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>(90,909)</u>	<u>(72,641)</u>	<u>2,196</u>	<u>(70,445)</u>
At 1 January 2020	47,791	23,563	(52,991)	(95)	(60,144)	(41,876)	2,196	(39,680)
Loss for the financial period	-	-	-	-	(10,187)	(10,187)	-	(10,187)
Other comprehensive income for the financial period	-	-	-	-	-	-	-	-
Total comprehensive profit	-	-	-	-	(10,187)	(10,187)	-	(10,187)
At 30 September 2020	<u>47,791</u>	<u>23,563</u>	<u>(52,991)</u>	<u>(95)</u>	<u>(70,331)</u>	<u>(52,063)</u>	<u>2,196</u>	<u>(49,867)</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 2020 and the accompanying explanatory notes attached to the interim financial statements.

KONSORTIUM TRANSNASIONAL BERHAD(617580-T)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited	
	9 months ended	
	30/9/2021	30/9/2020
	RM ' 000	RM ' 000
Cash flows from operating activities		
Loss before tax	(7,486)	(10,118)
Adjustments for:		
Depreciation of property, plant and equipment	10,087	18,476
Depreciation of property, plant and equipment right-of-use assets	106	161
Amortisation of investment property	1	1
Impairment loss on goodwill	-	16,647
Provision for retirement benefits	944	-
(Gain)/Loss on disposal of property, plant and equipment	(169)	822
Interest income	(1)	(9)
Finance cost	(2,359)	2,685
Finance cost on right-of-use assets	4	18
Operating profit before working capital changes	<u>1,127</u>	<u>28,683</u>
(Increase)/Decrease in receivables	(5,288)	10,222
Increase in payables	4,766	1,703
Changes in related companies balances	<u>5,115</u>	<u>(34,857)</u>
Cash generated from operations	5,720	5,751
Tax paid	(127)	(112)
Interest paid	(1,256)	(2,685)
Retirement benefits paid	-	(126)
Net cash generated from operating activities	<u>4,337</u>	<u>2,828</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	546	732
Interest received	<u>1</u>	<u>9</u>
Net cash generated from investing activities	<u>(123)</u>	<u>71</u>
Cash flows from financing activities		
Net repayment of borrowings, representing net cash used in financing activities	(3,839)	(3,868)
Repayment of lease liabilities	<u>(75)</u>	<u>-</u>
Net cash used in financing activities	<u>(3,914)</u>	<u>(3,868)</u>
Net increase/(decrease) in cash and cash equivalents	300	(969)
Cash and cash equivalents as at 1 January 2021/2020	<u>4,703</u>	<u>6,183</u>
Cash and cash equivalents as at 30 September 2021/2020	<u>5,003</u>	<u>5,214</u>
The cash and cash equivalents at the end of the financial period comprise the following balance sheet components :		
Fixed deposits with licensed bank	3,747	3,646
Cash and bank balances	<u>1,256</u>	<u>1,568</u>
	<u>5,003</u>	<u>5,214</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

1 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the period ended 30 September 2021 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 2020. 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 2020.

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 2020 except with the adoption of Amendments to Standards and Issue Committee(IC) Interpretations effective as of 1 January 2021.

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 2021.

Amendments to MFRS 9 Financial Instruments - Interest Rate Benchmark Reform - Phase 2
Amendments to MFRS 139 Financial Instruments: Recognition and Measurement
MFRS 7 Financial Instruments: Disclosures
MFRS 4 Insurance Contracts
MFRS 16 Leases

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

New MFRSs that have been issued but not yet effective

The following are Standards of the MFRS Framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been early adopted by the the Group:

Amendments to MFRS 3 - Business Combinations
Amendments to MFRS 116 - Property, Plant and Equipment
Amendments to MFRS 137 - Provisions, Contingent Liabilities and Contingent Assets
Amendments to MFRS 17 - Insurance Contracts
Amendments to MFRS 101 - Classification of Liabilities as Current or Non-current
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2020 was not qualified.

4 SEASONAL OR CYCLICAL FACTORS

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

5 UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

There were no items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current period.

6 MATERIAL CHANGES IN ESTIMATES USED

There were no changes in estimates of amounts reported in prior financial years that have a material effect in the current period.

7 DEBT AND EQUITY SECURITIES

The Company did not undertake any issuance and/ or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares and resale of treasury shares for the current quarter ended 30 September 2021.

