

# **GETS GLOBAL BERHAD**

Company No: 200201029469 (597132 A)

(Incorporated in Malaysia)

## **UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 JUNE 2020**

# GETS GLOBAL BERHAD

Company No: 200201029469 (597132 A)

(Incorporated in Malaysia)

## AND ITS SUBSIDIARIES

### UNAUDITED INTERIM FINANCIAL REPORT

FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 JUNE 2020

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# GETS GLOBAL BERHAD

Company No: 200201029469 (597132 A)

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### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 JUNE 2020

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30-Jun-20 RM'000 (Unaudited)	30-Jun-19 RM'000 (Unaudited)	30-Jun-20 RM'000 (Unaudited)	30-Jun-19 RM'000 (Unaudited)
Revenue	4,301	13,243	22,158	32,553
Cost of sales	(2,945)	(10,581)	(22,569)	(33,876)
<b>Gross profit/(loss)</b>	<b>1,356</b>	<b>2,662</b>	<b>(411)</b>	<b>(1,323)</b>
Other income	891	4,292	7,301	8,610
Administrative expenses	(17,444)	(9,978)	(22,701)	(15,064)
Selling and distribution expenses	-	(15)	(26)	(73)
<b>Profit/(Loss) from operations</b>	<b>(15,196)</b>	<b>(3,039)</b>	<b>(15,837)</b>	<b>(7,850)</b>
Finance costs	(2,153)	(208)	(3,084)	(1,073)
<b>Profit/(Loss) before taxation</b>	<b>(17,350)</b>	<b>(3,247)</b>	<b>(18,921)</b>	<b>(8,923)</b>
Taxation	60	(710)	(730)	(170)
<b>Profit/(Loss) for the period</b>	<b>(17,290)</b>	<b>(3,957)</b>	<b>(19,651)</b>	<b>(9,093)</b>
<b>Profit/(Loss) after taxation attributable to:-</b>				
Owners of the Company	(15,298)	(3,904)	(18,360)	(9,665)
Non-controlling interests	(1,992)	(53)	(1,291)	572
	<b>(17,290)</b>	<b>(3,957)</b>	<b>(19,651)</b>	<b>(9,093)</b>
<b>Other comprehensive income / (expense)</b>				
Revaluation Reserve	5,158	-	5,158	-
Other comprehensive income/(expense) for the period, net of tax	5,158	-	5,158	-
<b>Total comprehensive Profit/(loss) attributable to:-</b>				
Owners of the Company	(10,139)	(3,904)	(13,202)	(9,665)
Non-controlling interests	(1,992)	(53)	(1,291)	572
	<b>(12,131)</b>	<b>(3,957)</b>	<b>(14,493)</b>	<b>(9,093)</b>
<b>Basic and diluted earning/(loss) per ordinary share (sen)</b> (Note B13)	<b>(12.14)</b>	<b>(3.10)</b>	<b>(14.57)</b>	<b>(7.67)</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	AS AT 30-Jun-20 RM'000 (Unaudited)	AS AT 30-Jun-19 RM'000 (Audited)
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	60,927	65,797
Right of use assets	11,581	-
Development expenditure	5,849	113
Trade and other receivables	4,245	4,245
<b>Total non-current assets</b>	<b>82,602</b>	<b>70,155</b>
<b>Current assets</b>		
Inventories	2,407	6,180
Trade and other receivables	10,600	14,404
Tax recoverable	36	36
Cash and bank balances	432	341
<b>Total current assets</b>	<b>13,475</b>	<b>20,961</b>
<b>TOTAL ASSETS</b>	<b>96,077</b>	<b>91,116</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	69,145	69,145
Reserves	(47,771)	(34,569)
Shareholders' funds	21,374	34,576
Non-controlling interests	1,578	2,869
<b>TOTAL EQUITY</b>	<b>22,952</b>	<b>37,445</b>
<b>Non-current liabilities</b>		
Lease liabilities	9,476	-
Deferred tax liabilities	5,530	4,264
Trade and other payables	1,999	2,199
<b>Total non-current liabilities</b>	<b>17,005</b>	<b>6,463</b>
<b>Current liabilities</b>		
Trade and other payables	31,787	26,471
Lease liabilities	2,393	-
Loans and borrowings	20,779	18,165
Government grants	-	2,500
Tax payables	1,161	72
<b>Total current liabilities</b>	<b>56,120</b>	<b>47,208</b>
<b>TOTAL LIABILITIES</b>	<b>73,125</b>	<b>53,671</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>96,077</b>	<b>91,116</b>
Net assets per ordinary share (RM)	0.18	0.30

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

# GETS GLOBAL BERHAD

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## AND ITS SUBSIDIARIES

### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 JUNE 2020

	← Attributable to owners of the Company →					
	Share Capital	Non-Distributable Reserve - Revaluation Reserves	Distributable Reserve - Accumulated Losses	Total	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 July 2018	69,145	14,637	(39,025)	44,757	2,318	47,075
Realisation of revaluation reserve	-	(1,708)	1,708	-	-	-
Realisation of deferred tax liabilities arising from revaluation reserve	-	-	105	105	-	105
Change in ownership interest in a subsidiary	-	-	(30)	(30)	30	-
Total comprehensive (loss)/income for the financial year	-	-	(10,256)	(10,256)	521	(9,735)
As at 30 June 2019	<u>69,145</u>	<u>12,929</u>	<u>(47,498)</u>	<u>34,576</u>	<u>2,869</u>	<u>37,445</u>
As at 1 July 2019	69,145	12,929	(47,498)	34,576	2,869	37,445
Total comprehensive (loss)/income for the financial period	-	5,158	(18,360)	(13,202)	(1,291)	(14,493)
As at 30 June 2020	<u>69,145</u>	<u>18,087</u>	<u>(65,858)</u>	<u>21,374</u>	<u>1,578</u>	<u>22,952</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 JUNE 2020

