# GETS GLOBAL BERHAD

Company No: 200201029469 | 597132-A

## UNAUDITED INTERIM FINANCIAL REPORT
## FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2021

## Contents

# GETS GLOBAL BERHAD

Company No: 200201029469 | 597132-A

## Unaudited Condensed Consolidated Statement of Comprehensive Income
## for the financial period ended 30 June 2021

| | Current Quarter Ended 30-Jun-21 RM'000 | Corresponding Quarter Ended 30-Jun-20 RM'000 | Current Year-To-Date 30-Jun-21 RM'000 | Corresponding Year-To-Date 30-Jun-20 RM'000 |
|---|---|---|---|---|
| Revenue | 7,708 | 4,301 | 11,395 | 22,158 |
| Cost of sales | (3,267) | (2,945) | (11,116) | (22,569) |
| **Gross profit/(loss)** | 4,441 | 1,356 | 279 | (411) |
| Other income | (8,539) | 891 | 5,831 | 7,301 |
| Administrative expenses | (10,417) | (17,443) | (25,686) | (22,701) |
| Selling and distribution expenses | - | - | - | (26) |
| **Profit/(Loss) from operations** | (14,515) | (15,196) | (19,576) | (15,837) |
| Finance costs | (389) | (2,154) | 312 | (3,084) |
| **Profit/(Loss) before taxation** | (14,904) | (17,350) | (19,264) | (18,921) |
| Taxation | (448) | 60 | 631 | (730) |
| **Profit/(Loss) for the period** | (15,352) | (17,290) | (18,633) | (19,651) |
| **Profit/(Loss) after taxation attributable to:-** | | | | |
| Owners of the Company | (15,352) | (15,298) | (17,847) | (18,360) |
| Non-controlling interests | - | (1,992) | (786) | (1,291) |
| | (15,352) | (17,290) | (18,633) | (19,651) |
| **Other comprehensive income** | | | | |
| Revaluation reserve, net of tax | - | 5,158 | - | 5,158 |
| **Total comprehensive Profit/(loss) attributable to:-** | | | | |
| Owners of the Company | (15,352) | (10,139) | (17,847) | (13,202) |
| Non-controlling interests | - | (1,992) | (786) | (1,291) |
| | (15,352) | (12,131) | (18,633) | (14,493) |
| **Basic and diluted earning/(loss) per ordinary share (sen)** (Note B13) | (5.41) | (12.14) | (6.28) | (14.57) |

**The Unaudited 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 report.**

# GETS GLOBAL BERHAD

Company No: 200201029469 | 597132-A

**Unaudited Condensed Consolidated Statement of Financial Position**
**for the financial period ended 30 June 2021**

| | Unaudited as at 30-Jun-21 RM'000 | Audited as at 30-Jun-20 RM'000 | |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 25,043 | 37,948 | Note 1 |
| Right of use assets | 23,774 | 34,763 | Note 1 |
| Development expenditure | - | 5,934 | |
| Trade and other receivables | - | 7,553 | |
| WIP - Factory & Machinery | 122,006 | - | |
| **Total non-current assets** | 170,823 | 86,198 | |
| | | | |
| **Current assets** | | | |
| Inventories | 12,181 | 2,174 | |
| Trade and non-trade receivables | 18,913 | 8,317 | |
| Tax recoverable | - | 36 | |
| Cash and bank balances | 24,213 | 346 | |
| **Total current assets** | 55,307 | 10,873 | |
| | | | |
| **TOTAL ASSETS** | 226,130 | 97,071 | |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to owners of the Company** | | | |
| Share capital | 156,045 | 69,145 | |
| Reserves | (65,847) | (47,959) | |
| Shareholders' funds | 90,198 | 21,186 | |
| Non-controlling interests | 858 | 1,603 | |
| **TOTAL EQUITY** | 91,056 | 22,789 | |
| | | | |
| **Non-current liabilities** | | | |
| Loans and borrowings | 34,993 | - | |
| Trade and other payables | 62,315 | 2,000 | |
| Lease liability | - | 9,475 | |
| Deferred tax liabilities | 5,788 | 5,472 | |
| **Total non-current liabilities** | 103,096 | 16,947 | |
| | | | |
| **Current liabilities** | | | |
| Trade and other payables | 26,813 | 33,655 | |
| Borrowings | 4,701 | 20,100 | |
| Lease liabilities | - | 2,393 | |
| Tax payables | 464 | 1,187 | |
| **Total current liabilities** | 31,978 | 57,335 | |
| | | | |
| **TOTAL LIABILITIES** | 135,074 | 74,282 | |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | 226,130 | 97,071 | |
| | | | |
| Net assets per ordinary share (RM) | 0.32 | 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 Unaudited 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.**