8 DIVIDEND

The Directors do not recommend any interim dividend on ordinary shares of RM0.10 each for the current financial period ended 30 September 2021 (2020: Nil).

9 SEGMENT INFORMATION FOR THE CURRENT FINANCIAL PERIOD

(a) Primary reporting format-by product and services

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Revenue				
Public transportation services	5,457	3,638	11,481	26,110
Others	-	4	8	8
Total	<u>5,457</u>	<u>3,642</u>	<u>11,489</u>	<u>26,118</u>
Loss before tax				
Public transportation services	1,868	15,649	(7,432)	(10,064)
Others	-	(8)	(54)	(54)
Total	<u>1,868</u>	<u>15,641</u>	<u>(7,486)</u>	<u>(10,118)</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 LIABILITY

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

13 CAPITAL COMMITMENTS

There are no material capital commitments.

14 PROFIT/(LOSS) BEFORE TAX

Included in the loss before tax are the following items:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Other income	2,112	43,263	4,179	45,383
Finance cost	3,100	(733)	2,359	(2,685)
Finance cost on right-of-use assets	(2)	(6)	(4)	(18)
Depreciation and amortisation	(3,256)	(5,871)	(10,087)	(18,476)
Gain/(Loss) on disposal of property, plant and equipment	159	1,513	169	(822)

15 INCOME TAX EXPENSE

Taxation includes:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Malaysian taxation:				
- Current taxation	-	-	-	-
- Under provision in prior years	21	-	122	70
	<u>21</u>	<u>-</u>	<u>122</u>	<u>70</u>
Deferred taxation:				
- Realting to origination and reversal of temporary differences	-	-	-	-
- Under/(Over) provision in prior years	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>21</u>	<u>-</u>	<u>122</u>	<u>70</u>

16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Nine months to 30/9/2021 RM'000	Nine months to 30/9/2020 RM'000
Penultimate holding company				
- Secretarial services	-	-	26	52
Immediate holding company				
- Rental of premises	18	36	162	108
Related companies				
- Rental of buses	-	82	-	225
- Rental of workshop/ depo	-	34	59	92
- Bus repair services	-	466	-	557
- Purchase of spare parts	-	-	-	32
- Purchase of tyres	-	70	160	595
- Security and enforcement services	-	28	-	852
- Bus insurance services	-	-	2	5
- E-ticketing system maintenance	-	-	-	493

The directors are of the opinion that all the 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 ANNOUNCED BUT NOT COMPLETED AS AT THE DATE OF THIS ANNOUNCEMENT

The Company on 13 October 2021 via AmInvestment Bank Berhad had proposed to undertake the following:-

1. Proposed diversification of the existing core business of KTB and its subsidiaries ("Group") to include construction and construction related activities ("Construction Business") ("Proposed Diversification").

As part of the Proposed Diversification and to facilitate the Group's foray into the Construction Business, Transnational Builder Sdn Bhd, a wholly-owned subsidiary of the Company had also on 13 October 2021 entered into agreements to award with Misi Jutari Sdn Bhd and Hektar Muda Sdn Bhd respectively for the acceptance of construction contract works amounting to an aggregate of RM125.1 million;

2. Proposed placement of:-

a) 67,000,000 new ordinary shares in KTB ("Placement Shares"), representing 16.63% of the Company's existing issued share capital at an issue price of RM0.10 per Placement Share ("Proposed Placement of Shares"); and

b) 233,000,000 redeemable convertible preference shares in KTB ("RCPS") at an issue price of RM0.10 per RCPS ("Proposed Placement of RCPS").

to Doh Properties Sdn Bhd via the subscription agreement entered into between KTB and Doh Properties on 13 October 2021 (Collectively, referred to as the "Proposed Placements"); and

3. Proposed amendments to the Constitution of the Company to facilitate the creation and issuance of the RCPS ("Proposed Amendments").

The listing application in relation to the Proposed Placements has been submitted to Bursa Securities on 25 October 2021.

