

GETS GLOBAL BERHAD

Company No: 200201029469 (597132-A)

(Incorporated in Malaysia)

UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

GETS GLOBAL BERHAD

Company No: 200201029469 (597132-A)

(Incorporated in Malaysia)

AND ITS SUBSIDIARIES UNAUDITED INTERIM FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

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GETS GLOBAL BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Current Quarter Ended 31-Mar-21 RM'000	Corresponding Quarter Ended 31-Mar-20 RM'000	Current Year-To-Date 31-Mar-21 RM'000	Corresponding Year-To-Date 31-Mar-20 RM'000
Revenue	2,145	3,448	3,687	17,857
Cost of sales	(1,667)	(5,658)	(7,849)	(19,624)
Gross profit/(loss)	478	(2,210)	(4,162)	(1,767)
Other income	13,033	159	14,370	6,410
Administrative expenses	(7,483)	(1,846)	(15,269)	(5,258)
Selling and distribution expenses	-	(3)	-	(26)
Profit/(Loss) from operations	6,028	(3,900)	(5,061)	(641)
Finance costs	-	(312)	701	(931)
Profit/(Loss) before taxation	6,028	(4,212)	(4,360)	(1,572)
Taxation	(16)	(75)	1,079	(790)
Profit/(Loss) for the period	6,012	(4,287)	(3,281)	(2,362)
Profit/(Loss) after taxation attributable to:-				
Owners of the Company	6,354	(4,236)	(2,495)	(3,063)
Non-controlling interests	(342)	(51)	(786)	701
	6,012	(4,287)	(3,281)	(2,362)
Total comprehensive Profit/(loss) attributable to:-				
Owners of the Company	6,354	(4,236)	(2,495)	(3,063)
Non-controlling interests	(342)	(51)	(786)	701
	6,012	(4,287)	(3,281)	(2,362)
Basic and diluted earning/(loss) per ordinary share (sen) (Note B13)	2.24	(3.36)	(0.88)	(2.43)

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 31 MARCH 2021

	Unaudited as at 31-Mar-21 RM'000	Audited as at 30-Jun-20 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	24,768	37,948 (Note 1)
Right of use assets	23,884	34,763 (Note 1)
Development expenditure	6,789	5,934
Trade and other receivables	6,931	7,553
WIP - Factory	43,907	-
Total non-current assets	106,279	86,198
Current assets		
Inventories	6,802	2,174
Trade and non-trade receivables	51,650	8,317
Tax recoverable	-	36
Cash and bank balances	5,802	346
Total current assets	64,254	10,873
TOTAL ASSETS	170,533	97,071
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	156,045	69,145
Reserves	(50,453)	(47,959)
Shareholders' funds	105,592	21,186
Non-controlling interests	817	1,603
TOTAL EQUITY	106,409	22,789
Non-current liabilities		
Trade and other payables	-	2,000
Lease liability	-	9,475
Deferred tax liabilities	5,472	5,472
Total non-current liabilities	5,472	16,947
Current liabilities		
Trade and other payables	58,652	33,655
Borrowings	-	20,100
Lease liabilities	-	2,393
Tax payables	-	1,187
Total current liabilities	58,652	57,335
TOTAL LIABILITIES	64,124	74,282
TOTAL EQUITY AND LIABILITIES	170,533	97,071
Net assets per ordinary share (RM)	0.37	0.18 (Note 2)
Total Shares Issued	284,000	126,000

Note 1: Amount restated due to reclassification of RM638,200 of Property, plant and equipment to Right of use assets.

Note 2: Net assets per share is calculate based on Total Equity divided by Total Shares Issued.