# GETS GLOBAL BERHAD

Company No: 200201029469 | 597132-A

**Unaudited Condensed Consolidated Statement of Changes In Equity**
**for the financial period ended 30 June 2021**

| | ← 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 |
| 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 | 69,145 | 17,960 | (65,920) | 21,186 | 1,603 | 22,789 |
| As at 1 July 2020 | 69,145 | 17,960 | (65,920) | 21,186 | 1,603 | 22,789 |
| Total comprehensive (loss)/income for the financial period | - | - | (17,847) | (17,847) | (786) | (18,633) |
| Revaluation surplus of land and buildings | | | | | | |
| Issuance of new ordinary shares | 86,900 | - | - | 86,900 | - | 86,900 |
| As at 30 June 2021 | 156,045 | 17,960 | (83,767) | 90,239 | 817 | 91,056 |

**The Unaudited 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 report.**

# GETS GLOBAL BERHAD

Company No: 200201029469 | 597132-A

**Unaudited Condensed Consolidated Statement of Cash Flows**
**for the financial period ended 30 June 2021**

| | Unaudited Current Year-To-Date 30-Jun-21 RM'000 | Audited Corresponding Year-To-Date 30-Jun-20 RM'000 |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| (Loss) before taxation | (19,264) | (19,336) |
| Adjustments for:- | | |
| Unwinding of discount | - | 101 |
| Depreciation of property, plant and equipment | 989 | 2,537 |
| Gain on disposal of subsidiary | (2,751) | - |
| Amortisation of right-of-use assets | 2,150 | 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 equipment | 3,645 | 8,842 |
| Property, plant and equipment written off | 7,273 | - |
| Impairment on trade receivables | 4,610 | 1,037 |
| Reversal of remeasurement of trade and non-trade receivables | - | (215) |
| Interest (income) / expenses | (311) | 2,396 |
| Finance lease cost | 585 | 665 |
| Amortisation of government grants | - | (4,733) |
| Reversal of impairment loss on trade receivables | - | (44) |
| Inventories written off | - | 3,756 |
| Operating profit before working capital changes | (3,144) | (1,338) |
| Changes in working capital:- | | |
| Decrease in Inventories | (12,256) | 251 |
| Decrease/(Increase) in receivables | (29,047) | 380 |
| Increase/(Decrease) in payables | 15,782 | 6,040 |
| Cash generated from operations | (28,665) | 5,333 |
| Tax paid | - | (38) |
| Tax refunded | - | - |
| Interest paid | - | (1,781) |
| **Net Operating Cash Flows** | (28,665) | 3,514 |
| **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 | (123,799) | (44) |
| Deposits to contractors for contract works | - | - |
| **Net Investing Cash Flows** | (124,588) | (5,745) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | |
| Interest paid | 311 | (251) |
| Interest paid for lease liability | - | (664) |
| Advance from directors | 8,000 | 806 |
| Advances from related parties | 62,315 | 37 |
| Increase in trust receipts | - | 127 |
| Issuance of ordinary shares | 86,900 | - |

