

Tanco Holdings Berhad

Registration No. 195801000190 (3326-K)

Condensed Consolidated Statements of Financial Position as at 30 September 2020

	Current Year As At 30-Sep-20 (Unaudited) RM'000	Preceding Year As At 30-Jun-20 (Audited) RM'000
<u>ASSETS</u>		
<u>NON-CURRENT ASSETS</u>		
Property, Plant and Equipment	55,970	56,128
Investment Properties	27,066	27,354
Inventories	96,405	96,405
Right-of-use assets	17,824	17,907
Other Investments	3	3
TOTAL NON-CURRENT ASSETS	197,268	197,797
<u>CURRENT ASSETS</u>		
Inventories	62,634	62,634
Trade Receivables	2,048	1,804
Other Receivables, Deposits and Prepayments	1,009	1,117
Contract Costs	3,996	3,996
Cash, Bank Balances and Deposits	3,714	4,020
TOTAL CURRENT ASSETS	73,401	73,571
TOTAL ASSETS	270,669	271,368

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

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Registration No. 195801000190 (3326-K)

Condensed Consolidated Statements of Financial Position as at 30 September 2020

	Current Year As At 30-Sep-20 (Unaudited) RM'000	Preceding Year As At 30-Jun-20 (Audited) RM'000
<u>EQUITY AND LIABILITIES</u>		
<u>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY</u>		
Share Capital	78,798	76,798
Capital Reserves	50,233	50,233
RCN - Equity Component	564	40
Retained Profits	28,527	30,466
TOTAL EQUITY	158,122	157,537
<u>NON-CURRENT LIABILITIES</u>		
Borrowings	36,869	36,919
Lease Liabilities	323	367
Long Term Payables	6,734	6,736
Deferred Tax Liabilities	45	45
TOTAL NON-CURRENT LIABILITIES	43,971	44,067
<u>CURRENT LIABILITIES</u>		
Trade Payables	9,781	11,362
Other Payables, Deposits and Accruals	10,926	12,953
Contract Liabilities	33,481	33,474
Provisions For Liabilities	153	153
Borrowings	4,605	4,566
Lease Liabilities	182	138
Amount Owing To Directors	5,406	5,551
RCN - Liability Component	3,288	812
Tax Payable	754	755
TOTAL CURRENT LIABILITIES	68,576	69,764
TOTAL LIABILITIES	112,547	113,831
TOTAL EQUITY AND LIABILITIES	270,669	271,368
Net Asset Per Share (RM)	0.1241	0.1898

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

Tanco Holdings Berhad

Registration No. 195801000190 (3326-K)

Condensed Consolidated Statements of Changes in Equity for the Three (3)-months financial period ended 30 September 2020

(The figures have not been audited)

30 September 2020

	Attributable To Owners Of The Company				Total Equity RM'000
	← <u>Non-distributable</u> →			<u>Distributable</u>	
	Share Capital RM'000	Capital Reserve RM'000	RCN - Equity Component RM'000	Retained Profits RM'000	
At 1 July 2020	76,798	50,233	40	30,466	157,537
Issuance of Redeemable Convertible Notes	-	-	889	-	889
Conversion of Redeemable Convertible Notes	2,000	-	(365)	-	1,635
Total comprehensive loss for the period	-	-	-	(1,939)	(1,939)
At 30 September 2020	78,798	50,233	564	28,527	158,122

30 September 2019

	Attributable To Owners Of The Company				Total Equity RM'000
	← <u>Non-distributable</u> →			<u>Distributable</u>	
	Share Capital RM'000	Capital Reserve RM'000	RCN - Equity Component RM'000	Retained Profits RM'000	
At 1 July 2019					
- As previously reported	51,877	50,233	95	45,563	147,768
- Retrospective adjustments	-	-	-	2,041	2,041
Restated balance at 1 July 2019	51,877	50,233	95	47,604	149,809
Issuance of Redeemable Convertible Notes	-	-	1,325	-	1,325
Conversion of Redeemable Convertible Notes	500	-	(500)	-	-
Total comprehensive loss for the period	-	-	-	(4,306)	(4,306)
At 30 September 2019	52,377	50,233	920	43,298	146,828

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Tanco Holdings Berhad

Registration No. 195801000190 (3326-K)

Condensed Consolidated Statements of Profit or Loss**For the Three (3)-months Financial Period Ended 30 September 2020**