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 CASH FLOWS FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	Unaudited Current Year-To-Date 31-Mar-21 RM'000	Audited Corresponding Year-To-Date 30-Jun-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) before taxation	(4,360)	(19,336)
Adjustments for:-		
Unwinding of discount	-	101
Depreciation of property, plant and equipment	1,890	2,537
Gain on disposal of subsidiary	(9,942)	-
Amortisation of right-of-use assets	2,040	2,035
Loss on remeasurement of trade and non-trade receivables	-	1,621
Loss on disposal of property, plant & equipment	(70)	-
Impairment loss on property, plant and equipments	775	8,842
Written loss on property, plant and equipments	7,132	-
Allowance for expected credit loss - trade receivables	4	1,037
Reversal of remeasurement of trade and non-trade receivables	-	(215)
Interest (income) / expenses	(701)	2,396
Finance lease cost	585	665
Amortisation of government grants	-	(4,733)
Reversal of impairment loss on trade receivables	-	(44)
Write off of inventories	-	3,756
Operating profit before working capital changes	<u>(2,647)</u>	<u>(1,338)</u>
Changes in working capital:-		
Decrease in Inventories	(5,671)	251
Decrease/(Increase) in receivables	(51,853)	380
Increase/(Decrease) in payables	6,222	6,040
Cash generated from operations	<u>(53,949)</u>	<u>5,333</u>
Tax paid	-	(38)
Tax refunded	-	-
Interest paid	-	(1,781)
Net Operating Cash Flows	<u>(53,949)</u>	<u>3,514</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Development expenditure	(855)	(5,736)
Proceeds from disposal of property, plant and equipment	66	35
Purchase of property, plant and equipment	(45,307)	(44)
Deposits to contractors for contract works	-	-
Net Investing Cash Flows	<u>(46,096)</u>	<u>(5,745)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	701	(251)
Interest paid for lease liability	-	(664)
Advance from directors	-	806
Advances from related parties	38,000	37
Increase in trust receipts	-	127
Issuance of ordinary shares	86,900	-
Government grants	-	2,233
Repayment of hire purchase	-	(416)
Repayment of lease liability	-	(1,495)
Repayment of term loans	(8,112)	(9)
Net Financing Cash Flows	<u>117,489</u>	<u>368</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	17,444	(1,863)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	<u>(11,642)</u>	<u>(9,779)</u>
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u>5,802</u>	<u>(11,642)</u>
ANALYSIS OF CASH AND CASH EQUIVALENTS:-		
Cash and bank balances	5,802	346
Bank overdrafts	-	(11,988)
	<u>5,802</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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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2021

	← Attributable to owners of the Company →			Total RM'000	Non-controlling Interests RM'000	Total Equity RM'000
	Share Capital RM'000	Non-Distributable Reserve - Revaluation Reserves RM'000	Distributable Reserve - Accumulated Losses 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	-	5,352	-	5,352	-	5,352
Arising from revaluation reserve	-	(320)	320	-	-	-
Total comprehensive (loss)/income for the financial year	-	-	(18,742)	(18,742)	(1,266)	(20,008)
As at 30 June 2020	<u>69,145</u>	<u>17,961</u>	<u>(65,920)</u>	<u>21,187</u>	<u>1,603</u>	<u>22,790</u>
As at 1 July 2020	69,145	17,961	(65,920)	21,187	1,603	22,790
Total comprehensive (loss)/income for the financial period	-	-	(2,495)	(2,495)	(786)	(3,281)
Revaluation surplus of land and buildings						
Issuance of new ordinary shares	86,900	-	-	86,900	-	86,900
As at 31 March 2021	<u>156,045</u>	<u>17,961</u>	<u>(68,415)</u>	<u>105,592</u>	<u>817</u>	<u>106,409</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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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 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 Equity	1 January 2020
- Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a	1 January 2020
- Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance	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

In the audited financial statement of the Company for the financial year ended 30 June 2020 ("AFS"), the auditor had identified the following events and conditions that 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:-

- (i) As disclosed in Note 1(d)(i) to the AFS, 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.
- (ii) As disclosed in Note 23 and Note 33 to the AFS, 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.
- (iii) 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 AFS and is also in negotiation with the creditors that have issued a notice or petition of winding up for out an amicable settlement.

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:

- (a) 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").

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.

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A1. Basis of Preparation (cont.)

- (i) 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 Proposed Private Placement has been completed on 3 December 2020.

As a result, the Group's current assets exceeded its current liabilities by RM5.602 Million at the end of the financial period ended 31 March 2021.

- (ii) The Company and its subsidiaries, on 7 October 2020 paid Hong Leong Bank Berhad 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 discontinued all legal action and/or suits with no liberty to file afresh.
- (iii) The Companies is in the process of implementing the Proposed Diversification in order to generate adequate cash flows from its operating activities and is on track to commence commercial operations by the end of the second quarter of 2021.
- (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. 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 resulting 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 and extended to 31 March 2021.

Subsequently, on 13 January 2021, the Government imposed MCO 2.0 with effect from 13 January 2021 to 4 February 2021 and which was thereafter extended to 18 February 2021 then to 4 March 2021. On 11 May, Prime Minister Muhyiddin Yassin announced that the nationwide Movement Control Order 3.0 (MCO 3.0) would be reinstated from 12 May to 7 June. On 28 May, Prime Minister announced that a nationwide "total lockdown" will be imposed on all social and economic sectors in Malaysia from 1 June to 14 June 2021. Under this lockdown, only essential economic and social services listed by the National Security Council will be allowed to operation. This 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 resulting in delays in resumption of its express bus operations and reduction of its city bus operations.