19 BORROWINGS AND DEBTS SECURITIES

Total Group borrowings as at 30 September 2021 are as follows:

	30/9/2021 RM'000	31/12/2020 RM'000
Current		
Secured		
- Revolving Credit	7,000	7,000
- Finance Lease	1,428	13,934
- Term Loan	7,667	7,667
	<u>16,095</u>	<u>28,601</u>
Non-Current		
Secured		
- Finance Lease	-	-
- Term Loan	10,023	14,112
	<u>10,023</u>	<u>14,112</u>
Total Borrowings		
Secured		
- Revolving Credit	7,000	7,000
- Finance Lease	1,428	13,934
- Term Loan	17,690	21,779
	<u>26,118</u>	<u>42,713</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.

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.

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

21 CHANGES IN MATERIAL LITIGATION (Cont'd)

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 the settlement of this case.

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 appeal filed by the Defendant against the order for discovery of documents was heard at the Court of Appeal on 29th September 2020 whereby the said court had disallowed the said appeal. In respect of the leave to appeal to the Federal Court, the Defendant's appeal was also disallowed by the Federal Court on 7th October 2020. The High Court has fixed the dates of hearing from 10th March 2021 until 12th March 2021. The hearing of the case at the High Court had commenced on the 10th March 2021 until 12th March 2021 and was continued on the 2nd April 2021 and 14th April 2021. The matter is fixed for case management on 10th June 2021 and thereafter a date for decision shall be fixed by the court.

The High Court on 15th July 2021 had allowed the claims of the Plaintiffs against the Defendant and the following judgments were made pursuant thereto:-

- 1) That the value of MHSB Properties Sdn Bhd's property ("Seventh Plaintiff") is RM55,600,000 and therefore there was an unjust enrichment of RM22,679,424.94 gained by the Defendant which is to be paid by the Defendant to the Seventh Plaintiff;
- 2) that the Defendant is to return to the Plaintiffs the sum of RM877,000 being the compensation paid by the Government of Malaysia to the Defendant for the compulsory acquisition of part of the said property;
- 3) that the Defendant is to return back to the Plaintiff the repossessed buses; and
- 4) an interest of 5% per annum on the sum of RM22,679,424.94 from the date of judgment (15th July 2021) until full and final settlement is to be paid by the Defendant.

The Defendant on 21st July 2021 had filed their notice of appeal and application for stay of execution against the abovementioned judgments. The Defendant's application for the stay of execution was allowed by the court on 23rd September 2021 and the hearing for the Defendant's appeal is fixed to be heard at the Court of Appeal on 9th May 2022.

22 COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER

The Group has recorded a higher revenue of RM5.5 million for the current quarter as compared to RM3.0 million recorded in the immediate preceding quarter.

The Group recorded profit before tax of RM1.9 million as compared to loss before tax of RM4.3 million in the immediate preceding quarter.

23 REVIEW OF PERFORMANCE OF THE GROUP

For the current quarter under review, the Group recorded a higher revenue of RM5.5 million for the financial period ended 30 September 2021 as compared to RM3.6 million in the same cumulative quarter for the financial period ended 30 September 2020. Higher revenue recorded during the quarter under review was mainly due low base from the major shutdown of operation including stage bus division during Movement Control Order implemented in 2020.

The Group recorded lower profit before tax of RM1.9 million for the financial quarter ended 30 September 2021 as compared to profit before tax of RM15.6 million in the financial quarter ended 30 September 2020. Profit for the period was mainly arising from reversal of interest expense amounted to RM3.6 million recognised in prior year due to the Court decision against Tan Chong Industrial Equipment Sdn Bhd as disclosed in Note 21. Lower profit recorded during the quarter under review was mainly due to waiver of debts amounted to RM40.0 million enjoyed by the Group in 2020.

24 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy experienced renewed demand and supply shocks arising from strict containment measures under the National Recovery Plan (NRP)¹ during the third quarter of 2021. As a result, the economy contracted by 4.5% (2Q 2021: +16.1%). Economic activity was particularly impacted in July under Phase 1 of the NRP, but subsequently recovered as more states transitioned into Phase 2 with less restrictive containment measures.² On the supply side, all economic sectors registered a contraction, particularly the construction sector, which was constrained by operating capacity limits. On the demand side, the restrictions on mobility, especially on inter-district and inter-state travel, has weighed on consumption and investment activity, while continued increase in public sector consumption spending provided some support to overall growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 3.6% (2Q 2021: -1.9%).