| | | |
|---|---:|---:|
| Government grants | - | 2,233 |
| Drawdown of hire purchases payables, net | 39,694 | (416) |
| Repayment of lease liability | - | (1,495) |
| Repayment of term loans | (8,112) | (9) |
| **Net Financing Cash Flows** | 189,108 | 368 |
| **NET CHANGE IN CASH AND CASH EQUIVALENTS** | 35,855 | (1,863) |
| **CASH AND CASH EQUIVALENTS BROUGHT FORWARD** | (11,642) | (9,779) |
| **CASH AND CASH EQUIVALENTS CARRIED FORWARD** | 24,213 | (11,642) |
| | | |
| **ANALYSIS OF CASH AND CASH EQUIVALENTS:-** | | |
| Cash and bank balances | 24,213 | 346 |
| Bank overdrafts | - | (11,988) |
| | 24,213 | (11,642) |

**The Unaudited 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 report.**

## Part A | Explanatory Notes Pursuant to MFRS 134 Interim Financial Reporting

### A1. Basis of Preparation

This interim financial report is unaudited and has 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 Bursa Malaysia Securities Berhad. The interim financial report is in compliance with Malaysian Financial Reporting Standards ("**MFRSs**") and International Financial Reporting Standards ("**IFRSs**").

This interim financial report should be read in conjunction with our audited financial statements for the year ended 30 June 2020. The explanatory notes attached to this interim financial report 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 this 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 adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January, 2020:

| **Description** | **Effective for annual periods beginning on or after** |
|---|---|
| **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 | |
| Amendments to MFRS 6, Exploration for and Evaluation of Mineral Resources | |
| Amendments to MFRS 14, Regulatory Deferral Accounts | |
| Amendments to MFRS 101, Presentation of Financial Statements | |
| Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors | |
| Amendments to MFRS 134, Interim Financial Reporting | |
| Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets | |
| Amendments to MFRS 138, Intangible Assets | |
| Amendments to IC Interpretation 12, Service Concession Arrangements | |
| Amendments to IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments | |
| Amendments to IC interpretation 20, Stripping Costs in the Production Phase of a Surface Mine | |
| Amendments to IC Interpretation 22, Foreign Currency Transactions and Advance Consideration | |
| Amendments to IC Interpretation 132, Intangible Assets - Web Site Costs | |
| Amendments to MFRS 3, Business Combinations: Definition of Business | |
| Amendments to MFRS 101, Presentation of Financial Statements and MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material | |
| Amendments to MFRS 9, Financial Instruments, MFRS 139, Financial Instruments: Recognition and Measurement and MFRS 7, Financial Instruments: Disclosures Interest Rate Benchmark Reform | |

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

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

| Description | Effective for annual periods beginning on or after |
|---|---|
| **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 Statements 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 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, this interim financial report has 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:

a. 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

b. 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 therein, 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.

(ii) The Company's application for the Proposed Private Placement and Proposed 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 RM23.329 million at the end of the financial period ended 30 June 2021.

(iii) 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.

(iv) The Company has implemented the Proposed Diversification in order to generate adequate cash flows from its operating activities. The Company's subsidiary, Onetexx Sdn. Bhd. (formerly know as Super Trans Composite Products Sdn. Bhd.) ("**Onetexx**") commenced glove manufacturing operations in May, 2021.

(v) Continuing support from all stakeholders.

The directors of the Company are of the view that these developments will impact positively on the Group's cash flows and address its going concern.

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, the 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. On 15 June 2021, the Prime Minister introduced a four-phase National Recovery Plan (NRP) to help the country emerge from the COVID-19 pandemic and its economic fallout. The resultant delay in timely delivery to the Group of necessary goods and services as well as the restriction in interstate travel has affected the business performance and position of the Group.

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.