Meanwhile, due to the inherent nature and unpredictability of future developments because of the Covid-19 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 including ensuring the implementation of the Proposed Diversification.

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 operations 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.

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A6. Debt and Equity Securities

There was no issuance and repayment of debts securities during the quarter under review.

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 nine (9) months ended 31 March 2021;

	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	-	1,412	673	1,602	-	3,687
Inter-segment revenue	-	-	-	-	-	-
Total revenue	-	1,412	673	1,602	-	3,687
Results						
Segment results	26,386	595	17,449	2,753	(58,003)	(10,819)
Depreciation and amortisation	(883)	(25)	(765)	-	(475)	(2,149)
Finance costs	107	-	594	0	-	701
Impairment & written down	7,132	-	775	-	-	7,907
Tax (under)/over provision	(15)	-	(1)	1,095	-	1,079
Consolidated Profit/(Loss) after taxation						(3,281)

(b) For the nine (9) months ended 31 March 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	-	7,446	5,683	4,728	-	17,857
Inter-segment revenue	160	-	-	-	(160)	-
Total revenue	160	7,446	5,683	4,728	(160)	17,857
Results						
Segment results	(387)	3,545	(2,234)	2,210	-	3,134
Depreciation and amortisation	(856)	(27)	(1,623)	(146)	(1,124)	(3,776)
Finance costs	(234)	-	(375)	(322)	-	(930)
Write-back of bad debts	-	-	-	-	-	-
Tax expense	-	-	-	(747)	(43)	(790)
Consolidated Profit/(Loss) after taxation						(2,362)

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

A9. Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter under review.

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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 quarter under review, save for the disposal of it subsidiary, PAPTT.

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.

A13. Capital Commitments

	RM '000
Capital expenditure approved and contracted for as at the end reporting date :	<u>129,421</u>

A14. Significant Related Party Transactions

For the nine months period ended 31 March 2021, the group has recurrent related party transactions of a revenue or trading nature as follows:

Related Parties	Nature of Transactions	Current	Corresponding
		Year-To-Date 31/3/2021 RM'000	Year-To-Date 31/3/2020 RM'000
1) AMP	Purchase of bus spare parts / Car rental	53	89
2) ACSB	Rental of premises	105	270
3) ASF	Security services	682	1,468
4) AHESB	Repair and maintenance	640	892
5) SCLSB	Charter bus	810	2,220
6) SWCSB	Charter bus	-	5
7) CPSB	Rental of premises	76	-
		<u>2,366</u>	<u>4,944</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.
- 7) CPSB - Child's Partner (M) Sdn Bhd is owned by Low Bok Tek, his wife Teong Lian Imm and his son Low Khai Loon. CPSB directors are Low Bok Tek, Low Khai Loon and his daughter Low Siew Hoon.

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

B1. Review of Performance

	Current Year-To-Date 31-Mar-21 RM'000	Corresponding Year-To-Date 31-Mar-20 RM'000
Revenue from:-		
Investment holding	-	160
Express bus services	673	5,683
City bus services	1,412	7,446
Contract works related to assembly and maintenance of coaches	1,602	4,728
	<u>3,687</u>	<u>18,017</u>
Inter segment elimination	-	(160)
	<u>3,687</u>	<u>17,857</u>
Profit/(Loss) before taxation	<u>(4,360)</u>	<u>(1,572)</u>

The Group recorded revenue of RM3.687 million for the nine months period ended 31 March 2021, decreased by 79% compared to the same period last year reduction of RM14.17 million. The decrease was mainly due to lower revenue recorded from its express and city bus services impacted by the suspension/reduction of operation due to the Movement Control Order (MCO) imposed by the Government.

The Group recorded Loss Before Tax (LBT) of RM4.360 million in the current period under review compared to a Loss Before Tax of RM1.572 million corresponding period under review. The Group's unfavourable performance during the current quarter was mainly due to the significant reduction in revenue resulting from the suspension of its express bus operations and reduction of its city bus operations.

B2. Comparison with the Preceding Quarter's Results

The Group recorded revenue of RM2.145 million in the current quarter which is 29% lower compared to RM0.64 Million Grant received in the preceding quarter mainly due to increase in the grant received from the development of EV buses and city bus.

