

GETS GLOBAL BERHAD

Company No: 200201029469 (597132 A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD OF THREE MONTHS ENDED 30 SEPTEMBER 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 SEPTEMBER 2020

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GETS GLOBAL BERHAD

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

	CURRENT QUARTER		CUMULATIVE QUARTER	
	30-Sep-20 RM'000 (Unaudited)	30-Sep-19 RM'000 (Unaudited)	30-Sep-20 RM'000 (Unaudited)	30-Sep-19 RM'000 (Unaudited)
Revenue	902	5,116	902	5,116
Cost of sales	(2,938)	(6,239)	(2,938)	(6,239)
Gross profit/(loss)	(2,036)	(1,123)	(2,036)	(1,123)
Other income	872	3,928	872	3,928
Administrative expenses	(1,916)	(2,062)	(1,916)	(2,062)
Selling and distribution expenses	-	(13)	-	(13)
Profit/(Loss) from operations	(3,080)	730	(3,080)	730
Finance costs	(351)	(247)	(351)	(247)
Profit/(Loss) before taxation	(3,431)	483	(3,431)	483
Taxation	-	(43)	-	(43)
Profit/(Loss) for the period	(3,431)	440	(3,431)	440
Profit/(Loss) after taxation attributable to:-				
Owners of the Company	(3,476)	104	(3,476)	104
Non-controlling interests	45	336	45	336
	(3,431)	440	(3,431)	440
Total comprehensive Profit/(loss) attributable to:-				
Owners of the Company	(3,476)	104	(3,476)	104
Non-controlling interests	45	336	45	336
	(3,431)	440	(3,431)	440
Basic and diluted earning/(loss) per ordinary share (sen) (Note B13)	(2.76)	0.08	(2.76)	0.08

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2020

	AS AT 30-Sep-20 RM'000 (Unaudited)	AS AT 30-Jun-20 RM'000 (Audited)
ASSETS		
Non-current assets		
Property, plant and equipment	37,209	37,948 <small>Note</small>
Right of use assets	33,733	34,763 <small>Note</small>
Development expenditure	6,675	5,934
Trade and other receivables	6,931	7,553
Total non-current assets	<u>84,548</u>	<u>86,198</u>
Current assets		
Inventories	2,174	2,174
Trade and on-trade receivables	39,013	8,317
Tax recoverable	36	36
Cash and bank balances	1,099	346
Total current assets	<u>42,322</u>	<u>10,873</u>
TOTAL ASSETS	<u>126,869</u>	<u>97,071</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	69,145	69,145
Reserves	(51,435)	(47,959)
Shareholders' funds	17,710	21,186
Non-controlling interests	1,649	1,603
TOTAL EQUITY	<u>19,359</u>	<u>22,789</u>
Non-current liabilities		
Trade and other payables	2,000	2,000
Lease liability	8,847	9,475
Deferred tax liabilities	5,472	5,472
Total non-current liabilities	<u>16,319</u>	<u>16,947</u>
Current liabilities		
Trade and other payables	66,589	33,655
Borrowings	21,058	20,100
Lease liabilities	2,440	2,393
Tax payables	1,104	1,187
Total current liabilities	<u>91,191</u>	<u>57,335</u>
TOTAL LIABILITIES	<u>107,510</u>	<u>74,282</u>
TOTAL EQUITY AND LIABILITIES	<u>126,869</u>	<u>97,071</u>
Net assets per ordinary share (RM)	<u>0.15</u>	<u>0.18</u>

Note : Amount restated due to reclassification of RM6,382 thousand of Property, Plants and equipment to Right of use assets

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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

	← Attributable to owners of the Company →					
	Share Capital RM'000	Non-Distributable Reserve - Revaluation Reserves RM'000	Distributable Reserve - Accumulated Losses RM'000	Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
As at 1 July 2019	69,145	12,929	(47,498)	34,576	2,869	37,445
Revaluation surplus on land and buildings net of tax	-	5,351	-	5,351	-	5,351
Realisation of revaluation reserve arising from revaluation reserve	-	(320)	320	-	-	-
Total comprehensive (loss)/income for the financial year	-	-	(18,741)	(18,741)	(1,266)	(20,007)
As at 30 June 2020	<u>69,145</u>	<u>17,960</u>	<u>(65,919)</u>	<u>21,186</u>	<u>1,603</u>	<u>22,789</u>
As at 1 July 2020	69,145	17,960	(65,919)	21,186	1,603	22,789
Total comprehensive (loss)/income for the financial period	-	-	(3,476)	(3,476)	46	(3,430)
As at 30 September 2020	<u>69,145</u>	<u>17,960</u>	<u>(69,395)</u>	<u>17,710</u>	<u>1,649</u>	<u>19,359</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 2020 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 SEPTEMBER 2020

	Year To Date 30-Sep-20 RM'000 (Unaudited)	Year To Date 30-Jun-20 RM'000 (Audited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(3,431)	(19,336)
Adjustments for:-		
Unwinding of discount	-	101
Depreciation of property, plant and equipment	753	2,537
Amortisation of right-of-use assets	749	2,035
Loss on remeasurement of trade and non-trade receivables	-	1,621
Loss on disposal of property, plant & equipment	237	-
Impairment loss on property, plant and equipments	-	8,842
Allowance for expected credit loss - trade receivables	-	1,037
Reversal of remeasurement of trade and non-trade receivables	-	(215)
Interest expenses	351	2,396
Finance lease cost	229	665
Amortisation of government grants	(765)	(4,733)
Reversal of impairment loss on trade receivables	-	(44)
Write off of inventories	-	3,756
Operating profit before working capital changes	<u>(1,877)</u>	<u>(1,338)</u>
Changes in working capital:-		
Decrease in Inventories	-	251
Decrease/(Increase) in receivables	(27,170)	380
Increase/(Decrease) in payables	<u>31,815</u>	<u>6,040</u>
Cash generated from operations	<u>2,768</u>	<u>5,333</u>
Tax paid	-	(38)
Tax refunded	-	-
Interest paid	-	(1,781)
Net Operating Cash Flows	<u>2,768</u>	<u>3,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	-	(5,736)
Proceeds from disposal of property, plant and equipment	32	35
Purchase of property, plant and equipment	-	(44)
Deposits to contractors for contract works	<u>(2,987)</u>	<u>-</u>
Net Investing Cash Flows	<u>(2,955)</u>	<u>(5,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(251)
Interest paid for lease liability	-	(664)
Advance from directors	-	806
Advances from related parties	-	37
Increase in trust receipts	-	127
Government grants	765	2,233
Repayment of hire purchase	-	(416)
Repayment of lease liability	-	(1,495)
Repayment of term loans	-	(9)
Net Financing Cash Flows	<u>765</u>	<u>368</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	<u>578</u>	<u>(1,863)</u>
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(11,642)</u>	<u>(9,779)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>(11,064)</u>	<u>(11,642)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:-		
Cash and bank balances	1,099	346
Bank overdrafts	<u>(12,163)</u>	<u>(11,988)</u>
	<u>(11,064)</u>	<u>(11,642)</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.