**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.

**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 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.

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## A8. Segmental Information

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

(i) For the twelve (12) months ended 30 June 2021:

| | Investment holding RM'000 | City & Express Bus Services RM'000 | Bus Production and Bus Repair & Maintenance Services RM'000 | Glove Manufacturing RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | - | 2,035 | 2,208 | 7,152 | - | 11,395 |
| Inter-segment revenue | - | - | - | - | - | - |
| **Total revenue** | - | 2,035 | 2,208 | 7,152 | - | 11,395 |
| **Results** | | | | | | |
| Segment results | 46,840 | 39,774 | 3,259 | 1,458 | (92,181) | (850) |
| Depreciation and amortisation | (447) | (1,229) | - | (689) | (475) | (2,840) |
| Finance costs | 107 | (594) | - | (390) | - | (877) |
| Written down - building | - | - | - | (7,273) | - | (7,273) |
| Impairment on property, plant and equipment | - | (2,766) | - | - | - | (2,766) |
| Impairment on trade and other receivables | - | (4,658) | - | - | - | (4,658) |
| Impairment on inventories | - | - | - | - | - | - |
| Tax (under)/over provision | - | (1) | 1,095 | (463) | - | 631 |
| **Consolidated Profit/(Loss) after taxation** | | | | | | **(18,633)** |

(ii) For the twelve (12) months ended 30 June 2020:

| | Investment holding RM'000 | City & Express Bus Services RM'000 | Bus Production and Bus Repair & Maintenance Services RM'000 | Glove Manufacturing RM'000 | Elimination RM'000 | Consolidated RM'000 |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External customers | - | 14,016 | 8,144 | - | - | 22,160 |
| Inter-segment revenue | 160 | - | - | - | (160) | - |
| **Total revenue** | 160 | 14,016 | 8,144 | - | (160) | 22,160 |
| **Results** | | | | | | |
| Segment results | (4,624) | (6,539) | 2,927 | - | 12,230 | 3,994 |
| Depreciation and amortisation | (1,141) | (3,978) | (228) | - | 742 | (4,605) |
| Finance costs | (307) | (2,362) | (414) | - | - | (3,084) |
| Impairment & written down | - | (8,417) | (2,917) | - | (3,892) | (15,226) |
| Tax expense | 2 | 823 | (1,096) | - | (459) | (730) |
| **Consolidated (Loss) after taxation** | | | | | | **(19,651)** |

(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.

**A10. Subsequent Events**

There were no subsequent events save as disclosed in 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 subsidiaries, Gets E-Mobility Sdn. Bhd., Super Coach Assembly Plant Sdn. Bhd., Damai Ria Express Sdn. Bhd. and Santero Sdn. Bhd.

**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: | 91,143 |

**A14. Significant Related Party Transactions**

For the twelve months period ended 30 June 2021, the group has recurrent related party transactions of a revenue or trading nature as follows:

| | Related Parties | Nature of Transactions | Current Year-To-Date 30/6/2021 RM'000 | Corresponding Year-To-Date 30/6/2020 RM'000 |
|---|---|---|---|---|
| 1) | AMP | Purchase of bus spare parts / Car rental | 53 | 133 |
| 2) | ACSB | Rental of premises | 105 | 360 |
| 3) | ASF | Security services | 793 | 1,748 |
| 4) | AHESB | Repair and maintenance | 640 | 1,030 |
| 5) | SCLSB | Charter bus | 810 | 2,967 |
| 6) | SWCSB | Charter bus | - | 5 |
| 7) | CPSB | Rental of premises | 189 | - |
| | | | 2,590 | 6,243 |

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.