All economic sectors recorded negative growth in the third quarter of 2021. The services sector declined by 4.9% (2Q 2021: 13.5%). The services sector was affected by weaker consumer-related activities amid the reimposition of the lockdown, particularly in July. Nonetheless, consumer-related activities have shown emerging signs of recovery on a month-on-month basis since August as operating restrictions were eased, including for restaurants and recreational activities. The finance and insurance subsector continued to grow, driven mainly by higher net insurance premiums. Growth in the information and communication subsector provided some support amid continued demand for data communications services particularly for e-commerce and e-payment activities.

Domestic demand declined by 4.1% (2Q 2021: 12.4%) in the third quarter of 2021, as private consumption and investment activities were affected by the imposition of phased restrictions under NRP. On the external front, net exports contracted by 37.5% (2Q 2021: 34.3%) as growth in imports outpaced the growth in exports.

Private consumption declined by 4.2% (2Q 2021: 11.7%), as the stringent containment measures and mobility restrictions weighed on household spending in the first half of the quarter. Similarly, labour market conditions also weakened in the same period with weaker income and employment growth. Nevertheless, various policy measures, including the EPF i-Sinar and i-Citra withdrawals as well as Bantuan Khas COVID-19 (BKC), continued to provide support to affected households.

Public consumption expanded by 8.1% during the quarter (2Q 2021: 9.0%), supported by COVID-19 related expenditure, including vaccine procurement and logistics spending.
(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 pandemic. Coupled with challenging economic forecast for 2021, the Group anticipate difficult business environment until the fourth quarter of 2021. The Group is maintaining a very tight compliance regime for the benefit of all stakeholders.

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 30/9/2021	Preceding year corresponding quarter 30/9/2020	To Date 30/9/2021	To Date 30/9/2020
(a) Basic				
Loss attributable to equity holders of parent (RM'000)	1,847	15,641	(7,608)	(10,187)
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Profit/(Loss) per share (sen)	0.46	3.88	(1.89)	(2.53)
(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 breakdown of the retained earnings of the Group as at 30 September 2021 and 31 December 2020 into realised and unrealised loss are as follows:

	30/9/2021 RM'000	31/12/2020 RM'000
Total retained earnings of the Company and its subsidiaries		
-Realised	(510,809)	(503,201)
-Unrealised	10,152	10,152
	<u>(500,657)</u>	<u>(493,049)</u>
Add: Consolidation adjustment	409,748	409,748
Accumulated losses as per financial statements	<u>(90,909)</u>	<u>(83,301)</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 2020 are as follows:

"Without qualifying our opinion, we draw attention to Note 2.1 to the financial statements which indicates that for the year ended 31 December 2020, the Group's and Company's current liabilities exceeded its current assets by RM72,035,000 and RM12,399,000 respectively. These conditions indicate 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 one of the Group's shareholders, 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.

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 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 substantial shareholder is 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 will enable the Group to continue servicing its current financial commitments;
- iv. The Group will continue to focus on cost optimisation and stringent cash flow management and maintaining safety and quality services to remain competitive; and
- v. The Group will continue to rationalise the manpower requirement to improve efficiency and utilisation of the Group's resources.

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 2020. 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>Property, plant and equipment represents the most significant asset class on the statement of financial position of the Group amounting to RM68,437,000 as at 31 December 2020. Included in property, plant and equipment are buses and motor vehicles with aggregate carrying values of RM65,920,000.</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 recoverable amounts 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"> • 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 • We have assessed management's key assumptions used to estimate recoverable amounts based on our knowledge of the public
2	<p>Goodwill impairment assessment - Park May Berhad Group</p> <p>The Group has goodwill of RM Nil as at 31 December 2020 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 balance with indefinite useful lives which 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 15 to the financial statements and kindly refer to Note 3.1 for the Significant Accounting Estimates and Judgements in the Group Financial Statement for the financial year ended 31 December 2020.</p> <p>During the financial year, the Group has assessed the recoverable amount of goodwill on consolidation, and determined that goodwill is fully impaired due to the impact of the business resulted from Covid-19 which subsequently impacted the market risk.</p>	<p>Our procedures in relation to management's impairment assessment on goodwill included:</p> <ul style="list-style-type: none"> ▪ We have challenged the key assumptions used by management in the discounted cash flows projections in determining the recoverable amounts which include the fuel cost, growth rate, increase in bus fare and discount rate; ▪ We have assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results; and ▪ 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.

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 25 November 2021.

By Order of the Board

AZAHAR GHAZALI (LS0003263)

Secretary

Kuala Lumpur