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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 2020. 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 2020.

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 2020.

On 1 July 2020, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2020;

<u>Descriptions</u>	<u>Effective for annual periods beginning on or after</u>
- Amendments to References to the Conceptual Framework in MFRS Standards	
- 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 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

Adoption of above amended MFRS did not have any material impact to the financial performances or positions of the Group.

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A1. Basis of Preparation (cont.)

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

<u>Descriptions</u>	<u>Effective for annual periods beginning on or after</u>
- Amendments to References to the Conceptual Framework in MFRS Standards	
- 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
- MFRS 17, Insurance Contracts	1 January 2021
- Annual improvements to MFRSs 2018 - 2020 cycle	
- 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

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 RM48,869 thousand at the end of the financial period ended 30 September 2020
- (ii) As disclosed in Note 23 and Note 33 to the audited financial statement for the financial year ended 30 June 2020, the Group and the Company had defaulted the principal and interest payments amounting to approximately RM20.1 million on its borrowing from AmBank Islamic Bank Berhad ("AmIslamic"), AmBank Berhad ("AmBank") and Hong Leong Bank Berhad ("HLBB") due to its financial constraints and summary of judgement had been awarded on 23 January 2020, 5 June 2020 and 25 February 2020

The winding up notice were served to the Group by AmIslamic on 13 July 2020 and AmBank on 2 July 2020.

On 2 March 2020, the Courts had granted the banks with the Order for Sale by public auction on the charged properties secured against the borrowing facilities of the Group. The auction of the said Property was fixed by the court on 24 September 2020.

- (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 Group on 8 September 2020, announced its intention to undertake the following:-
 - (i) Proposed private placement of 158,000,000 new ordinary shares in the Company ("Placement Share(s)") at an issue price of RM0.55 per Placement Share to be satisfied entirely via cash ("Proposed Private Placement"); and
 - (ii) Proposed diversification of the existing principal activities of the Company and its subsidiaries to include manufacturing, sales and marketing of gloves and other related activities ("Proposed Diversification").

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A1. Basis of Preparation (cont.)

Included in the announcement, the Company also announced that it had entered into a Subscription Agreement with ADA Capital Investments Limited ("ADA Capital") on 8 September 2020 ("the Subscription Agreement") pursuant to which ADA Capital, on 11 September 2020, had deposited approximately RM30 million into stakeholder's account to be utilised for the Company's immediate requirements includes repayment of outstanding borrowings, repayment of outstanding creditors and for its working capital requirements.

The Company's application for the above Proposed Private Placement and Diversification was approved by Bursa Securities on 2 November 2020 and by the Company's shareholders on 27 November 2020.

The Company and its subsidiaries, on 7 October 2020 paid Hong Leong Bank and subsequently on 17 November 2020, paid AmBank (M) Berhad and AmBank Islamic Berhad the agreed sums in full and final settlement of the outstanding amounts due to them and these banks have agreed to the withdrawal and/or discontinuance of all legal action and/or suits and the setting aside of all judgements in connection with the aforesaid facilities with no liberty to file afresh.

- (ii) Efforts were also undertaken by the relevant parties towards addressing the funding requirement to fund Putrajaya City Bus operations;
- (iii) The ability of the Group to achieve sustainability and viable operations with the additional funds to be received from the Proposed Private Placement and adequate cash flows generate from its operating activities ; and
- (iv) 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 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 2020.

A3. Seasonal or Cyclical Factors

The Group's operations were not materially affected by any major seasonal or cyclical factors, but was materially affected by the Movement Control Order (MCO) imposed by the Government resulted from the COVID-19 outbreak beginning from 18 March 2020 to 3 May 2020 and Conditional Movement Control Order ("CMCO") from 4 May 2020 to 6 June 2020 and subsequently Recovery Movement Control Order ("RMCO") effective for the period from 10 June 2020 to 31 December 2020.

Currently, the federal government has reimposed CMCO in number of states in Malaysia that has affected the business performance and position of the Group mainly due to travel and movement restriction and other precautionary measures imposed by relevant local authorities that resulted in delays in resumption of its bus operation.

Meanwhile, due to the inherent nature and unpredictability of future developments because of the virus and market sentiment, the extent of the impact on the Group depends on ongoing precautionary measures introduced by the Government to address this pandemic and the duration of the pandemic. Management has considered the possible financial impact of the Covid 19 to the financial statements to the best of their knowledge. The directors will continue to monitor the situation and respond proactively to mitigate the impact on the Group's financial performance and financial position.

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NOTES TO THE INTERIM FINANCIAL REPORT

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 whereby the company's operation for express bus service has been temporarily suspended until to-date and city bus operation has also been reduced significantly.

