



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014**

(The figures have not been audited)



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 2014

| | Quarter ended 31 December | | Year ended 31 December | |
|--|------------------------------|----------------|---------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | 103,048 | 130,137 | 459,933 | 483,662 |
| Cost of sales | (69,133) | (91,554) | (331,739) | (346,220) |
| Gross profit | 33,915 | 38,583 | 128,194 | 137,442 |
| Other income | 853 | 276 | 2,264 | 2,602 |
| Fair value gain on investment property | 1,900 | 9,500 | 1,900 | 9,500 |
| Selling and distribution expenses | (11,252) | (13,410) | (51,574) | (49,707) |
| Administrative and general expenses | (23,081) | (13,145) | (69,814) | (53,641) |
| Interest expenses | (3,243) | (2,494) | (12,176) | (9,714) |
| Interest income | 581 | 856 | 2,176 | 2,109 |
| Share of (loss)/profit from equity accounted investments, net of tax | (507) | 1,977 | 2,321 | 4,316 |
| (Loss)/Profit before tax | (834) | 22,143 | 3,291 | 42,907 |
| Tax expenses | 465 | (2,385) | (1,918) | (8,904) |
| (Loss)/Profit for the period/year | (369) | 19,758 | 1,373 | 34,003 |
| Other comprehensive income, net of tax | | | | |
| <i>Items that are or may be reclassified subsequently to profit or loss:</i> | | | | |
| Net change in fair value of cash flow hedge | 546 | (72) | (382) | 482 |
| Foreign exchange differences from translation | (763) | 56 | 758 | 790 |
| | (217) | (16) | 376 | 1,272 |
| <i>Item that will not be reclassified subsequently to profit or loss:</i> | | | | |
| Remeasurement of defined benefit liabilities | 25 | 248 | 25 | 248 |
| Revaluation of property, plant and equipment | 33,886 | - | 33,886 | - |
| Total other comprehensive income for the period/year | 33,694 | 232 | 34,287 | 1,520 |
| Total comprehensive income for the period/year | 33,325 | 19,990 | 35,660 | 35,523 |
| (Loss)/Profit attributable to: | | | | |
| Owners of the Company | (155) | 19,871 | 1,732 | 34,221 |
| Non-controlling interests | (214) | (113) | (359) | (218) |
| | (369) | 19,758 | 1,373 | 34,003 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 33,539 | 20,103 | 36,019 | 35,741 |
| Non-controlling interests | (214) | (113) | (359) | (218) |
| | 33,325 | 19,990 | 35,660 | 35,523 |
| Basic earnings per share (sen) | (0.24) | 30.52 | 2.66 | 52.55 |
| Diluted earnings per share (sen) | N/A | N/A | N/A | N/A |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED) AS AT 31 DECEMBER 2014

| | As at 31.12.2014 RM'000 | As at 31.12.2013 RM'000 |
|---|-------------------------------|-------------------------------|
| ASSETS | | |
| Property, plant and equipment | 260,651 | 202,159 |
| Investment property | 44,500 | 42,600 |
| Investments accounted for using the equity method | 32,284 | 31,727 |
| Other investments | 10 | 10 |
| Lease receivables | 5,607 | 3,471 |
| Deferred tax assets | 1,565 | 734 |
| Intangible assets | 9,131 | 9,131 |
| Total non-current assets | 353,748 | 289,832 |
| Inventories | 152,906 | 158,516 |
| Trade and other receivables | 143,143 | 117,870 |
| Derivative financial assets | 108 | 366 |
| Current tax assets | 3,315 | 5,877 |
| Cash and bank balances | 86,124 | 109,540 |
| Total current assets | 385,596 | 392,169 |
| TOTAL ASSETS | 739,344 | 682,001 |
| EQUITY | | |
| Share capital | 67,200 | 67,200 |
| Share premium | 615 | 615 |
| Other reserves | 5,613 | (28,649) |
| Retained earnings | 260,659 | 264,761 |
| Treasury shares | (4,206) | (4,201) |
| Total equity attributable to owners of the Company | 329,881 | 299,726 |
| Non-controlling interests | (177) | 182 |
| TOTAL EQUITY | 329,704 | 299,908 |
| LIABILITIES | | |
| Deferred tax liabilities | 15,580 | 16,766 |
| Retirement benefit obligations | 3,096 | 2,434 |
| Loans and borrowings | 60,741 | 43,025 |
| Total non-current liabilities | 79,417 | 62,225 |
| Trade and other payables | 107,109 | 95,356 |
| Loans and borrowings | 221,494 | 222,286 |
| Derivative financial liabilities | 283 | 129 |
| Current tax liabilities | 1,337 | 2,097 |
| Total current liabilities | 330,223 | 319,868 |
| TOTAL LIABILITIES | 409,640 | 382,093 |
| TOTAL EQUITY AND LIABILITIES | 739,344 | 682,001 |
| Net assets per share attributable to owners of the Company (RM) | 5.07 | 4.60 |