	Year To Date 30-Jun-20 RM'000 (Unaudited)	Year To Date 30-Jun-19 RM'000 (Audited)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) before taxation	(18,921)	(10,497)
Adjustments for:-		
Depreciation of property, plant and equipment	2,823	5,543
Gain on the realised forex	(33)	-
Bad debts written off	-	273
Impairment loss on property, plant and equipments	8,842	580
Right of use depreciation	1,782	-
Reversal of impairment loss on trade receivables	-	(397)
Loss on disposal of property, plant and equipment	-	217
Loss on remeasurement of trade and non-trade receivables	-	215
Allowance for expected credit loss - trade receivables	2,707	1,910
Reversal of remeasuerement of trade and non-trade receivables	-	(1,204)
Reversal of remeasuerement of trade and non-trade payables	-	125
Amortisation of government grants	(2,500)	(8,100)
Write down of inventories	3,711	2,176
Write off of property, plant and equipment	-	107
Interest expenses	2,318	1,165
Finance lease interest	665	-
Unwinding of discount for long term payable	(220)	-
Operating profit before working capital changes	1,174	(7,887)
Changes in working capital:-		
Inventories	62	4,495
Trade and other receivables	121	(4,637)
Trade and other payables	3,025	(2,221)
Cash generated from operations	4,382	(10,250)
Interest paid	(38)	(842)
Tax refund	-	18
<b>Net Operating Cash Flows</b>	<b>4,344</b>	<b>(11,074)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Development expenditure	(5,736)	(113)
Proceeds from disposal of property, plant and equipment	-	854
Purchase of property, plant and equipment	-	(513)
<b>Net Investing Cash Flows</b>	<b>(5,736)</b>	<b>228</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(1,172)	(323)
Advance from directors	(9)	650
Advances from related parties	-	1,281
Increase in trust receipts	-	99
Government grants	1,196	10,600
(Repayment)/Drawdown of hire purchase payables, net	(416)	(260)
(Repayment)/Drawdown of term loans, net	0	(1,045)
<b>Net Financing Cash Flows</b>	<b>(402)</b>	<b>11,002</b>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,793)</b>	<b>156</b>
<b>CASH AND CASH EQUIVALENTS BROUGHT FORWARD</b>	<b>(9,779)</b>	<b>(9,935)</b>
<b>CASH AND CASH EQUIVALENTS CARRIED FORWARD</b>	<b>(11,572)</b>	<b>(9,779)</b>
<b>ANALYSIS OF CASH AND CASH EQUIVALENTS:-</b>		
Cash and bank balances	432	341
Bank overdrafts	(12,004)	(10,120)
	<b>(11,572)</b>	<b>(9,779)</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2019 and the accompanying explanatory notes attached to the interim financial statements.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### Part A - Explanatory Notes Pursuant to MFRS 134 INTERIM FINANCIAL REPORTING

##### A1. Basis of Preparation

This interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standard ("MFRS") 134 "Interim Financial Reporting", IAS 34 Interim Financial Reporting, and paragraph 9.22 and Appendix 9B of the Listing Requirements of the Bursa Malaysia Securities Berhad. The interim financial statements are in compliance with Malaysian Financial Reporting Standards ("MFRSs") and International Financial Reporting Standards ("IFRSs").

This interim financial statements should be read in conjunction with the audited financial statements for the year ended 30 June 2019. The explanatory notes attached to the 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 30 June 2019.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those of the audited financial statements for the year ended 30 June 2019.

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

<b><u>Descriptions</u></b>	<b><u>Effective for annual periods beginning on or after</u></b>
<b>- Amendments to References to the Conceptual Framework in MFRS Standards</b>	
- Amendments to MFRS 2, Share-Based Payment	1 January 2020
- Amendments to MFRS 3, Business Combinations	1 January 2020
- Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2020
- Amendments to MFRS 14, Regulatory Deferral Accounts	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statements	1 January 2020
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
- Amendments to MFRS 134, Interim Financial Reporting	1 January 2020
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
- Amendments to MFRS 138, Intangible Assets	1 January 2020
- Amendments to IC Interpretation 12, Service Concession Arrangements	1 January 2020
- Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with	1 January 2020
- Amendments to IC interpretation 20, Stripping Costs in the Production Phase of	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and	1 January 2020
- Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs	1 January 2020
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128 Investment in Associate and Joint Ventures: Sales or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
- Amendments to MFRS 3, Business Combinations: Definition of Business	1 January 2020
- Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material	1 January 2020
- Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures Interest Rate Benchmark Reform	1 January 2020
- Amendments to MFRS 3, Business Combinations: Reference to the Conceptual Framework	1 January 2022
- Amendments to MFRS 116, Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
<b>- MFRS 17, Insurance Contracts</b>	1 January 2021
<b>- Annual improvements to MFRSs 2018 - 2020 cycle</b>	
- Amendments to MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9, Financial Instruments	1 January 2022
- Amendments to MFRS 16, Leases	1 January 2022
- Amendments to MFRS 141, Agriculture	1 January 2022

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### A1. Basis of Preparation (cont.)

The interim financial statements of the Group is also prepared on the going concern basis.

- (i) However, the Group's current liabilities exceeded its current assets by RM42.6 million at the end of the financial period ended 30 June 2020.
- (ii) As disclosed in Note 16 and Note 26 to the audited financial statements for the financial year ended 30 June 2019, the Group and the Company had defaulted the principal and interest payments amounting to approximately RM18 millions on its borrowing from AmBank Islamic Bank Berhad, AmBank Berhad ("AmBank") and Hong Leong Bank Berhad ("HLBB").