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 three (3) months ended 30 September 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
Revenue						
External customers	-	902	-	-	-	902
Inter-segment revenue	-	-	-	-	-	-
Total revenue	-	902	-	-	-	902
Results						
Segment results	(444)	886	(1,083)	(104)	(612)	(1,357)
Depreciation and amortisation	(420)	(668)	(168)	-	(237)	(1,494)
Finance costs	(132)	(229)	(113)	(106)	-	(580)
Impairment & written down	-	-	-	-	-	-
Tax expense	-	-	-	-	-	-
Consolidated profit after taxation						(3,431)

(b) For the three (3) months ended 30 September 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
Revenue						
External customers	-	2,795	2,069	252	-	5,116
Inter-segment revenue	60	-	-	-	(60)	-
Total revenue	60	2,795	2,069	252	(60)	5,116
Results						
Segment results	(31)	1,694	456	(119)	-	2,000
Depreciation and amortisation	(285)	(10)	(551)	(49)	(375)	(1,271)
Finance costs	(76)	-	(102)	(69)	-	(247)
Tax expense	-	-	-	-	(43)	(43)
Consolidated Loss after taxation						440

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

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A9. Revaluation of Property, Plant and Equipment

There were no revaluation of property, plant and equipment during the current financial quarter.

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 issued for its bank facilities and material litigations brought against the Company and its subsidiaries.

A13. Capital Commitments

	<u>RM '000</u>
Capital expenditure approved and contracted for as at the end reporting date :	64,027

A14. Significant Related Party Transactions

For the THREE months period ended 30 September 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 Sep 20	Quarter ended 30 Sep 19
		RM'000	RM'000
1) AMP	Purchase of bus spare parts	30	26
2) ACSB	Rental of premises	270	90
3) ASF	Security services	277	392
4) AHESB	Repair and maintenance	73	516
5) SCLSB	Charter bus	810	299
6) SWCSB	Charter bus	-	5
		<u>1,460</u>	<u>1,328</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-Sep-20 RM'000	Cumulative quarter ended 30-Sep-19 RM'000
Revenue from:-		
Investment holding	-	60
Express bus services	-	2,069
City bus services	902	2,795
Contract works related to assembly and maintenance of coaches	-	252
	<u>902</u>	<u>5,176</u>
Inter segment elimination	-	(60)
	<u>902</u>	<u>5,116</u>
Profit/(Loss) before taxation	<u>(3,431)</u>	<u>483</u>

The Group recorded revenue of RM0.902 million for the three months period ended 30 September 2020, decreased by 82% compared to the same period last year of RM5.116 million. The decrease mainly 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 RM3.431 million in the current period under review compared to a Profit Before Tax of RM0.483 million last year. The Group's unfavorable performance during the current quarter mainly due to significant reduction in revenue resulted from the suspension of its bus express operation.

B2. Comparison with the Preceding Quarter's Results

The Group recorded revenue of RM0.902 million in the current quarter which is 79% lower compared to RM4.301 million in the preceding quarter mainly due to no revenue from its bus operation resulted from the suspension of operation and also no revenue contributed from contract works for the development of EV bus which a sum of RM3.416 million included in the preceding quarter.

The Group however recorded lower Loss Before Taxation (LBT) of RM3.431 million, as compared with RM15.239 million recorded in the preceding quarter. Included in the preceding quarter results were provision for impairments of properties, plants and equipment, written down inventories and receivables totalling RM13.639 million.

B3. Prospects

The Group is cognisant of the various challenges it faces, particularly relating to legal suits, amounts due to its creditors and the effect of the Movement Control Order (MCO) imposed by the Government on the Group's existing operations.

With the emergence of the new controlling shareholder and pending completion of the Proposed Private Placement and Proposed Diversification (approved by the Company's shareholders on 27 November, 2020), the Group is however cautiously optimistic that the Group will be placed on a stronger operational and financial footing.

The Group's proposed diversification into glove business will expand its income stream, thereby reducing its reliance on the existing bus operations. The proposed diversification also enables the Group to capitalise on the favorable long-term prospects of the glove industry.

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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.

B5. Taxation

	Cumulative quarter ended 30-Sep-20 RM'000	Cumulative quarter ended 30-Sep-19 RM'000
Income tax	-	43
Deferred tax	-	-
	<u>-</u>	<u>43</u>

B6. Disposal of Unquoted Investments and/or Properties

There were no material 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 proposal announced by the Group.

The Group on 8 September 2020, announced its intention to undertake the following:-

- (i) Proposed private placement of 158,000,000 new ordinary shares in the Company at an issue price of RM0.55 per Placement Share to be satisfied entirely via cash; and
- (ii) Proposed diversification of the existing principal activities of the Company and its subsidiaries to include manufacturing, sales and marketing of gloves and other related activities.

Included in the announcement, the Company also announced that it had entered into a Subscription Agreement with ADA Capital Investments Limited ("ADA Capital") on 8 September 2020 ("the Subscription Agreement") whereby in pursuant the Agreement, ADA Capital, on 11 September 2020, had deposited approximately RM30 million into the Company's account with the stakeholder. The funds are to be utilised for the Company's immediate requirements includes repayment of outstanding borrowings, repayment of outstanding creditors and for its working capital requirements.

The Company's application for the above Proposed Private Placement and Diversification has been approved by Bursa Securities on 2 November 2020 and shareholders' approval was obtained on 27 November 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-Sep-20 RM'000	As at 30-Sep-19 RM'000
Short term:-		
Hire purchase payables	0	436
Term loans & Trust Receipt	8,895	7,554
Bank overdraft	12,163	10,444
	<u>21,058</u>	<u>18,434</u>
Long term:-		
Hire purchase payables	-	-
Term loans	-	-
	<u>-</u>	<u>-</u>

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

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

As at 17 November 2020, the above outstanding borrowings have been fully and finally settled.