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE YEAR	
	Current Period Quarter 30-Sep-20 RM'000	Preceding Year Corresponding Quarter 30-Sep-19 RM'000	Current Period To Date 30-Sep-20 RM'000	Preceding Year Corresponding Period 30-Sep-19 RM'000
Revenue	663	168	663	168
Cost of sales	(171)	(8)	(171)	(8)
Gross profit	492	160	492	160
Other income	70	28	70	28
Administrative expenses	(2,499)	(3,636)	(2,499)	(3,636)
Operating loss	(1,937)	(3,448)	(1,937)	(3,448)
Finance income	16	54	16	54
Finance costs	(18)	(912)	(18)	(912)
Loss before taxation	(1,939)	(4,306)	(1,939)	(4,306)
Taxation	-	-	-	-
Loss for the financial period	(1,939)	(4,306)	(1,939)	(4,306)
Loss attributable to : -				
Owners of the Company	(1,939)	(4,306)	(1,939)	(4,306)
(a) Basic (sen)	(0.15)	(0.58)	(0.15)	(0.58)
(b) Diluted (sen)	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statements of Profit or Loss should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to the interim financial statements.)

Tanco Holdings Berhad

Registration No. 195801000190 (3326-K)

Statements of Other Comprehensive Income**For the Three (3)-months Financial Period Ended 30 September 2020**

(The figures have not been audited)

	INDIVIDUAL PERIOD		CUMULATIVE YEAR	
	Current Period Quarter	Preceding Year Corresponding Quarter	Current Period To Date	Preceding Year Corresponding Period
	30-Sep-20 RM'000	30-Sep-19 RM'000	30-Sep-20 RM'000	30-Sep-19 RM'000
Loss for the financial period	(1,939)	(4,306)	(1,939)	(4,306)
Other comprehensive loss:				
Foreign currency reserve	-	-	-	-
Total comprehensive loss for the financial period	(1,939)	(4,306)	(1,939)	(4,306)
Total comprehensive loss attributable to:				
Owners of the Company	(1,939)	(4,306)	(1,939)	(4,306)

*Notes:**Other Income and (Expenses) highlights*

	INDIVIDUAL PERIOD		CUMULATIVE YEAR	
	Current Period Quarter		Current Period To Date	
	30/09/2020 RM'000		30/09/2020 RM'000	
Gain on disposal of property, plant and equipment	4		4	
Interest income	16		16	
Other income	66		66	
Depreciation and amortisation	(535)		(535)	
Interest expenses	(18)		(18)	

(1) There were no provisions for receivables and inventories, gain or loss on disposal of quoted or unquoted investment (save as disclosed in note B6), impairment of assets and any exceptional items for the current quarter under review.

(2) Gain or loss on derivatives is not applicable as the Company does not have any derivative financial instrument.

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

Tanco Holdings Berhad

Registration No. 195801000190 (3326-K)

Condensed Consolidated Statements of Cash Flows**For the Three (3)-months Financial Period Ended 30 September 2020**

(The figures have not been audited)

	3 Months Ended 30-Sep-20 RM'000	3 Months Ended 30-Sep-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,939)	(4,306)
Adjustment for :		
Non-operating items	533	1,472
Operating loss before working capital changes	<u>(1,406)</u>	<u>(2,834)</u>
Changes in Working Capital		
Net change in current assets	(136)	718
Net change in current liabilities	(3,601)	274
	<u>(5,143)</u>	<u>(1,842)</u>
Interest received	16	54
Interest paid	(18)	(929)
Tax paid	(3)	-
Net Operating Cash Flows	<u>(5,148)</u>	<u>(2,717)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
- Addition in property, plant and equipment	(6)	(47)
- Proceeds from disposal of PPE	4	-
Net Investing Cash Flows	<u>(2)</u>	<u>(47)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
- Directors' accounts	(145)	627
- Net of repayments of borrowings	-	(288)
- Proceeds from issuance of RCN	5,000	1,500
Net Financing Cash Flows	<u>4,855</u>	<u>1,839</u>
NET CHANGES IN CASH & CASH EQUIVALENTS	(295)	(925)
CASH & CASH EQUIVALENTS AT THE BEGINNING OF YEAR	3,024	3,959
CASH & CASH EQUIVALENTS AT THE END OF YEAR	<u>2,729</u>	<u>3,034</u>
Cash and cash equivalents comprise of the following:		
Cash, bank balances and deposits	3,714	6,516
Bank overdraft	(985)	(3,482)
	<u>2,729</u>	<u>3,034</u>

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

TANCO HOLDINGS BERHAD

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Notes to the Interim Financial Statements For the First Quarter ended 30 September 2020

A1. BASIS OF PREPARATION

The interim financial report is prepared in accordance with the requirements of paragraph 9.22, Main Market Listing Requirements (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“Bursa Securities”) and complies with the requirements of Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB).