In addition, the banks have obtained Orders for Sale by public auction on the charged properties secured against the borrowing facilities of the Group.

- (iii) The Company and certain subsidiaries have pending material litigations with financial institutions and creditors as detailed in Note B11 to the interim financial statements.

These factors, along with the matters as set forth in the preceding paragraph, indicate the existence of material uncertainties which cast significant doubt on the ability of the Group and the Company to continue as going concerns and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, the interim financial statements of the Group and of the Company have been prepared on a going concern basis premised on the following developments:

- (i) The new controlling shareholder has expressed willingness to participate in the company's raising of a total of RM29 million to fund its working capital requirement and to repay bank borrowings. The aforesaid proposal will be undertaken via a combination of equity fund-raising and/or advances and include the early part-payment of the Funds to GETS upon execution (instead of at completion) of the relevant definitive subscription agreement. The funds are expected to address the Group's payments defaults with the banks, other critical financial obligations and working capital;
- (ii) In respect of the RM7.84 million due from the related party company, even though it has still not been received, the buses have been put into service with the Group's subsidiary in Putrajaya and are generating revenues, and the respective companies involved have entered into settlement agreement whereby payment to related party company will be offset against the outstanding balance owed by the related party company to the Group;
- (iii) The efforts were also undertaken by the relevant authorities towards addressing the funding requirement to fund Putrajaya City Bus operations;
- (iv) The ability of the Group and the Company to achieve sustainability and viable operation with adequate cash flows generated from their operating activities; and
- (v) Continuing support from all stakeholders.

The directors of the Company are of the view that these developments will impact positively on the Group's cash flows and address its going-concern particularly the defaults of its banking facilities, the foreclosure proceeding for its properties and other legal suits brought against the Group. Accordingly, the directors of the Company are of the opinion that it is appropriate for the financial statements of the Group and the Company to be prepared on a going concern basis.

### A2. Auditors' Report on Preceding Annual Financial Statements

There were no audit qualifications on the annual financial statements for the year ended 30 June 2019.

### A3. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any major seasonal or cyclical factors, save for the Movement Control Order (MCO) imposed by the Government beginning 18 Mar 2020 whereby the company's operation for express bus service have been temporarily suspended until to-date.



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#### A4. Unusual Items due to their Nature, Size or Incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the quarter under review save for the Movement Control Order (MCO) imposed by the Government beginning 18 Mar 2020 whereby the company's operation for express bus service have been temporarily suspended until to-date.

#### A5. Material Changes in Estimates

There were no changes in estimates used for accounting estimates which may have a material effect for the current quarter under review.

#### A6. Debt and Equity Securities

There are no issuance and repayment of debts and equity securities during the current quarter.

#### A7. Dividend Paid

There was no dividend paid during the quarter under review.

#### A8. Segmental Information

The segmental reporting by business units based on their products and services provided is set out below:-

(a) For the twelve (12) months ended 30 June 2020;

	Investment holding RM'000	City Bus Services RM'000	Express Bus Services RM'000	Bus Production and Bus Repair & RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External customers	-	8,212	5,804	8,144	-	22,158
Inter-segment revenue	160	-	-	-	(160)	-
<b>Total revenue</b>	<b>160</b>	<b>8,212</b>	<b>5,804</b>	<b>8,144</b>	<b>(160)</b>	<b>22,158</b>
<b>Results</b>						
Segment results	(4,624)	(2,244)	(4,295)	2,927	12,231	3,994
Depreciation and amortisation	(1,141)	(1,816)	(2,162)	(228)	742	(4,605)
Finance costs	(307)	(766)	(1,596)	(414)	-	(3,084)
Impairment & written down	-	(1,086)	(7,331)	(2,917)	(3,892)	(15,226)
Tax expense	2	-	823	(1,096)	(459)	(730)
<b>Consolidated profit after taxation</b>						<b>(19,651)</b>

(b) For the twelve (12) months ended 30 June 2019;

	Investment holding RM'000	City Bus Services RM'000	Express Bus Services RM'000	Bus Production and Bus Repair & RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>						
External customers	-	19,128	13,425	-	-	32,553
Inter-segment revenue	240	-	-	1,052	(1,292)	-
<b>Total revenue</b>	<b>240</b>	<b>19,128</b>	<b>13,425</b>	<b>1,052</b>	<b>(1,292)</b>	<b>32,553</b>
<b>Results</b>						
Segment results	(328)	6,856	(4,538)	(400)	-	1,590
Depreciation and amortisation	(40)	(80)	(3,100)	(152)	-	(3,372)
Finance costs	(247)	-	(530)	(296)	-	(1,073)
Tax expense	-	(170)	-	-	-	(170)
<b>Consolidated Loss after taxation</b>						<b>(9,093)</b>

(c) No geographical segment is presented as the Group operates principally in Malaysia.

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### A9. Revaluation of Property, Plant and Equipment

During the period under review, the Group has undertaken the revaluation of its properties and incorporated the revaluation surplus totalling RM5,157,452 (net of tax) in the Financial Statement for the quarter period ended 30 June 2020.

### A10. Subsequent Events

There were no subsequent event save as disclosed in the notes B8 and B11.

### A11. Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial quarter.

### A12. Contingent Liabilities

The Group has no material contingent liabilities as at the date of this announcement, save as disclosed in Note B9 and B11 below relating to contingent liabilities in respect of the guarantee issue for its bank facilities and material litigations brought against the Company and its subsidiaries.

### A13. Capital Commitments

There were no capital commitments that have a material effect in the current quarter ended 30 June 2020.