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) Badanbas Sdn Bhd ("Badanbas") vs Pengangkutan Awam Putrajaya Travel & Tours Sdn Bhd ("PAPTT")

On 30 November 2018, pursuant to a Writ of Summons and Statement of Claim served on behalf of Badanbas, a Summary Judgment was entered against PAPTT, our 80%-owned subsidiary, for a sum of RM4,298,488 together with interest at the rate of 5% per annum from 26 July 2018 until full settlement for bus maintenance services rendered. Subsequently, PAPTT obtained a Stay of Execution of the judgment and at a hearing held on 23 October 2019 at the Court of Appeal, PAPTT was granted leave to defend and appeal the judgement on the condition that a sum of RM529,000 is deposited with the Court by 23 November 2019. Badanbas and PAPTT on 7 September 2020, had entered into Consent Judgment whereby PAPTT agreed to pay Badanbas a sum of RM3,769,488 on or before 31 December 2020. In the event that PAPTT fails to pay the said sum of RM3,769,488 or any portion thereof on or before 31 December 2020, the amount due and unpaid shall become immediately payable together with interest thereon at the rate of 5% per annum, calculated from 17 May 2018.

b) i. AmBank Islamic Bhd ("AmBank Islamic") vs Konsortium Bas Ekspres Semenanjung (M) Sdn Bhd ("KBESM") as Borrower, Gets Global Bhd ("GETS") as Guarantor, Santero Sdn Bhd ("Santero") as Indemnitor and Onetexx Sdn Bhd (formerly known as Super Trans Composite Products Sdn Bhd) ("Onetexx") as Chargor in respect of a Multi Trade Finance and Cashline facilities

On 31 May 2019, KBESM was served with a Writ of Summons and Statement of Claim for the sum of RM9,870,257 together with late payment charges, interest as at 17 May 2019 and all other applicable continuing costs, charges and expenses due to AmBank Islamic in relation to amounts owing by KBESM under Islamic Multi Trade Finance and Cashline facilities (the "AmBank Islamic Claim 1").

Kuala Lumpur High Court on 23 January 2020 granted AmBank Islamic's application for a Summary Judgment for RM5,105,315.09 and RM4,764,942.40 with costs of RM5,000 for each Defendants together with interests until full

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- b) i. **AmBank Islamic Bhd ("AmBank Islamic") vs Konsortium Bas Ekspres Semenanjung (M) Sdn Bhd ("KBESM") as Borrower, Gets Global Bhd ("GETS") as Guarantor, Santero Sdn Bhd ("Santero") as Indemnitor and Onetexx Sdn Bhd (formerly known as Super Trans Composite Products Sdn Bhd) ("Onetexx") as Chargor in respect of a Multi Trade Finance and Cashline facilities (continue)**

KBESM, GETS and Santero (the "Defendants") had filed an appeal to the Court of Appeal on 18 February 2020 and subsequently applied for a Stay of Execution on 28 February 2020. The Court on 10 July 2020 dismissed the application for Stay of Execution of judgement with costs of RM10,000.

AmBank Islamic, had also issued a winding up notice dated 13 July 2020 against GETS, pursuant to Section 465(1)(e) to be read with Section 466 (1)(a) of the Companies Act 2016, demanding for payment to be made within 6 months, latest by 13 January 2021.

The hearing for the appeal by the Defendants against the Summary Judgment in the Court of Appeal is fixed on 15 March

- ii. **AmBank Islamic Bhd ("AmBank Islamic") vs Onetexx Sdn Bhd (formerly known as Super Trans Composite Products Sdn Bhd) ("Onetexx") as Chargor in respect of a Multi Trade Finance and Cashline facilities**

In relation to AmBank Islamic's action against Onetexx as Chargor for AmBank Islamic Claim 1, Kuala Lumpur High Court on 28 February 2020 granted AmBank Islamic's application for recovery of claim for RM5,105,315.09 and RM4,764,942.49 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 Onetexx. The Court on the hearing date for AmBank Islamic's application for direction of auction on 8 July 2020, granted the order for direction of auction for the properties and fixed the date for an auction to be held on 24 September 2020. On 10 September 2020, AmBank Islamic, via its solicitors, had issued a notice of discontinuance of the proceeding with liberty to file afresh and without order to costs, pending settlement to be agreed. AmBank Islamic subsequently, on 16 October 2020, has refiled the above suit to get a further direction from the Court to fix a new auction date for the Properties.

KBESM, on 17 November 2020, has paid AmBank Islamic a sum of RM9,650,000 being the amount agreed as full and final settlement of all amounts owed by KBESM to AmBank Islamic (outstanding balance as at 31 October 2020 being RM10,752,711.32) in respect of the Multi Trade Facility-i and Cashline-i Facilities upon terms and conditions agreed by and between AmBank Islamic and KBESM in writing on 16 November 2020.

AmBank Islamic has also agreed to the withdrawal and/or discontinuance of all legal action and/or suits and the setting aside of all judgements in connection with the aforesaid facilities with no orders as to costs and no liberty to file afresh.

- c) **AmBank (M) Bhd ("AmBank") vs GETS as Borrower, and KBESM as Chargor in respect of overdraft facility**

On 19 July 2019 GETS was served with a recall of its overdraft facility with AmBank, triggered by a cross-default provision under its facility agreement and subsequently was served with a Writ of Summons and Statement of Claim for the sum of RM3,033,357 ("Sum") together with interest thereon to accrue on a daily rest basis at the rate of 3% per annum above the bank's Base Lending Rate till date of full settlement, late payment charges and all other applicable continuing costs, charges and expenses due to AmBank in relation to amounts owing by GETS under the overdraft facility. The Court on 5 June 2020 had allowed the Summary Judgment application filed by AmBank for the Sum, together with interests and costs of RM5,000. GETS subsequently filed an appeal to the Court of Appeal and also an application for a Stay of Execution on 23 June 2020. The hearing for the Stay of Execution application is fixed on 28 September 2020 while the hearing for the appeal is fixed on 13 April 2021.

AmBank, had issued a winding up notice dated 2 July 2020 against GETS, pursuant to Section 465(1)(e) to be read with Section 466 (1)(a) of the Companies Act 2016, demanding for payment to be made within 6 months, latest by 8 January 2021.

In respect of the suit brought by AmBank against KBESM for the recovery of the sum of RM 3,033,357.56 relating to the charge and foreclosure proceeding against property No HS(D) 135115, PTB 13338, Bandar Johor Bharu, Daerah Johor Bahru, Negeri Johor, the Court on 2 January 2020 had granted the application by AmBank for the foreclosure proceeding. The hearing for direction to fix a new auction date which was initially fixed on 29 September 2020, is adjourned to 12 November 2020 to determine a new date for Auction, pending settlement between the parties. This is the final extension of time granted by the Court.