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE YEAR ENDED 31 DECEMBER 2014

| | Attributable to owners of the Company | | | | | | | | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
|---|---------------------------------------|----------------------------|------------------------------|-----------------------------|----------------------------------|------------------------------|----------------------------------|--------------------------------|-----------------|--|---------------------------|
| | Non-distributable | | | | Distributable | | | | | | |
| | Share capital RM'000 | Share premium RM'000 | Treasury shares RM'000 | Merger reserve RM'000 | Translation reserve RM'000 | Hedging reserve RM'000 | Revaluation reserve RM'000 | Retained earnings RM'000 | | | |
| At 1 January 2013 - restated | 67,200 | 615 | (4,128) | (41,614) | (228) | (284) | 12,205 | 236,153 | 269,919 | 400 | 270,319 |
| Foreign currency translation differences for foreign operations | - | - | - | - | 790 | - | - | - | 790 | - | 790 |
| Remeasurement of defined benefit liabilities | - | - | - | - | - | - | - | 248 | 248 | - | 248 |
| Cash flow hedge | - | - | - | - | - | 482 | - | - | 482 | - | 482 |
| Total other comprehensive income for the year | - | - | - | - | 790 | 482 | - | 248 | 1,520 | - | 1,520 |
| Profit for the year | - | - | - | - | - | - | - | 34,221 | 34,221 | (218) | 34,003 |
| Total comprehensive income for the year | - | - | - | - | 790 | 482 | - | 34,469 | 35,741 | (218) | 35,523 |
| Purchase of treasury shares | - | - | (73) | - | - | - | - | - | (73) | - | (73) |
| Dividend - 2012 final | - | - | - | - | - | - | - | (2,931) | (2,931) | - | (2,931) |
| Dividend - 2013 interim | - | - | - | - | - | - | - | (2,930) | (2,930) | - | (2,930) |
| At 31 December 2013 | 67,200 | 615 | (4,201) | (41,614) | 562 | 198 | 12,205 | 264,761 | 299,726 | 182 | 299,908 |
| At 1 January 2014 | 67,200 | 615 | (4,201) | (41,614) | 562 | 198 | 12,205 | 264,761 | 299,726 | 182 | 299,908 |
| Foreign currency translation differences for foreign operations | - | - | - | - | 758 | - | - | - | 758 | - | 758 |
| Remeasurement of defined benefit liabilities | - | - | - | - | - | - | - | 25 | 25 | - | 25 |
| Cash flow hedge | - | - | - | - | - | (382) | - | - | (382) | - | (382) |
| Revaluation of property, plant and equipment | - | - | - | - | - | - | 33,886 | - | 33,886 | - | 33,886 |
| Total other comprehensive income for the year | - | - | - | - | 758 | (382) | 33,886 | 25 | 34,287 | - | 34,287 |
| Profit for the year | - | - | - | - | - | - | - | 1,732 | 1,732 | (359) | 1,373 |
| Total comprehensive income for the year | - | - | - | - | 758 | (382) | 33,886 | 1,757 | 36,019 | (359) | 35,660 |
| Purchase of treasury shares | - | - | (5) | - | - | - | - | - | (5) | - | (5) |
| Dividend - 2013 final | - | - | - | - | - | - | - | (2,930) | (2,930) | - | (2,930) |
| Dividend - 2014 interim | - | - | - | - | - | - | - | (2,929) | (2,929) | - | (2,929) |
| At 31 December 2014 | 67,200 | 615 | (4,206) | (41,614) | 1,320 | (184) | 46,091 | 260,659 | 329,881 | (177) | 329,704 |