### A14. Significant Related Party Transactions

For the TWELVE months period ended 30 June 2020, the group has recurrent related party transactions of a revenue or trading nature as follows:

Related Parties	Nature of Transactions	Cumulative	Cumulative
		Quarter ended 30.06.20	Quarter ended 30.06.19
		RM'000	RM'000
1) AMP	Purchase of bus spare parts	133	864
2) ACSB	Rental of premises	360	360
3) ASF	Security services	1,748	2,038
4) AHESB	Repair and maintenance	1,030	476
5) SCLSB	Charter bus	2,967	614
6) SWCSB	Charter bus	5	414
		<u>6,243</u>	<u>4,766</u>

- 1) AMP- Aiman Motor Performance Sdn Bhd is wholly owned by Datuk Che Azizuddin and his wife. Datuk Che Azizuddin and his wife are also directors of AMP.
- 2) ACSB- Arca Corporation Sdn Bhd is wholly owned by Datuk Che Azizuddin and his wife. Datuk Che Azizuddin and his wife are also directors of ACSB.
- 3) ASF- Arca Security Force Sdn Bhd is wholly owned by ACSB. Datuk Che Azizuddin and his wife are also directors of ASF.
- 4) AHESB - Arca Hi-Tech Engineering Sdn Bhd is owned by Datuk Che Azizuddin and his wife. Datuk Che Azizuddin and his wife are also directors of AHESB.
- 5) SCLSB - Super Coachliner Sdn Bhd is owned by Arca Industries Sdn Bhd which is owned by Datuk Che Azizuddin and his wife. SCLSB's directors are Datuk Che Azizuddin and his son Che Aiman bin Che Azizuddin.
- 6) SWCSB - Stoneway Corporation Sdn Bhd is owned by Arca Industries Sdn Bhd which is owned by Datuk Che Azizuddin and his wife. SWCSB's directors are Datuk Che Azizuddin and his son Che Aiman bin Che Azizuddin.

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### NOTES TO THE INTERIM FINANCIAL REPORT

#### Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

##### B1. Review of Performance

	Cumulative quarter ended 30-Jun-20 RM'000	Cumulative quarter ended 30-Jun-19 RM'000
<b>Revenue from:-</b>		
Investment holding	160	240
Express bus services	5,803	13,425
City bus services	8,212	19,128
Contract works related to assembly and maintenance of coaches	8,144	1,052
	<u>22,318</u>	<u>33,845</u>
Inter segment elimination	(160)	(1,292)
	<u>22,158</u>	<u>32,553</u>
<b>Profit/(Loss) before taxation</b>	<u>(18,921)</u>	<u>(8,923)</u>

The Group recorded revenue of RM22.158 million for the cumulative period twelve months ended 30 June 2020, decreased by 32% compared to the same period last year of RM32.553 million. The decrease among others due to lower revenue recorded from its express and city bus service impacted by the suspension of operation due to the Movement Control Order (MCO) imposed by the Government.

The Group recorded Loss Before Tax (LBT) of RM18.921 million in the current period under review compared to LBT of RM8.923 million last year. Higher loss recorded during the period mainly due to lower revenue and provision for impairment of properties, plants and equipments, and written down inventories and receivables totalling to RM15.0 million.

##### B2. Comparison with the Preceding Quarter's Results

The Group recorded revenue of RM4.301 million in the current quarter which is 25% higher compared to RM3.448 million in the preceding quarter mainly contributed from contract work for the development of EV. The current quarter however recorded a Loss Before Taxation (LBT) of RM17.351 million, as opposed to RM4.211 million recorded in the preceding quarter mainly due provision for impairments of properties, plants and equipment, written down inventories and receivables totalling RM15.0 million recorded in the current quarter.

##### B3. Prospects

The Group is mindful of the various challenges facing by the Group particularly related to the legal suits and outstanding dues to various parties.

The Group is however cautiously optimistic that the efforts are underway particularly with the emergence of the new controlling shareholder, to improve the Groups' finances covering both operational and financial perspectives will be able to strengthen and place the Group onto a stronger footing. The Group foresees the bus transportation industry will continue to remain relevant and with good growth prospects in line with the Government's National Transport Policy 2019-2030 to strengthen public transportation within cities and urban areas and to promote use of environmentally friendly vehicles where the Group is presently involved in the design and development of electric buses.

##### B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee in the current quarter or in the prior financial year.

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#### B5. Taxation

	Cumulative quarter ended 30-Jun-20 RM'000	Cumulative quarter ended 30-Jun-19 RM'000
Income tax	(1,126)	-
Deferred tax	396	170
	<u>(730)</u>	<u>170</u>

#### B6. Disposal of Unquoted Investments and/or Properties

There were no disposals of unquoted investment or properties during the quarter under review.

#### B7. Quoted Securities

There were no acquisitions or disposals of quoted securities during the current quarter under review.

#### B8. Status of Corporate Proposals

Following is the status of on-going corporate proposals announced by the Group.

- a) The Group, on 30 June 2020, announced that the Board has approved for its subsidiaries, Konsortium Bas Ekspres Semenanjung (M) Sdn Bhd ("KBESM") and Super Trans Composite Product Sdn Bhd to accept the offer from Mr Teong Lian Aik to purchase lands held by KBESM - PN 196598 (Lot 20810), PN 196599 (Lot 20811), PN 196600 (Lot 20812), PN 196601 (Lot20813), PN 196602 (Lot20814), PN 196603 (Lot20815), PN 196604 (Lot20816) with an aggregate land area of approximately 359,202 square feet for RM9,518,856.00 and lands held by STCP - PN 196594 (Lot 20806), PN 196595 (Lot 20807), PN 196596 (Lot 20808), PN 196597 (Lot 20809), PN 196605 (Lot20817), PN 196606 (Lot 20818), PN 196607 (Lot 20819) with an aggregate land area of approximately 354,035 square feet for RM9,381,940.00. All the lands are in Mukim Asam Kumbang, Daerah Larut & Matang, Negeri Perak.