Gets, on 17 November 2020, has paid AmBank a sum of RM3,277,000 being the amount agreed as full and final settlement of all amounts owed by Gets to AmBank (outstanding balance as at 31 October 2020 being RM3,547,089.38) in respect of the overdraft facility upon terms and conditions agreed by and between AmBank and the company in writing on 16 November 2020.

AmBank has further agreed to the withdrawal and/or discontinuance of all legal action and/or suits and the setting aside of all judgements in connection with the aforesaid facilities with no orders as to costs and no liberty to file afresh.

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d) **Hong Leong Bank Berhad's ("HLBB") vs Super Coach Assembly Plant Sdn Bhd (SCAP") as Borrower, GETS as Guarantor, and KBESM as Chargor in respect of an overdraft and bank guarantee facilities**

On 8 July 2019, SCAP, the Company's wholly-owned subsidiary, was served with the notice of recall of facilities. Subsequently it received notification that a judgement-in-default ("JID") had been obtained by HLBB on 17 September 2019 in relation to Writ of Summons and Statement of Claims issued on 9 August 2019 for a sum of RM2,999,419.26 (as of 8 July 2019) together with interest thereon to accrue on a daily rest basis at the rate of 3% per annum above HLBB's Base Lending Rate from 9 July 2019 till date of full settlement, late payment charges and all applicable continuing cost, charges and expenses due to plaintiff in relation to amounts owing by SCAP under the overdraft facility, plus contingent amount owing under the bank guarantee facility for the sum of RM799,000.00 with interest of 3.5% per annum from the date of payment to the beneficiaries until full settlement with costs of RM1,500.00 should any pay-out be made under the guarantee. On the understanding that the bank will not execute the JID pending finalisation of a settlement agreement with our Group, SCAP did not contest the JID.

SCAP on 7 October 2020 has paid HLBB the agreed sum for full and final settlement of the outstanding borrowing with HLBB. HLBB has subsequently filed a Notice of Discontinuance of Proceeding on 19 October 2020 without liberty to file afresh and no order as to costs.

e) **HLBB suits vs KBESM as Borrower and GETS as Guarantor in respect of term loan facility**

On 7 July 2019, KBESM was served with a Writ of Summons and Statement of Claim for the sum of RM2,840,105.57 together with interest thereon to accrue on a daily rest basis at the rate of 3% per annum above HLB's Base Lending Rate till date of full settlement, late payment charges and all other applicable continuing costs, charges and expenses due to HLBB in relation to amounts owing by KBESM under a Term Loan facility. The Court on 25 February 2020 awarded a Summary Judgment for the sum of RM2,840,105.57, interests and costs of RM5,000.00 in favour of HLBB. KBESM subsequently on 20 March 2020 filed an appeal to the Court of Appeal and an application for a Stay of Execution. KBESM's application for Stay of Execution was however dismissed on 17 August 2020. The hearing for the appeal in Court of Appeal is fixed on 31 March 2021.

In respect of the suit brought by HLBB against KBESM for the recovery of the sum of RM2,840,150, the Court on 11 June 2020 had granted an Order for Sale for the properties held under Pajakan Negeri 196598, 196599, 196600, 196601, 196602, 196603 and 196604, Lot No. 20810, 20811, 20812, 20813, 20814, 20815 and 20816, Mukim Asam Kumbang, Daerah Larut & Matang, Negeri Perak.

KBESM on 7 October 2020 has paid HLBB the agreed sum for full and final settlement of the outstanding borrowing with HLBB. HLBB has subsequently filed a Notice of Discontinuance of Proceeding on 19 October 2020 without liberty to file afresh and no order as to costs.

f) **Sinar Jernih Sdn Bhd ("Sinar Jernih") vs Pengangkutan Awam Putrajaya Travel & Tours Sdn Bhd ("PAPTT")**

On 22 March 2019, the Company's 80% subsidiary, PAPTT was served with a Writ of Summons and Statement of Claims for an amount of RM1,252,368.08 by Sinar Jernih for the supply of cleaning services to premises owned by Perbadanan Putrajaya ("PPJ") 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. Subsequently, PAPTT had received a notification that a judgment-in-default of Defence ("JID") had been obtained by Sinar Jernih on 29 April 2019 with costs of RM2,044.00 and the sum of RM1,252,368.08 (as of 30 April 2018) with interest of 5% per annum from the date of judgment until full settlement. At the hearing on 20 August 2019, PAPTT's application to set aside the JID was not successful. A new firm of solicitors has been appointed to appeal against the decision of the High Court. However, PAPTT's appeal was disallowed on the basis that time to appeal had lapsed.

Presently, PAPTT has yet to settle the outstanding amount owed to Sinar Jernih and is in the midst of negotiating a settlement.

g) **Khinas Resources Sdn Bhd ("KRSB") vs PAPTT**

On 19 February 2019, PAPTT was served with a Writ of Summons and Statement of Claims for an amount of RM890,905.29 ("Sum") by KRSB. 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 PPJ over the period 1 May 2015 to 1 May 2017. On 23 September 2019, the Sessions Court awarded a Summary Judgement in favour of KRSB for the Sum, together with interest of 5% per annum on the Sum and with costs of RM1,500.00. PAPTT, via the newly appointed solicitors, had filed appeal against the decision but the appeal was disallowed on the basis that time to appeal had lapsed. PAPTT, on 15 September 2020 received a demand from KRSB for settlement of a total sum of RM893,905.29 (RM893,905.29 being the Sum and costs of RM3,000) and interest at 5% per annum of the claim amount to be paid within 48 hours from the date of the receipt of the letter. PAPTT has yet to settle the amount.

