

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

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER
ENDED 31 DECEMBER 2021

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

	Individual Quarter		Cumulative Quarter	
	31/12/2021 RM' 000	31/12/2020 RM' 000	31/12/2021 RM' 000	31/12/2020 RM' 000
Revenue	15,744	4,279	27,233	30,397
Cost of sales	(15,740)	(15,663)	(37,492)	(65,966)
Gross profit/(loss)	4	(11,384)	(10,259)	(35,569)
Other income	2,146	3,233	6,325	48,616
Other operating expenses	(3,887)	(6,058)	(7,646)	(34,679)
Loss from operations	(1,737)	(14,209)	(11,580)	(21,632)
Finance costs	(899)	(779)	1,458	(3,474)
Loss before tax	(2,636)	(14,988)	(10,122)	(25,106)
Income tax credit/(expense)	4,853	2,022	4,731	1,953
Profit/(Loss) for the financial period	2,217	(12,966)	(5,391)	(23,153)
Other comprehensive income	-	(4)	-	(4)
Total comprehensive income/(loss) for the financial period	2,217	(12,970)	(5,391)	(23,157)
Profit/(Loss) for the financial period attributable to:				
Equity holders of the Parent	2,217	(12,966)	(5,391)	(23,153)
Non-Controlling Interest	-	-	-	-
	2,217	(12,966)	(5,391)	(23,153)
Total comprehensive income/(loss) attributable to:				
Equity holders of the Parent	2,217	(12,970)	(5,391)	(23,157)
Non-Controlling Interest	-	-	-	-
	2,217	(12,970)	(5,391)	(23,157)
Profit/(Loss) per share(EPS) attributable to owners of the Company(sen per share):				
Basic (sen)	0.55	(3.22)	(1.34)	(5.75)
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 31/12/2021 RM' 000	Audited As at 31/12/2020 RM' 000
ASSETS		
Non-current assets		
Property, plant and equipment	49,491	68,437
Development expenditure	-	-
Right-Of-Use Assets	6	726
Investment properties	-	90
Other investment	73	104
Goodwill on consolidation	-	-
	<u>49,570</u>	<u>69,357</u>
Current assets		
Trade and other receivables	15,665	5,521
Tax recoverable	89	547
Cash and bank balances	17,042	4,703
	<u>32,796</u>	<u>10,771</u>
	<u>82,366</u>	<u>80,128</u>
TOTAL ASSETS		
LIABILITIES AND EQUITY		
Current liabilities		
Short term borrowings	7,000	28,601
Lease Liabilities	-	114
Trade and other payables	48,419	53,215
Current tax payables	837	306
Provision for retirement benefits	401	570
	<u>56,657</u>	<u>82,806</u>
Net current liabilities	(23,861)	(72,035)
Non-current liabilities		
Long term borrowings	-	14,112
Amount due to related companies	57,931	30,360
Provision for retirement benefits	1,545	5,535
Deferred tax liabilities	4,461	10,152
	<u>63,937</u>	<u>60,159</u>
Total liabilities	120,594	142,965
Net liabilities	(38,228)	(62,837)
Equity attributable to equity holders of parents		
Share capital	77,791	47,791
Reserves		
Capital reserve	23,563	23,563
Other reserves	(95)	(95)
Retained earnings	(88,692)	(83,301)
Merger deficit	(52,991)	(52,991)
Shareholders' equity	(40,424)	(65,033)
Non-controlling interest	2,196	2,196
Total equity	<u>(38,228)</u>	<u>(62,837)</u>
	<u>82,366</u>	<u>80,128</u>
TOTAL LIABILITIES AND EQUITY		
Net assets per share attributable to ordinary equity holders of the Company(RM)	(0.05)	(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					Distributable Retained Earnings / (Accumulated Losses) RM'000	Total RM'000	Non- Controlling Interest RM'	Total Equity RM'000
	Share Capital RM'000	Redeemable Convertible Preference Shares 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 year	-	-	-	-	-	(5,391)	(5,391)	-	(5,391)
Other comprehensive income for the financial year	-	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	(5,391)	(5,391)	-	(5,391)
Transactions with owners:									
Issuance of shares and RCPS during the financial year	6,700	23,300	-	-	-	-	30,000	-	30,000
At 31 December 2021	54,491	23,300	23,563	(52,991)	(95)	(88,692)	(40,424)	2,196	(38,228)
At 1 January 2020	47,791	-	23,563	(52,991)	(95)	(60,144)	(41,876)	2,196	(39,680)
Loss for the financial year	-	-	-	-	-	(23,153)	(23,153)	-	(23,153)
Other comprehensive loss for the financial year	-	-	-	-	-	(4)	(4)	-	(4)
Total comprehensive loss	-	-	-	-	-	(23,157)	(23,157)	-	(23,157)
At 31 December 2020	47,791	-	23,563	(52,991)	(95)	(83,301)	(65,033)	2,196	(62,837)