The Group however recorded higher Profit Before Taxation (PBT) of RM6.028 million, as compared with Loss Before Tax (LBT) RM6.957 million recorded in the preceding quarter. The increase is mainly due to disposal of investment in city bus which attribute a gain of disposal RM9.942 million.

B3. Prospects

The Group is cognisant of the various challenges it faces, particularly relating to the effect of the Movement Control Order (MCO) imposed by the Government on the Group's existing operations. Nevertheless, the Groups has renewed and/or obtained new bus permits and has kept its bus fleet in operable condition so as to quickly resume bus operations should MCO be lifted and interstate and/or international travel be permitted.

The Group's Proposed Diversification into glove business will expand its income stream, thereby reducing its reliance on bus operations. The Proposed Diversification will also enables the Group to capitalise on the favourable long-term prospects of the glove industry. The Group is on track to commence commercial operations of its glove business by end of second quarter of 2021. the Group is however cautiously optimistic that the Group will be placed on a stronger operational and financial footing.

B4. Profit Forecast or Profit Guarantee

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

B5. Taxation

	Current Year-To-Date 31-Mar-21 RM'000	Corresponding Year-To-Date 31-Mar-20 RM'000
Income tax	1,079	790
Deferred tax	-	-
	<u>1,079</u>	<u>790</u>

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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

1 Proposed Private Placement & Proposed Diversification

These proposals were completed on 3 December 2020.

As at reporting date, the Group has fully utilised the proceeds raised from the Private Placement. Details are as follows:

Proposed utilisation	Estimate time frame for the utilisation of proceeds	Proceeds raised RM'000	Actual utilised RM'000	Revised Utilised Proceeds RM'000
A. Construction of glove manufacturing facilities and capital expenditure for the Gloves Business	Within 24 months	38,900	45,258	6,358
B. Working capital for the Gloves Business	Within 12 months	20,900	8,413	(12,487)
C. Repayment of bank borrowings	Within 24 months	19,100	21,230	2,130
D. Working capital for the existing bus operations	Within 12 months	7,750	11,600	3,850
E. Expenses in relation to the Proposals	Upon completion	250	399	149
	Total	86,900	86,900	-

Rationale for revision in utilisation of proceeds

- An additional sum of RM6.358 million was utilised for construction of glove manufacturing facilities and capital expenditure for the Gloves Business due to a delay in obtaining and drawing down financing facilities from financial institutions;
- An additional sum of RM2.13 million was utilised for repayment of bank borrowings on account of final negotiations with the relevant banks being at higher than estimated settlement sums; and
- An additional sum of RM3.85 million was utilised for working capital for the existing bus operations (including repayment of creditors) on account of final negotiations with various creditors being at higher than estimated settlement sums;
- An additional sum of RM149,000 was utilised to expenses incurred in relation to the Proposed Corporate Exercises; and
- The sum of the above additions being RM12.487 million were deducted from the proposed allocation for working capital for the Gloves Business. Any resultant shortfall as a result thereof will be funded through internally generated funds, advances and/or borrowings.

The variation of RM12.487 million as aforesaid amounts to approximately 14.37% of the total proceeds raised of RM86.9 million.

2 Proposed Acquisition of Equity Interest in Great Stylish Ventures Sdn. Bhd. ("GSVSB")

On 12 April, 2021, the Company announced that it had on the same date, entered into a Heads of Agreement ("HOA") with BT Capital Sdn. Bhd. ("BT Capital") to explore and pursue a potential acquisition of an equity stake in GSVSB for a purchase consideration to be determined at a later date which will be satisfied via a combination of cash and/or issuance of shares and/or other securities of the Company ("Consideration Security(ies)") at an issue price of RM1.90 per Consideration Security ("Proposed Acquisition"). The definitive agreements were to be entered into within 3 months from the date of the HOA. As of the reporting date, the Company is in the midst of conducting due diligence on GSVSB and its subsidiaries and negotiating the detailed terms and conditions of the Proposed Acquisition.

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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 31-Mar-21 RM'000	As at 31-Mar-20 RM'000
Short term:-		
Hire purchase payables	-	1
Term loans & Trust Receipt	-	7,654
Bank overdraft	-	10,725
	<u>-</u>	<u>18,380</u>
Long term:-		
Hire purchase payables	-	-
Term loans	-	-
	<u>-</u>	<u>-</u>

The Company and its subsidiaries had on 7 October 2020 fully finally settled all amounts due to Hong Leong Bank Berhad and subsequently on 17 November 2020, likewise settled all amounts due to AmBank (M) Berhad and AmBank Islamic Berhad.