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h) Raisevest Sdn Bhd ("Raisevest") vs PAPTT

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. 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 and Automatic Parking System. The original total contract value was RM25,139,102. On 12 July 2019, pursuant to a hearing held on 27 May 2019 at the Kuala Lumpur Sessions Court, judgement was delivered in favour of Raisevest 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 its newly appointed solicitors, filed the application to file the Record of Appeal in High Court, but the same was subsequently dismissed by High Court with costs of RM3,000, as it was filed out of time. PAPTT has subsequently appealed the decision of the High Court to Court of Appeal. The hearing of the appeal in Court of Appeal is fixed on 11 February 2021.

Raisevest had obtained a Garnishee Order dated 23 September 2019 wherein Raisevest had received the sum of RM138,845.33 from PAPTT. PAPTT was served with a sealed copy of a winding-up petition pursuant to the Sessions Court Order dated 12 July 2019 claiming for the remaining balance amount of RM415,476.12, inclusive of interests and costs previously awarded by the Sessions Court. PAPTT has instructed its solicitors to oppose the winding-up petition and also to file for stay of proceeding of the Sessions Court Order dated 12 July 2019, pending the disposal of PAPTT's appeal to Court of Appeal against the decision of High Court for dismissing its initial appeal. The hearing for the stay of proceeding and the winding up petition which was initially fixed on 6 October 2020 was adjourned upon PAPTT's request pending settlement between the parties. The next case management is fixed on 2 December 2020 to update the Court on the status of the settlement.

Raisevest has agreed for RM400,000 as full and final settlement. PAPTT has deposited RM400,000 into its Solicitors account. The payment will be released to Raisevest upon withdrawal of Winding-up petition.

i) Zam O' Lima Sdn Bhd ("Zam") vs PAPTT

On 18 March 2019, PAPTT was served with a Writ of Summons and Statement of Claims by Zam for the 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 Zam at the Bandar Baru Bangi Sessions Court on 16 April 2019 for the sum of RM426,525.80 with costs of RM1,276.00. Subsequently, an application to set aside the JID was rejected by the court on 19 August 2019, with costs of RM500. PAPTT, via its newly appointed solicitors, filed an appeal against the decision but the appeal was disallowed on the basis that time to appeal had lapsed. PAPTT on 29 June 2020, was issued with a winding up notice pursuant to Section 465(1)(e) to be read with Section 466 (1)(a) of the Companies Act 2016, by Zam for an alleged outstanding amount of RM427,706.41.

PAPTT, via its solicitors, has immediately, on even date, replied and disputed the said notice. PAPTT'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. At present, the petition for winding up has yet to be issued against PAPTT.

j) Moza Securities Sdn Bhd ("Moza") vs PAPTT

On 11 January 2019, PAPTT was served with a Writ of Summons and Statement of Claim by Moza for an amount of RM380,811.56. The amount was claimed in respect of services said to have been rendered pursuant to two contracts for the supply of security services to premises owned by PPJ located at Depoh Nadi Putra, Jalan P9, Presint 9, Putrajaya. The period for the first contract was from 1 September 2014 to 31 August 2016 and the period for the second contract was from 1 September 2016 to 31 August 2017. On 17 September 2019, Moza's action was struck off by the Shah Alam Sessions Court with leave to file afresh.

On 1 October 2019, PAPTT had been served with a Writ of Summons dated 25 September 2019 and Statement of Claims filed by Moza for an amount of RM380,811.56. The Court had granted Moza's Summary Judgment application for the sum of RM380,811.56, interests and costs of RM3,000.00 and PAPTT is presently in the midst of appealing against the decision to the High Court. The Record of Appeal was filed by PAPTT on 4 September 2020. Based on the case management 13 October 2020, the hearing for the appeal is fixed on 1 December 2020.

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k) **Arcadis Consultancy Sdn Bhd ("Arcadis") vs KBESM**

On 4 July 2019, KBESM was served with a writ of summon and Statement of Claim by Arcadis for an amount of RM303,249 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. KBESM filed a counterclaim, claiming for, amongst others, a refund of RM53,000 and losses from being unable to take full advantage of the Health Check Review Contract and Business Review Contract. The Court, on 10 June 2020, had partially granted Arcadis' claim against KBESM in the sum of RM222,689.39 with costs of RM10,000 and dismissed KBESM's counterclaim. KBESM subsequently filed the Notice of Appeal on 23 June 2020. The date of hearing for leave to file the Record of Appeal out of time has been fixed on 3 November 2020. Arcadis on 13 October 2020 served a Notice Garnishee Order. The court, upon hearing on 18 November 2020 granted the garnishee order to be entered against KBESM.

l) **Transit Solution Sales & Services Sdn Bhd ("TSSSB") vs PAPTT**

PAPTT, on 5 February 2020, received a Writ of Summons and Statement of Claim for an outstanding amount of RM328,880.66 as at 7 November 2019, at the interest rate of 5% per annum & costs. TSSSB's Summary Judgment application was however dismissed by the Sessions Court on 7 August 2020 with costs in cause. TSSSB then filed a Notice of Appeal to appeal against the decision of the Sessions Court. The Sessions Court has vacated the trial dates which were previously fixed on 21 and 23 December 2020 pending disposal of the appeal in the High Court and the Sessions Court has now fixed the trial on 24 and 26 March 2021. The next case management is fixed on 11 January 2021 to update the Sessions Court on the status/decision of the appeal.

m) **Hino Motor Sales (M) Sdn Bhd ("HSMSB") vs Super Coach Assembly Plant Sdn Bhd ("SCAP")**

On 14 July 2020, SCAP had received a Writ of Summons and Statement of Claim from HSMSB claiming for RM1,251,307.36 (as of 29 May 2020), as well as interests of 11% per annum on RM1,102,800 (from 30 May 2020 until date of judgment), 5% interest per annum on RM1,102,800 (from the day after the date of judgment until full settlement), together with costs ("Claim"). The Claim is in respect of the purchase of 4 units HINO chassis from HSMSB between June and October 2018. SCAP, on 20 November 2020, has recorded a consent judgement to pay HSMSB a sum of RM1,251,307.36 and cost RM15,000 latest by 30 June 2021.

n) **Sinotek Autoparts Sdn Bhd ("SASB") vs Super Coach Assembly Plant Sdn Bhd ("SCAP")**

SCAP, on 12 November 2020, received a Writ of Summon and Statement of Claim from SASB claiming for a sum of RM229,303.10 in respect of the alleged outstanding payments for the supply of bus spare parts by SASB to SCAP. The case management is fixed on 1 December 2020. The Company has appointed its Solicitors to defend SCAP for the suit.

o) **Sinotek Autoparts Sdn Bhd ("SASB") vs PAPTT**

PAPTT, on 12 November 2020, received a Writ of Summon and Statement of Claim from SASB claiming for a sum of RM156,267.50 in respect of the alleged outstanding payments for the supply of bus spare parts by SASB to PAPTT. The case management is fixed on 1 December 2020. The Company has appointed its Solicitors to defend PAPPT for the suit.