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	
	12 months ended	
	31/12/2021	31/12/2020
	RM ' 000	RM ' 000
Cash flows from operating activities		
Loss before tax	(10,122)	(25,106)
Adjustments for:		
Depreciation of property, plant and equipment	13,259	21,473
Depreciation of property, plant and equipment right-of-use assets	151	355
Amortisation of investment property	1	-
Impairment loss on property, plant and equipment	4,450	2,296
Impairment loss on investment properties	89	-
Impairment loss on receivables	6	1,871
Reversal of impairment losses:		
- trade receivables	-	(509)
- other receivables	-	(18)
Impairment loss on goodwill	-	16,647
Impairment loss on right-of-use assets	949	108
Waiver of debts from related companies	-	(40,023)
Construction work	-	-
(Additional)/Reversal provision for retirement benefits	(2,100)	14
(Gain)/Loss on disposal of property, plant and equipment	(166)	3,678
Gain on disposal of property, plant and equipment - right-of-used assets	(1,523)	-
Fair value changes of other investments	31	-
Interest income	(61)	(144)
Finance cost	(1,462)	3,457
Finance cost on right-of-use assets	4	17
Operating profit before working capital changes	<u>3,506</u>	<u>(15,884)</u>
(Increase)/Decrease in receivables	(10,150)	11,489
Increase in payables	3,533	11,175
Changes in related companies balances	<u>10,553</u>	<u>1,590</u>
Cash generated from operations	7,442	8,370
Tax refund/(paid)	29	(375)
Interest paid	(2,153)	(3,457)
Retirement benefits paid	(99)	(283)
Net cash generated from operating activities	<u>5,219</u>	<u>4,255</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(11)	(677)
Proceeds from disposal of property, plant and equipment	139	1,004
Interest received	61	144
Net cash generated from investing activities	<u>189</u>	<u>471</u>
Cash flows from financing activities		
Net repayment of borrowings, representing net cash used in financing activities	(22,951)	(5,994)
Repayment of lease liabilities	(118)	(212)
Issuance of new share capital	6,700	-
Issuance of new RCPS	23,300	-
Additional placements of fixed deposits with licensed banks	(68)	(63)
Net cash used in financing activities	<u>6,863</u>	<u>(6,269)</u>
Net increase/(decrease) in cash and cash equivalents	12,271	(1,543)
Cash and cash equivalents as at 1 January 2021/2020	<u>867</u>	<u>2,410</u>
Cash and cash equivalents as at 31 December 2021/2020	<u>13,138</u>	<u>867</u>

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Cont'd)

	Unaudited	
	12 months ended	
	31/12/2021	31/12/2020
	RM ' 000	RM ' 000
The cash and cash equivalents at the end of the financial period comprise the following balance sheet components :		
Fixed deposits with licensed bank	3,904	3,836
Cash and bank balances	13,138	867
	<u>17,042</u>	<u>4,703</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.

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1 BASIS OF PREPARATION

These condensed consolidated interim financial statements, for the financial year ended 31 December 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,

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 December 2021.

8 DIVIDEND

The Directors do not recommend any interim dividend on ordinary shares of RM0.10 each for the current financial year ended 31 December 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 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Revenue				
Public transportation services	7,160	1,434	18,640	27,544
Construction work	8,251	-	8,251	-
Others	333	2,545	342	2,553
Total	<u>15,744</u>	<u>3,979</u>	<u>27,233</u>	<u>30,097</u>
Loss before tax				
Public transportation services	(5,135)	(12,567)	(12,567)	(22,631)
Construction work	2,486	-	2,486	-
Others	13	(125)	(41)	(179)
Total	<u>(2,636)</u>	<u>(12,692)</u>	<u>(10,122)</u>	<u>(22,810)</u>

10 VALUATION OF PROPERTY, PLANT AND EQUIPMENT

The valuations of property, plant and equipment used in the condensed financial statements have been brought