The original Offer which was earlier expired on 14 July 2020 has been extended to 30 July 2020. The offer was however lapsed on 30 July 2020 because the parties were not able to finalise and execute the Sale and Purchase Agreement within the stipulated period agreed in the offer document.

The Group subsequently, on 6 August 2020, announced that Board KBESM and STCP have accepted a revised offer from Mr. Teong Lian Aik to purchase its lands (inclusive of buildings thereon) for an amount of RM13,918,434.00 and RM11,081,566.00 respectively. Pursuant to the revised Offer Letters, the respective companies shall enter into definitive Sale and Purchase Agreements ("the SPA") with the Offeror or its nominee(s) within Thirty (30) Days from the date of acceptance of the offer, which is 6 August 2020.

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#### B9. Group Borrowings

The details of the Group's loans and borrowing, all of which are denominated in Ringgit Malaysia are as follows:-

	As at 30-Jun-20 RM'000	As at 30-Jun-19 RM'000
<b>Short term:-</b>		
Hire purchase payables	0	415
Term loans & Trust Receipt	8,775	7,630
Bank overdraft	12,004	10,120
	<u>20,779</u>	<u>18,165</u>
<b>Long term:-</b>		
Hire purchase payables	-	-
Term loans	-	-
	<u>-</u>	<u>-</u>

The bank overdrafts and term loans are secured by way of:-

- (i) first party legal charges over leasehold properties of subsidiaries;
- (ii) third party legal charge over leasehold properties of a subsidiary;
- (iii) corporate guarantee by the Company.

#### B10. Off Balance Sheet Financial Instruments

There was no financial instrument with off-balance sheet risk as at the date of this announcement applicable to the Group.

#### B11. Material Litigation

- a) On 30.11.2018, pursuant to a Writ of Summons and Statement of Claim served on behalf of Badanbas Sdn Bhd, summary judgement was entered against Pengangkutan Awam Putrajaya Travel & Tours Sdn Bhd ("PAPTT"), a 80% owned by subsidiary of the Group for a sum of RM4,298,488.56 together with interest at the rate of 5% pa from 26.7.2018 until full settlement for bus maintenance services rendered. Subsequently PAPTT obtained a Stay of Execution of the judgement and at a hearing held on 23 October 2019 at the Court of appeal, Putrajaya PAPTT was granted leave to defend and appeal the judgement on condition that a sum of RM529,000 is deposited with the Court by 23 November 2019. PAPTT has deposited the RM529,000 on 4 December 2019. The full trial is fixed from 7 to 10 September 2020.
- b) In respect of the AmBank Group' litigations against the Company and its subsidiaries (AmBank Islamic Bhd vs Konsortium Bas Ekspres Semenanjung(M) Sdn Bhd ("KBES") as Borrower, Gets Global Bhd ("GGB") as Guarantor, Super Trans Composite Products Sdn Bhd as chargor) pertaining to a Multi Trade Finance facility and a CashLine facility for a total sum claimed of RM9,870,257 together with interest and charges thereon to date of final settlement; and AmBank Bhd vs GGB pertaining to an overdraft facility for a sum claimed of RM3,033,357.56 together with interest and charges thereon to date of final settlement.

Kuala Lumpur High Court on 23 January 2020 granted AmBank application for recovery of claim for RM5,105,315.09 and RM4,474,942.40. The Companies had filed an appeal to the Court of Appeal and apply for stay of execution on 18 February 2020 and 28 February 2020 respectively. The Court has granted application for interim stay until disposal of stay application to be heard on 13 May 2020, subsequently extended to 16 June 2020 and to 10 July 2020. The Court on 10 Jul 2020 dismissed the companies' application for stay of execution. AmBank subsequently, on 13 July 2020, issued winding up Notice demanding for payment to be made within 6 months, by 13 January 2021.

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#### B11. Material Litigation (cont.)

Kuala Lumpur High Court on 28 February 2020 also granted AmBank application for recovery of claim for RM5,105,315.09 and RM4,474,942.40 for charge and foreclosure proceeding of properties lot No: 20806, 20807, 20808, 20809, 20817, 20818 and 20819, Mukim Asam Kumbang, Daerah Larut dan Matang, Perak held by Super Trans Composite Products Sdn Bhd. The Court on the hearing date for Plaintiff's application for direction of auction on 8 July 2020 granted the order for direction of Auction for the properties and fixed date for an Auction to be held on 24.09.2020 at 11.00 am.

For the case brought by AmBank against GGB (borrower) in respect of the overdraft facility of RM3,033,357.56, the court on 5 June 2020 has delivered the decision to allow Summary Judgment application filed by the Plaintiff. The Company has filed an appeal and a application for stay of execution on 23 June 2020. The hearing for the stay of execution is fixed on 28 September 2020. AmBank, on 8 July 2020, issued winding up notice against the plaintiffs demanding for payment to be made within 6 months, latest by 8 Jan 2021.

For the case brought by AmBank against KBESM in respect of the recovery of sum of RM 3,033,357.56 for charge and foreclosure proceeding against property No HS(D) 135115, PTB 13338, Bandar Johor Bharu, Johor. The Court on 2 January 2020 has granted the application by AmBank for the foreclosure proceeding and fixed the Hearing date for Plaintiff's application for direction of auction on 14 July 2020 and subsequently for case management on 11 August 2020 whereby the court has fixed the hearing date on 29 September 2020 to fix a new date for the auction.

- c) In respect of Hong Leong Bank Berhad's ("HLBB") litigations against KBES as Borrower and GGB as Guarantor pertaining to recovery of RM 2,840,105.57 Term Loan Facility. The Court on 25 Feb 2020 granted application by the plaintiff. The Company subsequently on 20 Mar 2020 filed an appeal to Court of Appeal and stay application. The Company's application for stay of execution was however dismissed on 17 Aug 2020.