The interim financial report is unaudited and should be read in conjunction with the Group’s audited annual financial statements for the financial year ended 30 June 2020.

The Group has not early adopted new or revised standards and amendments to standards that have been issued but not yet effective for the Group’s accounting year beginning 1 July 2020.

The financial statements of the Group for the quarter ended 30 September 2020 are prepared in accordance with the MFRS Framework.

A2. CHANGES IN ACCOUNTING POLICIES AND PRIOR YEARS’ ADJUSTMENT

The accounting policies and presentation adopted for this interim financial report are consistent with those adopted for the audited annual financial statements for the financial year ended 30 June 2020, except as disclosed below:

Effective for financial year beginning on or after 1 January 2020

- | | |
|--------------------------|--|
| • Amendments to MFRS 3 | Business Combinations (Definition of a business) |
| • Amendments to MFRS 7 | Financial Instruments: Disclosures – Interest Rate Benchmark Reform |
| • Amendments to MFRS 9 | Financial Instruments (Interest Rate Benchmark Reform) |
| • Amendments to MFRS 16 | Leases : COVID-19 Related Rent Concessions |
| • Amendments to MFRS 101 | Presentation of Financial Statements (Definition of Material) |
| • Amendments to MFRS 101 | Presentation of Financial Statements (Classification of Liabilities as Current or Non-current) |
| • Amendments to MFRS 108 | Accounting Policies, Changes in Accounting Estimates and Errors (Definition of Material) |
| • Amendments to MFRS 139 | Financial Instruments: Recognition and Measurement (Interest Rate Benchmark Reform) |

The adoption of these new MFRSs do not have any significant financial impact on the financial statements of the Group for the current quarter.

A3. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The audit report of the Group's audited financial statements for the financial year ended 30 June 2020 was not subject to any audit qualification.

A4. SEASONAL OR CYCLICAL FACTORS

The operation of the Group was not affected by any material significant seasonal or cyclical factors during the current financial quarter under review.

A5. UNUSUAL ITEMS DUE TO THEIR NATURE, SIZE OR INCIDENCE

Save for the event explained under note A11, there were no unusual items for the current financial quarter under review.

A6. CHANGE IN ESTIMATES

There were no change in the estimates of amounts reported which have material effect in the current financial quarter under review.

A7. DEBT AND EQUITY SECURITIES

There was no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities in the current financial quarter under review, save as disclosed below: -

- (i) The issuance of 10,000,000 new ordinary shares resulting from the conversion of the principal amount of RCN at a conversion price of RM0.05 per share on 12 August 2020.
- (ii) The issuance of 30,000,000 new ordinary shares resulting from the conversion of the principal amount of RCN at a conversion price of RM0.05 per share on 17 August 2020.

A8. DIVIDEND PAID

No dividend has been paid for the current financial quarter under review.

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A9. SEGMENTAL REPORTING

Segmental information is presented in respect of the Group's business segments. The primary format, business segments, is based upon the industry of the underlying investment.

The activities of the Group are carried out mainly in Malaysia and as such, segmental reporting by geographical location is not presented.

3 months ended 30-Sep-20	Property development/ Management RM'000	Resorts and Club Operation/ Management RM'000	Construction RM'000	Investment holding RM'000	Elimination RM'000	Consolidated RM'000
Revenue						
External sales	300	363	-	-	-	663
Inter-segment sales	18	-	-	-	(18)	-
Total revenue	<u>318</u>	<u>363</u>	<u>-</u>	<u>-</u>	<u>(18)</u>	<u>663</u>
Results						
Profit/(Loss) from operations	22	(394)	(1)	(501)	(1,063)	(1,937)
Finance income						16
Finance costs						(18)
Loss before taxation						<u>(1,939)</u>
Taxation						-
Loss after taxation						<u>(1,939)</u>
Other comprehensive loss						-
Total comprehensive loss						<u>(1,939)</u>
Other Information						
Depreciation and amortisation	123	425	-	4	(17)	535
Consolidated Statements of Financial Position						
Assets						
Segment assets	<u>298,249</u>	<u>60,838</u>	<u>-</u>	<u>230,334</u>	<u>(318,752)</u>	<u>270,669</u>
Liabilities						
Segment liabilities	<u>(223,132)</u>	<u>(63,514)</u>	<u>(1,535)</u>	<u>(35,609)</u>	<u>212,042</u>	<u>(111,748)</u>

A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT

There were no material change in the valuation on property, plant and equipment in the current financial quarter under review.