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 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Other income	2,146	3,233	6,325	48,616
Finance cost	(897)	(772)	1,462	(3,457)
Finance cost on right-of-use assets	-	1	(4)	(17)
Depreciation and amortisation	(3,172)	(2,997)	(13,259)	(21,473)
(Loss)/Gain on disposal of property, plant and equipment	(3)	(2,856)	166	(3,678)
Gain on disposal of property, plant and equipment - right-of-used asset	1,523	-	1,523	-
Impairment loss on property, plant and equipment	(4,450)	(2,296)	(4,450)	(2,296)
Impairment loss on property, plant and equipment - right-of-used asset	(949)	108	(949)	108
Impairment loss on investment properties	(89)	-	(89)	-
Impairment loss on receivables, net of reversal	(6)	(1,871)	(6)	(1,871)
Impairment on goodwill	-	(16,647)	-	(16,647)

15 INCOME TAX EXPENSE

Taxation includes:

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Malaysian taxation:				
- Current taxation	599	44	599	44
- Under provision in prior years	239	63	361	133
	<hr/> 838	<hr/> 107	<hr/> 960	<hr/> 177
Deferred taxation:				
- Realting to origination and reversal of temporary differences	-	(2,130)	-	(2,130)
- Over provision in prior years	(5,691)	-	(5,691)	-
	<hr/> (5,691)	<hr/> (2,130)	<hr/> (5,691)	<hr/> (2,130)
	<hr/> (4,853)	<hr/> (2,023)	<hr/> (4,731)	<hr/> (1,953)

16 RELATED PARTY TRANSACTIONS

The following expenses are related party transactions:-

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Twelve months to 31/12/2021 RM'000	Twelve months to 31/12/2020 RM'000
Penultimate holding company				
- Secretarial services	-	-	26	52
Immediate holding company				
- Rental of premises	-	36	162	144
Related companies				
- Rental of buses	-	-	-	225
- Rental of workshop/ depo	-	26	59	118
- Bus repair services	-	58	-	614
- Purchase of spare parts	-	6	-	38
- Purchase of tyres	-	-	160	595
- Security and enforcement services	-	52	-	904
- Bus insurance services	2	-	4	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

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

19 UTILISATION OF PROCEEDS FROM PRIVATE PLACEMENT

At 31 December 2021, the status of the utilisation of the proceeds raised from the private placement is as follows:-

Category	Utilisation of proceeds	Amount utilised at 31 Dec 2021	Balance of proceeds	Time frame for utilisation of proceeds
	RM'000	RM'000	RM'000	
Repayment of Financing*	19,627	19,627	-	1 month
Working capital for the transport business*	9,513	14	9,499	6 months
Estimated expenses for the proposals	860	-	860	1 month
TOTAL	30,000	19,641	10,359	

*The actual repayment of financing was higher than the estimated allocation, hence the excess amount of RM13,591 has been re-allocated to the working capital of the Group.

20 BORROWINGS AND DEBTS SECURITIES

Total Group borrowings as at 31 December 2021 are as follows:

	31/12/2021 RM'000	31/12/2020 RM'000
Current		
Secured		
- Revolving Credit	7,000	7,000
- Finance Lease	-	13,934
- Term Loan	-	7,667
	<u>7,000</u>	<u>28,601</u>
Non-Current		
Secured		
- Term Loan	-	14,112
	<u>-</u>	<u>14,112</u>
Total Borrowings		
Secured		
- Revolving Credit	7,000	7,000
- Finance Lease	-	13,934
- Term Loan	-	21,779
	<u>7,000</u>	<u>42,713</u>

21 OFF BALANCE SHEET FINANCIAL INSTRUMENTS

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

22 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.

22 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

23 COMPARISON BETWEEN THE CURRENT QUARTER AND THE IMMEDIATE PRECEDING QUARTER

The Group has recorded a higher revenue of RM15.7 million for the current quarter as compared to RM5.5 million recorded in the immediate preceding quarter.

The Group recorded loss before tax of RM2.6 million as compared to profit before tax of RM1.9 million in the immediate preceding quarter.

24 REVIEW OF PERFORMANCE OF THE GROUP

For the current quarter under review, the Group recorded a higher revenue of RM15.7 million for the financial period ended 31 December 2021 as compared to RM4.3 million in the same cumulative quarter for the financial period ended 31 December 2020. Higher revenue recorded during the quarter under review was mainly improvement in stage bus operation and new revenue source generated from construction division.

The Group recorded lower loss before tax of RM2.6 million for the financial quarter ended 31 December 2021 as compared to loss before tax of RM15.0 million in the financial quarter ended 31 December 2020. Lower loss for the period was driven by higher revenue from both stage bus and construction divisions and lower impairment on Group assets as compared to the same quarter in financial year 2020.