B12. Dividends

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

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B13. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

	Current quarter ended 30-Sep-20	Corresponding quarter ended 30-Sep-19	Current year to-date ended 30-Sep-20	Corresponding year to-date ended 30-Sep-19
Net profit/(loss) attributable to shareholders (RM '000)	(3,476)	104	(3,476)	104
Weighted average number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Basic earnings/(loss) per ordinary share (sen)	<u>(2.76)</u>	<u>0.08</u>	<u>(2.76)</u>	<u>0.08</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

	Current quarter ended 30-Sep-20	Corresponding quarter ended 30-Sep-19	Current year to-date ended 30-Sep-20	Corresponding year to-date ended 30-Sep-19
Net profit/(loss) attributable to shareholders (RM '000)	(3,476)	104	(3,476)	104
Weighted number of ordinary shares in issue ('000)	126,000	126,000	126,000	126,000
Effect of dilution for the issuance of new shares	90,904	-	90,904	-
Adjusted weighted average number of ordinary shares for the purpose of diluted EPS	<u>216,904</u>	<u>126,000</u>	<u>216,904</u>	<u>126,000</u>
Diluted earnings/(loss) per ordinary share (sen)	<u>(2.76)</u>	<u>0.08</u>	<u>(2.76)</u>	<u>0.08</u>

The diluted 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 including the effects of all dilutive potential ordinary shares. The diluted loss per share is however similar to basic EPS due to antidilution effect.

B14. Material Uncertainty Related to Going Concern

The Board of Directors of Gets Global Berhad ("the Company") on 6 Nov 2020 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 2020:

Unqualified Opinion

We have audited the financial statements of GETS GLOBAL BERHAD, which comprise the statements of financial position as at 30 June 2020 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 18 to 133.

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 2020, 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.

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

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' International Code of Ethics for Professional Accountants (including International Independence Standards) ("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.

- a) As disclosed in Note 1(d)(i) to the financial statement, the Group and the Company incurred net losses of RM20,006,415 and RM65,419,013 respectively during the financial year ended 30 June 2020. As of that date, the Group's and the Company's current liabilities exceeded the current assets by RM46,461,312 and RM13,337,292 respectively and the Company also recorded shareholder deficiency of RM13,337,242 and also significant economic disruption associated with the Covid-19 pandemic indicating that a material uncertainty exists that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern.
- b) As disclosed in Note 1(d)(ii), Note 23 and Note 33 to the financial statements, the Group and the Company had defaulted the principal and interest payments amounting to approximately RM20.1 million on its borrowing from AmBank Islamic Bank Berhad ("AmIslamic"), AmBank Berhad ("AmBank") and Hong Leong Bank Berhad ("HLBB") due to its financial constraints and summary of judgement had been awarded on 23 January 2020, 5 June 2020 and 25 February 2020 respectively.

The winding up notice were served to the Group by AmIslamic on 13 July 2020 and AmBank on 2 July 2020.

On 2 March 2020, the Courts had granted the banks with the Order for Sale by public auction on the charged properties secured against the borrowing facilities of the Group. The auction of the said Property was fixed by the court on 24 September 2020.

- c) As disclose in Note 1(d)(iii) the Company and certain subsidiaries have pending material litigations with financial institutions and creditors as detailed in Note 33 to the financial statements and is also in negotiation with the creditors that have issued a notice or petition of winding up for out an amicable settlement.

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 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.

However, the Group on 8 September 2020, announced its intention to undertake the following:-

- (i) Proposed private placement of 158,000,000 new ordinary shares in GETS ("Placement Share(s)") at an issue price of RM0.55 per Placement Share to be satisfied entirely via cash ("Proposed Private Placement"); and
- (ii) Proposed diversification of the existing principal activities of GETS and its subsidiaries to include manufacturing, sales and marketing of gloves and other related activities ("Proposed Diversification").

Pursuant to Subscription Agreement dated 8 September 2020, ADA Capital Limited ("ADA Capital"), has advanced approximately RM30 million on 11 September 2020 to the Company upon the execution of the Subscription Agreement. The advance is deposited with the stakeholder. These funds are for the immediate utilisation of the Company includes repayment of outstanding borrowings, repayment of outstanding creditors and for its working capital requirements.

The Company on 7 October 2020 had fully settled its outstanding borrowing with Hong Leong Bank and in the midst of negotiation with AmBank and AmIslamic for full and final settlement amount.

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

On 10 September 2020, Amlslamic had also filed a Notice of Discontinuance of proceeding against the subsidiary's properties comprising of recovery of claimed sums, interests and costs whereby the Order for Sale was granted by the Court.

Therefore, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is dependent on the successful implementation of the following:

- (i) Restructuring of the defaulted loan with the lenders;
- (ii) The completion of private placement of RM86.9 million;
- (iii) The ability of the Group and the Company to achieve sustainable and viable operations with adequate cash flows generate from their operating activities; and
- (iv) The continuing support from stakeholders.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise. Our opinion is not modified in respect of these matter.

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 certain property, plant and equipment of the Group and right of use assets.

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 ("FVLCTS") and its value-in-use ("VIU"). 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 based on VIU are determined by cash flow projections of the respective CGU. The cash flow projections are based on assumptions using management's estimation and judgement. The FVLCTS's value are determined based on assessment by management's expert.