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A11. MATERIAL EVENTS DURING THE QUARTER

There were no material events during the quarter under review that have not been reflected.

A12. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE INTERIM PERIOD

On 7 October 2020, Palm Springs Development Sdn Bhd (a wholly owned subsidiary of World Vacation Ownership Sdn Bhd, which in turn is a wholly owned subsidiary of Tanco) had entered into a memorandum of understanding (“MOU”) to formalize a joint venture within 3 months with MyAngkasa Bina Sdn Bhd (“MyAngkasa Bina”) (a wholly-owned subsidiary of MyAngkasa Holdings Sdn Bhd, which in turn is a wholly-owned subsidiary of Angkatan Koperasi Kebangsaan Malaysia Berhad) on further development of the Splash Park Project (including but not limited to the sales, marketing and promotions of the Suites to the MyAngkasa Bina’s vast network of buyers and/ or the underwriting of such sales or the en-bloc purchase by MyAngkasa Bina). Further details on the MOU are set out in the Group’s announcement dated 7 October 2020.

Save for the above, there were no other material events subsequent to the end of the interim period under review that have not been reflected.

A13. CHANGE IN THE COMPOSITION OF THE GROUP

There were no material changes to the composition of the Group during the current financial quarter under review.

A14. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

As at 30 September 2020, the Group has no other contingent assets and contingent liabilities save as disclosed below.

	RM’000
Corporate guarantees given by the Company to banks for credit facilities granted to the subsidiaries	<u>41,475</u>

A15. CAPITAL COMMITMENT

There were no capital commitment for the current financial quarter under review.

Bursa Securities Listing Requirements (Part A of Appendix 9B)**B1. REVIEW OF PERFORMANCE**

For the current quarter ended 30 September 2020, the Group had recorded a loss before taxation (“LBT”) of RM1.9 million as compared to LBT of RM4.3 million in the preceding year corresponding quarter ended 30 September 2019. The decrease in LBT was mainly due to higher revenue and lower administrative expenses in the current quarter.

B2. MATERIAL CHANGE IN THE QUARTERLY RESULTS COMPARED TO THE RESULTS OF THE PRECEDING QUARTER ENDED 30 JUNE 2020

	Current Period Quarter 30/09/2020	Immediate Preceding Quarter 30/06/2020
	RM'000	RM'000
Revenue	<u>663</u>	<u>660</u>
Loss after tax	<u>(1,939)</u>	<u>(7,905)</u>

The Group recorded a revenue of RM0.6 million in the current quarter ended 30 September 2020 and preceding quarter ended 30 June 2020, whereby the difference is a negligible amount.

The Group recorded a loss after taxation (“LAT”) of RM1.9 million in current quarter ended 30 September 2020 as compared to LAT of RM7.9 million in preceding quarter ended 30 June 2020 mainly resulting from a lower cost of sales and administrative expenses in the current quarter.

B3. PROSPECTS

The COVID-19 pandemic has been and continues to remain a major concern worldwide with the economies of many countries and global businesses taking a huge hit.

With the Government’s ongoing efforts to sustain economic activities against the measures needed to contain the further spread of the pandemic domestically, in particular the reinstatement of the Conditional Movement Control Order (“CMCO”) to almost the entire country up to 6 December 2020, the outlook for the financial year ending 30 June 2021 remains challenging, as businesses continue to innovate and evolve themselves in order to adapt to this new normal.

Against this backdrop, the Group will continue to monitor the market conditions, and to seek interest, and strategic collaborations from prospective partners, investors and operators to explore fresh and innovative business models, thus providing the Group with more enhanced joint branding and unique business development options towards enabling us to further optimize the potential of the Group’s assets and network to generate more recurring revenues and better returns on investments.

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B4. PROFIT FORECAST

The Company did not announce any profit forecast nor profit guarantee for the current financial year under review.

B5. TAXATION

	Current Period Quarter 30/09/2020 RM'000	Current Year To Date 30/09/2020 RM'000
Income Tax		
- Current year	-	-
- Prior year	-	-
Deferred Tax		
- Current year	-	-
- Prior year	-	-
	<hr/>	<hr/>
	<hr/>	<hr/>

B6. PROFIT ON SALE OF UNQUOTED INVESTMENTS AND/OR PROPERTIES

There was no other sale of unquoted investments or properties other than those exercised in the ordinary course of business of the Group for the quarter.