*[ Intentionally left blank ]*

## Part B | Explanatory Notes Pursuant to Appendix 9B of Bursa's Listing Requirements

### B1. Review of Performance

| | 4th Quarter Ended 30-Jun-21 RM'000 | 4th Quarter Ended 30-Jun-20 RM'000 | Variance RM'000 | Current Year-To-Date 30-Jun-21 RM'000 | Corresponding Year-To-Date 30-Jun-20 RM'000 | Variance RM'000 |
|---|---|---|---|---|---|---|
| **Revenue from:-** | | | | | | |
| Investment holding | - | - | - | - | 160 | (160) |
| Express and City bus services | 123 | 886 | (763) | 2,208 | 14,015 | (11,807) |
| Assembly and Maintenance of coaches | 433 | 3,415 | (2,982) | 2,035 | 8,143 | (6,108) |
| Glove Manufacturing | 7,152 | - | 7,152 | 7,152 | - | 7,152 |
| | 7,708 | 4,301 | 3,407 | 11,395 | 22,318 | (10,923) |
| Inter segment elimination | - | - | - | - | (160) | 160 |
| | **7,708** | **4,301** | **3,407** | **11,395** | **22,158** | **(10,763)** |
| **Profit/(Loss) before taxation** | **(14,904)** | **(17,350)** | **2,446** | **(19,264)** | **(18,921)** | **(343)** |

The Group recorded revenue of RM11.395 million for the twelve months period ended 30 June 2021, a decrease of 49% or RM10.763 million as compared to the corresponding period last year. The decrease was mainly due to significantly lower revenue recorded from its express and city bus services impacted by the suspension/reduction of operation due to the various movement control orders imposed by the Government. This decrease was however mitigated by the Group's glove manufacturing business which, consequent to the Proposed Diversification, commenced operations in May, 2021 and began to contribute to the Group's revenue.

The Group recorded Loss Before Tax (LBT) of RM19,264 million for the twelve months period ended 30 June, 2021, an increase of 1.81% or RM343,000 as compared to the corresponding period last year. The Group's unfavourable performance during the current period 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 as well as additional impairments and write downs.

*[ Intentionally left blank ]*

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

| | Current Quarter Ended 30/6/2021 | Preceding Quarter Ended 31/3/2021 | Variance | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| **Revenue** | 7,708 | 2,145 | 5,563 | 259 |
| **Operating profit / (loss)** | (14,515) | 6,028 | (20,543) | (341) |
| **Profit / (loss) before interest and tax** | (14,515) | 6,028 | (20,543) | (341) |
| **Profit / (loss) before tax** | (14,904) | 6,028 | (20,932) | (347) |
| **Profit / (loss) after tax** | (15,352) | 6,012 | (21,364) | (355) |

The Group recorded revenue of RM7.708 million in the current quarter which is 259% higher compared to RM2.145 Million in the preceding quarter mainly due to revenue generated by the Group's glove manufacturing business which contributed RM7.152 Million in current quarter.

Whilst the glove manufacturing business under the Group's subsidiary turned a profit before tax of RM537,600 and RM3.49 million gross profit in its first 2 months of operation during the current quarter, the Group recorded a loss before tax (LBT) of RM14.904 million, as compared with profit before tax of RM6.028 million in the preceding quarter. The loss in the current quarter is mainly due to the impairment of assets (RM1.991 million), provision for doubtful debts (RM4.608 million) and loss arising from the disposal of the subsidiaries (RM8.485 million) identified in note A11 as the Group continues to restructure and streamline its bus related businesses.

### B3. Prospects

With the Group having successfully diversified into glove manufacturing through its subsidiary, Onetexx's manufacturing facility commencing commercial operations in May, 2021, the Group is cautiously optimistic that the Group will be placed on a stronger operational and financial footing moving forward.

In respect of its glove manufacturing operations, the Group will leverage on both near term demand for gloves globally (as COVID-19 remains prevalent (in its variants or otherwise) and as countries continue to ramp up their respective vaccination programs) as well as mid to long term demand (as both the public and private sector begin to place an increasing emphasis on health and hygiene globally). Average selling prices for gloves has seen significant declines from its peaks. Amidst this, the Group is cognisant of the need and will use its best efforts to maintain and improve the quality of its products, operational efficiencies and to manage costs to remain competitive.

With a view towards keeping its workplace safe, the Group has participated in the Government's PIKAS (*Program Imunisasi Industri COVID-19 Kerjasama Awam-Swasta*) program. As at 28 September, 2021, 95% of the Group's employees are fully vaccinated (with the balance 5% having received their first dose and having been scheduled to receive their second dose in the next week) and the Group has deployed comprehensive SOPs to minimise COVID-19 infections in the glove manufacturing facility.