For the case brought by Hong Leong Bank against KBES claiming for recovery of sum of RM 2,840,105.57 for charge and foreclosure proceeding of property lot No: 20810, 20811, 20812, 20813, 20814, 20815 and 20816, Mukim Asam Kumbang, Daerah Larut dan Matang, Perak held by KBES. The court on 11 June 2020 has granted the Plaintiff's application for order for sale and fixed tentative date for auction on 13 July 2020. The tentative auction date was however lapsed and the Plaintiff has yet to file the Notice of Application to obtain a new date for the auction.

In respect of Hong Leong Bank Berhad's ("HLBB") litigations against the Company and its subsidiaries (HLBB vs Super Coach Assembly Plant Sdn Bhd as Borrower, GGB as Guarantor and KBES as Chargor) pertaining to an overdraft and bank guarantee facilities for a sum claimed of RM2,999,419.26 and a contingent claim of RM799,000 together with interest and charges thereon to date of final settlement. The Court on 25 Feb 2020 has granted application by the Plaintiff. Company is seeking advice from the Solicitor for the next course of action in light of the Foreclosure proceeding undertaken by HLB.

- d) On 22 March 2019, the Company's subsidiary, syarikat Pengangkutan Awam Putrajaya Travel & Tours Sdn Berhad ("PAPTT") was served with a Writ of Summons and Statement of Claims for an amount of RM1,252,368.08 by Sinar Jernih Sdn Bhd. The amount was claimed in respect of cleaning services said to have been supplied to premises owned by Perbadanan Putrajaya located at Presint 7 Putrajaya Sentral and Park & Ride, Presint 9 bus depot, and Presint 4 Multistorey Car Park over a period of 24 months under a contract dated 28 February 2017. PAPTT subsequently received further notification that a judgement-in-default had been granted to the Plaintiff on 29 April 2019. At a hearing held on 20 August 2019, PAPTT's application to set aside the JID was not successful. PAPTT's appeal against the decision was also disallowed on basis of time to appeal had lapsed. The Company, via the appointed solicitor, is presently in the midst to negotiate a settlement.
- e) On 19 February 2019, PAPTT was served with a Writ of Summons and Statement of Claims for an amount of RM890,905.29 by Khinas Resources Sdn Bhd. The amount was claimed in respect of cleaning and maintenances services said to have been supplied at 101 bus stop locations in Putrajaya and at a Park & Ride facility in Presint 14 owned by Perbadanan Putrajaya over the period 1 May 2015 to 1 May 2017. On 23 September 2019, the Shah Alam Sessions Court awarded a Summary Judgement in favour of the Plaintiff together with costs of RM3,000. PAPTT's appeal was also disallowed on basis of time to appeal had lapsed. PAPTT, via the appointed solicitor, is in the midst to negotiate for settlement.

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#### B11. Material Litigation (cont.)

f) On 9 March 2018 PAPTT was served with a Writ of Summons and Statement of Claim for an amount of RM536,363.15 by Raisevest Sdn Bhd. The amount was claimed in respect of part of services said to be rendered under a contract dated 30 June 2010 for the supply, installation, development, commissioning and maintenance of an Advance Public Transport System (APTS) and Automatic Parking System (APS). The original total contract value was RM25 million. On 24 July 2019, pursuant to a hearing held on 27 May 2019 at the Kuala Lumpur Sessions Court, judgement was delivered in favour of the Plaintiff for the amount of the claim plus interest at the rate of 5% from the date of judgement till date of final settlement and costs of the action amounting to RM6,000. PAPTT, via the new appointed lawyer, filed the application to file Record of Appeal out of time. The court has fixed 23 July 2020 for case management for PAPTT to update the Court on the status of filing of Records of Appeal. PAPTT on 24 June 2020 received a sealed copy of a winding-up petition pursuant to Kuala Lumpur Sessions Court Order dated 12 July 2019. The balance claim amount of RM397,845.82. The Company has instructed its Solicitor to oppose the winding-up petition and, also, to file stay of execution of the Sessions Court Order dated 12 July 2019. The case management for the Petition is fixed on 26 Aug 2020 and Hearing will be held on 6 Oct 2020. Whilst PAPT's appeal has been fixed for hearing on 11 February 2021.

g) On 18 March 2019, PAPTT was served with a Writ of Summons and Statement of Claim by Zam O' Lima Sdn Bhd for an amount of RM426,525.80. The amount was claimed in respect of the supply and maintenance of bus tyres said to have been provided for a period of 12 months from 28 March 2016. A Judgement-in-Default (JID) was obtained by the Plaintiff at the Bandar Baru Bangi Sessions Court on 22 April 2019. Subsequently, an application to set aside the JID and heard on 19 August 2019 was rejected by the Court with costs of RM500.00. PAPTT's appeal was also disallowed on basis of time to appeal had lapsed.

On 25 June 2020, PAPTT received a winding up notice from Zam O Lima Sdn Bhd for an alleged outstanding amount of RM427,706.41. The Company, via its solicitor, has immediately replied and disputed the said notice. The Company's solicitors firmly states that the notice is bad, invalid and/or unenforceable in the eyes of the law and further states that the winding up proceeding is not proper because PAPTT intends to file an appeal against the judgement/order which gives rise to the alleged sum in question and/or file such other necessary application/proceeding to set aside the said judgment.

h) On 11 January 2019, PAPTT was served with a Writ of Summons and Statement of Claim by Moza Securities Sdn Bhd for an amount of RM380,811.56. The amount was claimed in respect of services said to have been rendered pursuant to a contract for the supply of security services to premises owned by Perbadanan Putrajaya located at Depoh Nadi Putra, Jalan P9, Presint 9, Putrajaya. The contract period was from 1 September 2014 to 31 August 2016 which was subsequently extended for another 12 months to 31 August 2017. On 17 September 2019 Plaintiff's action was struck off by the Shah Alam Sessions Court with leave to file afresh. The fresh action was heard and directed by the Court to refer to arbitration in accordance with the terms of the contract. There has been no further development.