Our procedures in assessment of FVLCTS provided by management's expert included:

- (a) Assessed the objectivity, independence, reputation, experience and expertise of the management's expert;
- (b) Review the methodology adopted by the management's expert in estimating the fair value of the assets and assessed whether such methodology is consistent with those used in the industry;
- (c) Evaluated the appropriateness of the data used by the management's expert as input into their valuations; and
- (d) Evaluate the appropriateness of their conclusions and the consistency with the other audit evidence obtained.

Our procedures in assessment of VIU included:

- (a) Assessing the management's methodology used in estimating the VIU and the assessment on the impact of Covid-19;
- (b) Critically challenged the key estimates and assumptions used including the revenue and cost estimation, checked the reliability of the management past forecast and also verified the discount rates used against independent sources; and
- (c) Evaluated the disclosures made in the notes to the financial statements, including the judgements and the uncertainties.

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

(ii) Recoverability of amount due from a related party

Included in the Group's trade receivables is an amount of RM12,414,742 due from a related party, Super Coachliner Sdn. Bhd. ("SCL") as at 30 June 2020 of which shall be recovered through lease agreement for a period of five (5) years.

The Directors has structured the repayment of the balance debt through lease of busses to Pengangkutan Awam Putrajaya Travel & Tours Sdn. Bhd. ("PAPTT") amounted to RM270,000 per month commencing in November 2019. Therefore, the recoverability of the amount due from this related party is dependent on the realisation of the following:

- (a) The lease income payable by PAPTT amounted to RM270,000 per month; and
- (b) Successfully opposed and appeal against the winding-up petition from creditors.

This indicate material uncertainty on the recoverable of the debts from SCL, however, the Directors are confident that the debt will be recovered 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 based on the arrangement above and affected by the outcome of the material litigations. Therefore, it involves management's judgement and estimate on appropriate parameters and assumptions to determine recoverability.

Our procedures included:

- (a) Assessing the reliability and accuracy of the amount due from related parties aging report;
- (b) Verifying existence and accuracy of amount due from related parties balance through confirmations from debtors;
- (c) Evaluating the reasonableness of the management estimates and assumptions used to determine the impairment; and
- (d) Reviewing and assessing the recoverability of the debts through subsequent collections and supporting correspondence between the Group and the respective counter-parties to substantiate management's evaluation.

(iii) Net realisable value of inventories

The Group inventory balances as at the financial year ended amounted to RM2,163,883. Inventories constitute mainly raw material, work-in-progress, fuel and spare parts and used coaches for the purposes of trade and are measured at the lower of cost and net realisable value. The inventories written down during the current financial year amounted to RM2,217,079. The cost of inventories is measured based on weighted average cost, and includes expenditure incurred in acquiring the inventories, conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Changes to the assumptions could result in a material change in the carrying amounts of inventories and the associated movements recorded in the Statements of Profit or Loss and Other Comprehensive Income. There is therefore a risk that the estimates of net realisable values exceed future selling prices, resulting in more losses when inventories are sold. The determination of the estimated net realisable value of these inventories is critically dependent upon the Group's expectations of future selling prices.

Our procedures included:

- (a) Performed costing verification to assess whether costing system is appropriate and accurate;
- (b) Assessed the reliability of sales quotation obtained;
- (c) Testing the net realisable value of the inventories by referring to sales quotation obtained; and
- (d) Observed period end physical count of inventories to test the accuracy of the quantities reported in the stock listing.

(iv) Net realisable value of inventories

Investment in subsidiary, Konsortium Bas Ekspres Semenanjung (M) Sdn. Bhd. ("KBESM"), of the Company as at 30 June 2020 amounted to RM60,461,894. In view of the adverse financial performance and financial condition of the subsidiaries, 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").

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

The Directors' assessment of the recoverable amounts of investment in subsidiaries are based on their fair value less costs to sell. The Directors have made impairment of the Investment in subsidiaries amounting to RM60,461,894.

The investments' fair value less costs to sell are based on assumptions using management's estimation and judgement which is inherently uncertain.

Our procedures included:

- (a) Understanding of the business model that the Directors are pursuing, including obtained evidences based on past experiences;
- (b) Made enquiries to evaluate the basis of use of net asset value as approximate its fair value;
- (c) Evaluated the appropriateness of the measurement method used to determine the fair value of underlying assets of the investment; and
- (d) Evaluated the disclosures made in the notes to the financial statements, including the judgements and the uncertainties.

Status

Following are the status of issues highlighted above:

- (i) As announced to Bursa securities on 8 September 2020, the Group is in the process to complete a private placement of 158,000,000 new shares ("Private Placements") and proposed diversification of the existing principal activities to include manufacturing, sales and marketing of gloves and other related activities. The Private Placement exercise is expected to raise RM86.9 million whereby the proceeds among others will be utilised towards repayment of bank borrowings and working capital for the existing bus operations besides the requirement for the glove business.

The above proposals were approved by Bursa Securities on 2 November 2020 and the Company's shareholders on 27 November 2020.

As part of the Private Placement arrangement, the Group has also entered into subscription agreement with ADA Capital Investments Limited that has agreed to provide a refundable deposits of RM30 million. The RM30 million has been deposited into the Company's account with stakeholders and had been utilised by the Company for its critical payment requirement including repayment of bank borrowings.

As of to-date, the Group has paid Hong Leong Bank, Ambank Islamic Berhad and AmBank Berhad the agreed sum, being the full and final settlement of all outstanding amounts owed by the Group to the banks which had subsequently agreed to the withdrawal and/or discontinuance of all legal action and/or suits and the setting aside of all judgements in connection with the banking facilities with no liberty to file afresh. The Group is also in the midst of negotiating with other creditors under legal suit for settlements.

- (ii) In respect of the RM12.4 million due from the related party company resulted from the sale of buses, 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. 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 owed by the related party company to KBESM.
- (iii) The efforts were undertaken by the relevant parties towards addressing the funding requirement to fund the Putrajaya City Bus operations.

B15. 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