In respect of its express bus operations, the Group 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 interstate and/or international travel be permitted again.

### 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 30-Jun-21 RM'000 | Corresponding Year-To-Date 30-Jun-20 RM'000 |
|---|---|---|
| Income tax | 631 | (1,126) |
| Deferred tax | - | 396 |
| | **631** | **(730)** |

**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. **Heads of Agreement | Proposed Acquisition of Equity Interest in One Glove Venture Sdn. Bhd. (formerly known as Great Stylish Venture Sdn. Bhd.) ("OGVSB") ("Proposed Acquisition")**

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 OGVSB 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 subject to the signing of a definitive agreement between the Company and the Vendor within 3 months from the date of the HOA. On 9 July, 2021, the Company and BT Capital had mutually agree to extend the 3 month exclusivity period in the HOA ending on 11 July, 2021 for a further period ending 12 October, 2021 (inclusive).

The definitive agreement being the SSA as referred to in note B8(4) was executed on 30 August, 2021.

2. **Proposed Disposal of Subsidiaries**

On 3 June, 2021, the Company announced that

(a) it had on the same date entered into a Share Sale and Purchase Agreement ("**SSA 1**") with Ahmad Taufeeq Arrahman bin Mohd Kamal (NRIC No. 811104-14-6039) ("**Taufeeq**" or "**Purchaser**") pursuant to which the Company had agreed to sell its 100% equity interest in Gets E-Mobility Solutions Sdn. Bhd. (Registration No. 201901019751 | 1329080-P) ("**GEMS**") comprising 2 issued ordinary shares in GEMS ("**GEMS Shares**") to the Purchaser for a total disposal consideration of RM6,122,908.00 ("**Proposed Disposal of GEMS"**) to be set-off against inter-company advances and amounts due between the Company and KBESM (as defined hereunder), and the Purchaser and GEMS, SCAP, DRE and Santero (as defined hereunder) upon completion of SSA 1 and SSA 2 (as defined hereunder) in accordance with the terms of a global settlement letter dated 3 June 2021 ("**Global Settlement Letter**"); and

(b) the Company's wholly-owned subsidiary, Konsortium Bas Ekspres Semenanjung (M) Sdn. Bhd. ("**KBESM**") had on 3 June 2021 entered into a Share Sale and Purchase Agreement ("**SSA 2**") with the Purchaser pursuant to which KBESM has agreed to sell the entire equity interests in the following subsidiaries of KBESM comprising the following issued ordinary shares for the following cash consideration:

| | Subsidiary | No. of Issued Ordinary Shares | Equity Interest (%) | Cash Consideration (RM) |
|---|---|---|---|---|
| 1. | Super Coach Assembly Plant Sdn. Bhd. | 7,448,000 | 100 | 1.00 |
| 2. | Damai Ria Ekspres Sdn. Bhd. | 1,105,000 | 100 | 1.00 |
| 3. | Santero Sdn. Bhd. | 250,000 | 100 | 1.00 |

The SSA 1 and SSA 2 were both completed on 3 June, 2021.

3. **Share Sale Agreement | Proposed Acquisition**

On 30 August, 2021, the Company entered into a conditional share sale agreement ("**SSA**") with BT Capital for the Proposed Acquisition pursuant to which the Company shall acquire 1,250,000 ordinary shares in OGVSB, representing a 25% equity interest in OGVSB, from BT Capital for a purchase consideration of RM100,000,000 ("**Purchase Consideration**") to be satisfied via the issuance of 52,631,579 new irredeemable convertible preference shares in the Company ("**ICPS**" or "**Consideration ICPS**") at an issue price of RM1.90 per Consideration ICPS upon the terms and conditions of the SSA.

The SSA is pending fulfilment of the conditions precedent as stated therein.