i) On 4 July 2019, KBESM was served with a writ of summon and Statement of Claim by Arcadis Consultancy Sdn Bhd for an amount of RM303,249.39. The amount was claimed in respect of services provided for conducting and preparing a Health Check Review & Turnaround Strategy for KBESM and RM95,400 for conducting and preparing a Business Review & Due Diligence Exercise for PAPTT. The Court, on 10 June 2020, has partially granted application by the Plaintiff. The Plaintiff subsequently filed appeal for the partial award by the session court. The appeal application presently under case management.

j) On 5 Feb 2020, PAPTT received a writ and Statement of claim from Transit Solution Sales & Services Sdn Bhd for an outstanding amount of RM328,880.66. The claim is in respect of the provision and maintenance of PAPTT's electronic ticketing system for a period from October 2017 to September 2019. The court has directed the parties to file the common bundle of documents, agreed facts, issues to be tried and witness list by 3 September 2020. The next case management is fixed on 3 September 2020.

k) On 14 July 2020, its wholly owned subsidiary- Super Coach Assembly Plant Sdn Bhd received a writ of summon from a solicitor representing Hino Motor Sales (M) Sdn Bhd ("HSMSB") claiming for RM1,251,307.36. The claim is in respect of the alleged outstanding amount owing by SCAP amounting to RM1,102,800 for the purchase of 4 units HINO chassis from HSMSB between June and October 2018, and RM148,507.36 for the interest charges. The case is presently under case management.

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#### B12. Dividends

The Board of Directors do not recommend any dividend for the current quarter under review.

#### B13. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

	Current quarter ended 30-Jun-20	Corresponding quarter ended 30-Jun-19	Current year to-date ended 30-Jun-20	Corresponding year to-date ended 30-Jun-19
Net profit/(loss) attributable to shareholders (RM '000)	(15,298)	(3,904)	(18,360)	(9,665)
Number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings/(loss) per ordinary share (sen)	<u>(12.14)</u>	<u>(3.10)</u>	<u>(14.57)</u>	<u>(7.67)</u>

The basic earnings/(loss) per ordinary share is calculated by dividing the consolidated net profit/(loss) attributable to equity owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

(b) Diluted earnings per share

The basic and diluted loss per share are equal as the Group has no dilutive potential ordinary shares outstanding as at 30 June 2019.

#### B14. Material Uncertainty Related to Going Concern

The Board of Directors of Gets Global Berhad ("the Company") on 7 Nov 2019 announced that the Company's External Auditors, Messrs PKF, had expressed the following unqualified opinion with material uncertainty related to going concern in the Company's Audited Financial Statements for the financial year ended 30 June 2019:

##### Unqualified Opinion

We have audited the financial statements of GETS GLOBAL BERHAD, which comprise the statements of financial position as at 30 June 2019 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 41 to 119.

In our opinion, the accompanying financial statements give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2019, and of their financial performances and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

##### Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



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#### **B14. Material Uncertainty Related to Going Concern (cont.)**

- a) As disclosed in Note 1(d)(i) to the financial statement, the Group and the Company incurred net losses of RM9,734,425 and RM9,797,578 respectively during the financial year ended 30 June 2019. As of that date, the Group's and the Company's current liabilities exceeded the current assets by RM26,246,673 and RM8,380,695 respectively.
- b) As disclosed in Note 1(d)(ii), Note 16 and Note 26 to the financial statements, the Group and the Company had defaulted the principal and interest payments amounting to approximately RM18 millions on its borrowing from AmBank Islamic Bank Berhad, AmBank Berhad ("AmBank") and Hong Leong Bank Berhad ("HLBB") due to its financial constraints.

In addition, the Courts has granted the banks with the Order for Sale by public auction on the charged properties secured against the borrowing facilities of the Group.

HLBB has on 11 October 2019 proposed a repayment arrangement and agreed to withhold legal action subject to the conditions set out in the letter including the requirement for the Group to pay an upfront payment of RM1 million on or before 17 October 2019. However, the amount was not paid as of to date.

On 23 October 2019, AmBank has proposed 3 settlement dates for the outstanding Trust Receipt with the latest date due on 30 November 2019 prior to the agreement of repayment arrangement propose by the Company. The amount was not paid as of to date.

During the financial year, the subsidiary company has sold certain buses amounted to RM7.84 million to a related party. The purchase of the buses is financed by hire purchase. The fund is in the process of drawing down. The proceeds from the sale of buses will be used for settlement of the defaulted Trust Receipt amounted to approximately RM4.8 million and the upfront payment of RM1 million as initial settlement for the purpose of finalising the loan restructuring with the Banks and finance the working capital needs of the Group.

In addition, the Company has engaged an Investment Bank to as act as the Company's adviser as placement agent for a proposed private placement of RM1.89 million.

- c) As disclose in Note 1(d)(iii) the Company and certain subsidiaries have pending material litigations with creditors as detailed in Note 26 to the financial statements.

The above events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's and the Company's ability to continue as going concern and therefore, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business.

Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis; premised on the following developments as stated above:

- (i) The new controlling shareholder has expressed willingness to participate in the company's raising of a total of RM29 million to fund its working capital requirement and to repay bank borrowings. The aforesaid proposal will be undertaken via a combination of equity fund-raising and/or advances and include the early part-payment of the Funds to GETS upon execution (instead of at completion) of the relevant definitive subscription agreement. The funds are expected to address the Group's payments defaults with the banks, other critical financial obligations and working capital;
- (ii) In respect of the RM7.84 million due from the related party company, even though it has still not been received, the buses have been put into service with the Group's subsidiary in Putrajaya and are generating revenues and the respective companies involve have entered into settlement agreement whereby payment to related party company will be offset against the outstanding balance owes by the related party company to the Group; and
- (iii) The efforts were undertaken by the relevant authorities towards addressing the funding requirement to fund the Putrajaya City Bus operations.