B7. QUOTED SECURITIES

a) There were no purchases or disposal of quoted securities made in this quarter.

b) Investments in Quoted Securities

Quoted shares in Malaysia, at fair value

RM'000

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B8. CORPORATE PROPOSALS

Save for the following, there are no other corporate proposals announced by the Company but not completed as at 19 November 2020, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report.

RCN program

As at 19 November 2020, the Company has issued forty (40) Sub-Tranches under Tranche 1 of the RCNs amounting to RM20.0 million and fourteen (14) Sub-Tranches under Tranche 2 of the RCNs amounting to RM7.0 million.

Following the aforesaid issuance, RCNs of RM23.0 million were converted into a total of 442,382,364 new ordinary shares of the Company.

As at the date of this report, the status of the utilisation of the gross proceeds of RM27.0 million arising from the RCN issuance is as follow:-

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Intended Timeframe for Utilisation ^
Splash Park project	79,600	13,070	Within thirty-six (36) months
Acquisition of land	5,500	5,500	Within twelve (12) months
Repayment of bank borrowings	1,000	1,000	Within twelve (12) months
Working capital	6,400	4,475	Within thirty-six (36) months
Estimated expenses in relation to the Proposals	7,500	2,955	Within thirty-six (36) months
Total	100,000	27,000	

Note:

^ The proceeds raised were utilised from the date of issuance of the respective sub-tranches of the Notes and within the estimated timeframe stated above.

TANCO HOLDINGS BERHAD

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B9. GROUP BORROWINGS AND DEBT SECURITIES

Total Group's borrowings as at 30 September 2020 are as follow: -

	As at 30/09/2020 RM'000
Short Term Borrowings	
Secured: -	
- Bank overdraft	985
- Hire purchase and lease liabilities	182
- Bridging loan	3,327
- Term loan	293
	<u>4,787</u>
Long Term Borrowings	
Secured: -	
- Hire purchase and lease liabilities	323
- Bridging loan	31,339
- Term loan	5,530
	<u>37,192</u>
Total	<u>41,979</u>

The above borrowings are denominated in Ringgit Malaysia (RM).

B10. OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

As at 19 November 2020, being the latest practicable date, which is not earlier than 7 days from the date of issue of this quarterly report, the Group does not have any off-balance sheet financial instruments.

B11. MATERIAL LITIGATION

As at 19 November 2020, being the latest practicable date that is not earlier than 7 days from the date of issue of this quarterly report, the Group is not engaged in any material litigation except for:

Court proceedings via Originating Summons were filed by a wholly owned subsidiary of the Company via its solicitors against Pacific Trustees Bhd ("PTB") for declaratory relief to inter alia, dispute and challenge the validity and legality of the RM120,000 Dissolution Fee and the RM900,000 Disposal Fee being unilaterally imposed by PTB respectively for its fee per the dissolution of the Duta Vista Vacation Ownership ("DVVO") Scheme undertaken by the Subsidiary, and for its fee per the subsidiary's disposal of the 41 DVVO units in Duta Vista Executive Suites, with an alternate prayer for the Court to assess a fair and reasonable sum for the Dissolution Fees should the Court decide that a fee is due for PTB's works per the dissolution of the DVVO Scheme. The next trial dates for the Writ action is set on 23 to 26 August 2021.

No provision has been made for the disputed amounts as the solicitors acting for the subsidiary in the above matter are of the view that the subsidiary has a strong case against PTB.

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B12. DIVIDEND

There was no dividend declared during the current financial quarter under review.

B13. LOSS PER SHARE

<u>Basic</u>		Current Period Quarter <u>30/09/2020</u>	Preceding Year Corresponding Quarter <u>30/09/2019</u>	Current Period To Date <u>30/09/2020</u>	Preceding Period To Date <u>30/09/2019</u>
Net loss attributable to owners of the Company	(RM'000)	(1,939)	(4,306)	(1,939)	(4,306)
Weighted average number of ordinary shares	('000)	1,274,017	742,214	1,274,017	742,214
Basic loss per share	(Sen)	(0.15)	(0.58)	(0.15)	(0.58)

As at 30 September 2020, the Group has no potential dilutive ordinary shares. As such, there is no dilutive effect on the net loss per share of the Group for the current financial quarter under review.

By Order of the Board,

Choi Siew Fun
Company Secretary
Date: 26 November 2020