4. **Proposed Amendments to the Constitution of the Company**

On 30 August, 2021, the Company announced the proposed amendments to the Constitution of the Company to facilitate the issuance of the Consideration ICPS as the Purchase Consideration for the Proposed Acquisition ("**Proposed Amendments**").

The Proposed Amendments remains subject to the approvals of Bursa Malaysia Securities Berhad to be ("**Bursa Securities**") and the Company's shareholders at a general meeting to be convened ("**EGM Approval**") and completion of the SSA in accordance with its terms.

5. **Proposed Establishment of an Employee Share Option Scheme ("ESOS")**

On 30 August, 2021, the Company announced the establishment of the ESOS of up to 10% of the total number of issued shares of the Company (excluding treasury shares, if any) at any point in time over the duration of the ESOS for eligible persons in recognition of their contributions towards the growth and performance of the Group ("**Proposed ESOS**").

The Proposed ESOS remains subject to the approvals of Bursa Malaysia and EGM Approval.

6. **Proposed Change of Name of the Company ("Proposed Name Change")**

On 30 August, 2021, the Company announced its proposal to change the name of the Company from "**GETS Global Berhad**" to **"One Glove Group Berhad**".

The Proposed Name Change remains subject to EGM Approval.

**B9. Group Borrowing**

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

| | As at 30-Jun-21 RM'000 | As at 30-Jun-20 RM'000 |
|---|---|---|
| **Short term:-** | | |
| Hire purchase payables | 4,701 | - |
| Term loans & Trust Receipt | - | 8,775 |
| Bank overdraft | - | 12,004 |
| | 4,701 | 20,779 |
| **Long term:-** | | |
| Hire purchase payables | 34,993 | - |
| | 34,993 | - |

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**

As at 28 September, 2021, there is no material litigation against or commenced by the Group.

**B12. Dividends**

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

## B13. Earnings/(Loss) Per Share

(a) Basic earnings/(loss) per share

| | Current quarter ended 30-Jun-21 | Corresponding quarter ended 30-Jun-20 | Current year to-date ended 30-Jun-21 | Corresponding year to-date ended 30-Jun-20 |
|---|---|---|---|---|
| Net profit/(loss) attributable to shareholders (**RM '000**) | (15,352) | (15,298) | (17,847) | (18,360) |
| Weighted average number of ordinary shares in issue (**'000**) | 284,000 | 126,000 | 284,000 | 126,000 |
| Basic earnings/(loss) per ordinary share (**sen**) | (5.41) | (12.14) | (6.28) | (14.57) |

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-Jun-21 | Corresponding quarter ended 30-Jun-20 | Current year to-date ended 30-Jun-21 | Corresponding year to-date ended 30-Jun-20 |
|---|---|---|---|---|
| Net profit/(loss) attributable to shareholders (**RM '000**) | (15,352) | (15,298) | (17,847) | (18,360) |
| 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 | 216,904 | 126,000 | 216,904 | 126,000 |
| Diluted earnings/(loss) per ordinary share (**sen**) | (7.08) | (12.14) | (8.23) | (14.57) |

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

On 6 November, 2020 the Company announced that its 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:

***<u>Unqualified Opinion</u>***

*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.*

***<u>Basis for Opinion</u>***

*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.*

*On 10 September 2020, AmIslamic 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.*

***Key Audit Matters***

*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 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.*

*(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.*

*(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 price.*

*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").*

*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.

(ii) 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.

(iii) In respect of the RM10.33 million due from the related party company resulted from the sale of buses, KBESM is in the process of taking back possession of certain buses to offset amounts owing in respect of them (based on a valuation obtained from an independent third party valuer) and has impaired the balance of RM4.608 million in this quarter.

(iv) The Company has implemented the Proposed Diversification in order to generate adequate cash flows from its operating activities. The Company's subsidiary, Onetexx Sdn. Bhd. (formerly know as Super Trans Composite Products Sdn. Bhd.) ("**Onetexx**") commenced glove manufacturing operations in May, 2021.

(v) 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**

Dated 28 September, 2021