25 PROSPECTS FOR THE CURRENT FINANCIAL YEAR

The Malaysian economy registered a positive growth of 3.6% in the fourth quarter of 2021 (3Q 2021: -4.5%). Growth was supported mainly by an improvement in domestic demand as economic activity normalised following the easing of containment measures under the National Recovery Plan (NRP). The improvement also reflected recovery in the labour market as well as continued policy support. In addition, strong external demand amid the continued upcycle in global technology provided a further lift to growth. On the supply side, all economic sectors recorded improvements in growth, led by the services and manufacturing sectors. On the demand side, growth was driven by higher consumption and trade activity. On a quarter-on-quarter seasonally adjusted basis, the economy registered an increase of 6.6% (3Q 2021: -3.6%).

All economic sectors recorded an improvement in the fourth quarter of 2021. The services sector turned around to expand by 3.2% (3Q 2021: -4.9%). Consumer-related activities continued to recover amid the reopening of the economy. This was reflected in the higher spending observed within the retail and recreational subsectors. The finance and insurance subsector also continued to grow, driven mainly by higher net insurance premiums. Growth in the information and communication subsector provided further support amid continued demand for data communications services, particularly for e-commerce and e-payment activities.

Domestic demand grew by 2.3% (3Q 2021: -4.1%) in the fourth quarter of 2021. This was driven by the improvement in private sector expenditure following the loosening of restrictions. On the external front, net exports expanded by 2.6% (3Q 2021: -37.5%) due to higher export growth amid strong external demand.

Private consumption growth turned around to register a positive growth of 3.7% (3Q 2021: -4.2%). The turnaround was mainly supported by the relaxation of containment measures. In particular, spending on discretionary items such as restaurants and hotels as well as recreational services rebounded during the quarter. Labour market conditions also improved during the same period, as evidenced by stronger employment and wage growth. Furthermore, various policy measures provided additional support to consumer spending.

Public consumption growth expanded at a slower pace of 4.3% (3Q 2021: 8.1%), attributable to a moderate growth in supplies and services expenditure. However, government spending remained supported by COVID-related spending and small maintenance and repair works. (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. Contradict to positive economic forecast for 2022, the Group anticipate difficult business environment for express bus business to continue throughout the financial year.

Since diversifying into the Construction Business, the Group via recruitment of experience personnels has built an established track record in residential segment especially the affordable housing development segment. Our established track record in the residential segment is a key advantage to us as it will provide us with the platform to develop and strengthen our presence in the construction market. As such, we believe that our experience and established track record in these projects serves as a reference to the Group to continuously securing more future construction projects and expand aggressively in building Transnational Builder Sdn Bhd's order book. Based on the construction division performance since diversification, we foresee that construction business will be the main driver for growth of the Group and will continue to expand and secure new construction awards.

26 VARIANCE FROM PROFIT FORECAST AND PROFIT GUARANTEE

No profit forecast or guarantee was issued by the Group.

27 EARNINGS PER SHARE ("EPS")

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current year quarter 31/12/2021	Preceding year corresponding quarter 31/12/2020	To Date 31/12/2021	To Date 31/12/2020
(a) Basic earnings/(loss) per share				
Profit/(Loss) attributable to equity holders of parent (RM'000)	2,217	(12,966)	(5,391)	(23,153)
Weighted average number of ordinary shares ('000)	402,798	402,798	402,798	402,798
Profit/(Loss) per share (sen)	0.55	(3.22)	(1.34)	(5.75)

The issuance of new ordinary shares was completed on 31 December 2021 and does not carry weight for the computation of earnings per share for the period.

(b) Fully diluted earnings/(loss) per share

The basic and diluted loss per ordinary share is the same as the Group has no dilutive potential ordinary shares throughout the financial period. The issuance of new Redeemable Convertible Preference Shares was completed on 31 December 2021 and does not carry weight for the computation of earnings per share for the period.

28 DISCLOSURE OF REALISED AND UNREALISED PROFIT/(LOSSES)

The breakdown of the retained earnings of the Group as at 31 December 2021 and 31 December 2020 into realised and

	31/12/2021 RM'000	31/12/2020 RM'000
Total retained earnings of the Company and its subsidiaries		
-Realised	(546,371)	(503,201)
-Unrealised	4,461	10,152
	<u>(541,910)</u>	<u>(493,049)</u>
Add: Consolidation adjustment	453,218	409,748
Accumulated losses as per financial statements	<u>(88,692)</u>	<u>(83,301)</u>

29 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.

30 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
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.

31 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 23 February 2022.

By Order of the Board

TEA SOR HUA (MACS 01324)

Secretary

Kuala Lumpur