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### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

#### *(i) Recoverability of property, plant and equipment*

Due to the reported losses of the Group for the current financial year, it has indicated the existence of impairment of the express busses held by a subsidiary company, Konsortium Bas Ekspres Semenanjung (M) Sdn. Bhd. ("KBESM") amounting to RM 14.5 million.

In assessing the impairment of these assets, the Directors have compared their carrying amounts with their recoverable amounts based on higher of an asset's fair value less costs to sell and its value-in-use. Any deficiency of the amount has been provided for impairment in the financial statement under review.

The cash flow projections are based on assumptions using management's estimation and judgement which dependent on the successful and timely injection of funds from the advance and subscription for the issuance of new ordinary shares to be undertaken by the Group.

Our procedures included:

- (a) Made enquiries with the appropriate officer to evaluate the basis of the cash flow projections;
- (b) Challenged the reasonableness of growth rates and other key cash flow assumptions;
- (c) Assess whether there is any indication of impairment for the property, plant and equipment; and
- (d) Observed period end physical sight of property, plant and equipment to test the existence of the property, plant and equipment.

#### *(ii) Recoverability of amount due from a related party*

Included in the Group's trade receivables is an amount of RM15,299,537 due from a related party, Super Coachliner Sdn. Bhd. ("SCL") as at 30 June 2019 of which RM7.84 million is pertaining to the sales of buses during the year which are to be recovered through the drawdown of hire purchase facilities obtained from a financier.

The Directors has structured the repayment of the balance debt through a lease of the buses to Pengangkutan Awam Putrajaya Travel & Tours Sdn. Bhd. ("PAPTT") whereby lease payments amounting to RM270,000 per month will be payable commencing in November 2019.

PAPTT, KBESM and SCL have also entered into settlement agreement whereby PAPTTs' payment to SCL will be offest against the outstanding balance owes by SCL to KBESM.

Therefore, the recoverability of the amount due from this related party is dependent on the realisation of the following:

- (a) Receipt of sales proceeds from the sale of buses amounting to RM7,84 million;
- (b) The lease income payable by PAPTT amounting to RM270,000 per month; and
- (c) The receipt of government grants by PAPTT.

The Directors are confident that the debt will be recovered within the period of two years and therefore no impairment is required.

This area has been identified as a key audit matter as the impairment of amount due from a related party is assessed and calculated for the debtor balance with reference to historical collection trends and other risk characteristics and involves management's judgement and estimate on appropriate parameters and assumptions to determine recoverability.

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### Key Audit Matters (cont.)

#### *(ii) Recoverability of amount due from a related party (cont.)*

Our procedures included:

- (a) Assessing the reliability and accuracy of the trade receivables aging report;
- (b) Identify and evaluate the long outstanding debts;
- (c) Reviewed the Group's estimation process used in determining the amounts of loss allowance recognised on expected credit losses on trade receivables;
- (d) Verifying existence and accuracy of trade receivables balances through confirmations from debtors;
- (e) Evaluating the reasonableness of the management estimates and assumptions used to determine the impairment, if any, on the specific trade receivables; and
- (f) Reviewing and assessing the recoverability of long outstanding trade receivables through subsequent collections and supporting correspondence between the Group and the respective counter-parties to substantiate management's evaluation.

#### *(iii) Recoverability of investment in a subsidiary*

Investment in a subsidiary, Konsortium Bas Ekspres Semenanjung (M) Sdn. Bhd. ("KBESM"), of the Company as at 30 June 2019 amounted to RM60,461,894. In view of the adverse financial performance and financial condition of the subsidiary, there are indications of impairment on the carrying amount of investments in subsidiaries.

In assessing the impairment of these assets, the Directors have compared their carrying amounts with their recoverable amounts. The asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value-in-use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flow, described as cash-generating units ("CGU").

The Directors' assessment of the recoverable amounts are determined by cash flow projections of the respective CGU to support its value-in-use calculations. The Directors believe that no impairment shall be recognised.

Our procedures included:

- (a) Made enquiries with the appropriate officer to evaluate the basis of the cash flow projections;
- (b) Challenged the reasonableness of growth rates and other key cash flow assumptions; and
- (c) Assess whether there is any indication of impairment for the investment in subsidiaries.

### Status

As highlighted above, following are the status of issues highlighted above:

- (i) The new controlling shareholder has expressed willingness to participate in the company's raising of a total of RM29 million to fund its working capital requirement and to repay bank borrowings. The aforesaid proposal will be undertaken via a combination of equity fund-raising and/or advances and include the early part-payment of the Funds to GETS upon execution (instead of at completion) of the relevant definitive subscription agreement. The funds are expected to address the Group's payments defaults with the banks, other critical financial obligations and working capital; and
- (ii) In respect of the RM7.84 million due from the related party company resulted from the of buses, eventhough it has still not been received, the buses have been put into service with the Group's subsidiary in Putrajaya and are generating revenues. PAPTT, KBESM and the related party company have also entered into settlement agreement whereby PAPTTs' payment to the related party company will be offset against the outstanding balance owes by the related party company to KBESM.

### **B15. Auditors' Limited Review**

Pursuant to an undertaking given by the Company to Bursa Malaysia Securities Berhad the interim financial statements of the Group for the quarter ended 30 June 2020 has been subjected to a limited review by the Company's external auditors.

**B16.** The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.

**BY ORDER OF THE BOARD**