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

PART A : Material Litigation involving Pengangkutan Awam Putrajaya Travel & Tours Sdn Bhd ("PAPTT")

Following the disposal of PAPTT on 22 February 2021 ("Disposal Date") (as announced by the Company on that date), all legal suits involving PAPTT no longer form part of the material litigation involving the Group as on and from the Disposal Date.

PART B : Material Litigation involving the Company & subsidiaries of the Company other than PAPTT

1) **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 RM303,249.39 in respect of services provided for conducting and preparing a Health Check Review and Turnaround Strategy for KBESM and RM95,400 for conducting and preparing a Business Review and Due Diligence Exercise for PAPTT. KBESM filed a counterclaim, claiming for, amongst others, a refund of RM53,000.00 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 ("Sum") with costs of RM10,000.00 and dismissed KBESM's counterclaim. KBESM subsequently filed the Notice of Appeal on 23 June 2020. During the case management on 17 November 2020, Arcadis had obtained the consolidated order and as such, both KBESM's and Arcadis' appeals will be heard simultaneously.

Arcadis has filed for a garnishee ex parte application and has obtained the ex parte order and the order to show cause on 2 October 2020. On 18 November 2020, the Court has granted the application of Arcadis for absolute garnishee order and has ordered AmBank to pay the sum of RM102,087.73, being KBESM's monies in AmBank account to Arcadis immediately.

All amounts due and payable to Arcadis have been fully and finally settled.

2) **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 RM1,102,800.00 (from 30 May 2020 until date of judgement), 5% interest per annum on RM1,102,800.00 (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. On 20 November 2020, the parties have recorded a Consent Judgement whereby SCAP agreed to pay HSMSB a sum of RM1,251,307.36 as full and final settlement of the Claim together with RM15,000.00 as costs latest by 30 June 2021. In the event of default, all the sum together with interests and costs will be due to HSMSB immediately.

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B11. Material Litigation (Cont.)

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

On 12 November 2020, SCAP was served with a Writ of Summons and Statement of Claim from Sinotek claiming for the sum of RM229,303.10. The claim is in respect of the alleged outstanding payments for the supply of bus spare parts by Sinotek to SCAP.

The Court has granted the Summary Judgment application filed by Sinotek for the sum of RM229,303.10 together with costs of RM3,500.00 on 2 February 2021.

All amounts due and payable to Sinotek have been fully and finally settled.

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 31-Mar-21	Corresponding quarter ended 31-Mar-20	Current year to-date ended 31-Mar-21	Corresponding year to-date ended 31-Mar-20
Net profit/(loss) attributable to shareholders (RM '000)	6,354	(4,236)	(2,495)	(3,063)
Weighted average number of ordinary shares in issue ('000)	284,000	126,000	284,000	126,000
Basic earnings/(loss) per ordinary share (sen)	<u>2.24</u>	<u>(3.36)</u>	<u>(0.88)</u>	<u>(2.43)</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 31-Mar-21	Corresponding quarter ended 31-Mar-20	Current year to-date ended 31-Mar-21	Corresponding year to-date ended 31-Mar-20
Net profit/(loss) attributable to shareholders (RM '000)	6,354	(4,236)	(2,495)	(3,063)
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	69,637	-	69,637	-
Adjusted weighted average number of ordinary shares for the purpose of diluted EPS	<u>195,637</u>	<u>126,000</u>	<u>195,637</u>	<u>126,000</u>
Diluted earnings/(loss) per ordinary share (sen)	<u>3.25</u>	<u>(3.36)</u>	<u>(1.28)</u>	<u>(2.43)</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.

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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.

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*

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

- (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 Amlslamic for full and final settlement amount.

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.)

Key Audit Matters (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.)

(iv) Net realisable value of inventories (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) The proposed Private Placement was completed on 3 December 2020 and the Company has received the subscription monies amounting to RM86.9 Million in full.

As of to-date, the Group has paid Hong Leong Bank Berhad, Ambank Islamic Berhad and AmBank Berhad the agreed sums, being the full and final settlement of all outstanding amounts owed by the Group. The Group is also in the midst of negotiating with remaining creditors for settlement.

- (ii) In respect of the RM10.33 million due from the related party company resulted from the sale of buses, KBESM is in the midst of negotiating with the related party company with a view to settlement after the disposal of PAPTT on 22 February 2021.

- (iii) The Company is in the process of implementing the Proposed Diversification in order to generate adequate cash flows from its operating activities and is on track to commence commercial operations by the end of the second quarter of 2021.

- (iv) Continuing support from all stakeholders.

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