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED) FOR THE YEAR ENDED 31 DECEMBER 2014

| | Twelve months ended 31 Dec 2014 RM'000 | Twelve months ended 31 Dec 2013 RM'000 |
|---|---|---|
| Cash flow from operating activities | | |
| Profit before tax | 3,291 | 42,907 |
| Adjustments for: | | |
| Depreciation | 45,668 | 49,667 |
| Property, plant and equipment written off | 2,191 | 22 |
| Gain on disposal of property, plant and equipment | (1,902) | (971) |
| Gain on disposal of assets held for rental | (9,206) | (20,911) |
| Other non-cash items | 7,549 | (2,716) |
| Non-operating items | 85 | 99 |
| Operating profit before working capital changes | 47,676 | 68,097 |
| Changes in working capital | (10,696) | (52,276) |
| Tax paid | (6,400) | (10,968) |
| Retirement benefit paid | (73) | (110) |
| Proceeds from disposal of assets held for rental | 35,444 | 37,293 |
| Net cash generated from operating activities | 65,951 | 42,036 |
| Cash flows from investing activities | | |
| Dividend received from jointly controlled entities | 1,735 | 2,509 |
| Dividend received from other investment | 4 | - |
| Purchase of property, plant and equipment | (55,497) | (53,663) |
| Proceeds from disposal of property, plant and equipment | 4,222 | 6,712 |
| Interest received | 2,176 | 2,109 |
| Net cash used in investing activities | (47,360) | (42,333) |
| Cash flows from financing activities | | |
| Dividends paid to shareholders of the Company | (5,859) | (5,861) |
| Repayment of hire purchase financing | (13,349) | (434) |
| Drawdown of bankers' acceptances | 305,558 | 200,755 |
| Repayment of bankers' acceptances | (314,760) | (143,928) |
| Drawdown of term loans | 35,000 | 20,000 |
| Repayment of term loans | (41,406) | (46,781) |
| Drawdown of revolving credits | 445,000 | 247,500 |
| Repayment of revolving credits | (442,000) | (238,000) |
| Interest paid | (12,176) | (9,714) |
| Purchase of treasury shares | (5) | (73) |
| Net cash (used in)/generated from financing activities | (43,997) | 23,464 |
| Net changes in cash and cash equivalents | (25,406) | 23,167 |
| Cash and cash equivalents at beginning of year | 108,328 | 84,653 |
| Effects of exchange rate fluctuation on cash and cash equivalents | 506 | 508 |
| Cash and cash equivalents at end of year | 83,428 | 108,328 |
| Cash and cash equivalents comprise: | | |
| Short term deposits | 17,062 | 12,227 |
| Cash at bank and in hand | 30,311 | 57,440 |
| Fixed deposits with licensed banks | 38,751 | 39,873 |
| Bank overdrafts | (2,696) | (1,212) |
| | 83,428 | 108,328 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to these interim financial statements.



Part A: Explanatory notes as per MFRS 134: *Interim Financial Reporting*

1. Basis of preparation

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”) 134: *Interim Financial Reporting* in Malaysia and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial report should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2013. These explanatory notes attached to the condensed consolidated 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 31 December 2013.

Adoption of Standards, Amendments and Issues Committee (“IC”) Interpretations

During the financial period, the Group has adopted the following standards, amendments and IC interpretations issued by the Malaysian Accounting Standards Board, effective for annual periods beginning on or after 1 January 2014:

| | |
|--|--|
| Amendments to MFRS 10, MFRS 12 and MFRS 127 | <i>Investment Entities</i> |
| Amendments to MFRS 132 | <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> |
| Amendments to MFRS 136 | <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> |
| Amendments to MFRS 139 | <i>Financial Instruments: Recognition and Measurement – Novation of Derivatives and Continuation of Hedge Accounting</i> |
| IC Interpretation 21 | <i>Levies</i> |

The adoptions of the above did not have any significant impact on the financial statements of the Group.



2. Audit qualification of financial statements

The auditors' report of the preceding annual financial statements was not subject to any qualification.

3. Seasonal or cyclical factors

Apart from the general economic environment in which the Group operates, the businesses of the Group are not affected by any significant seasonal or cyclical factors.

4. Nature and amount of unusual items

Other than disclosed elsewhere in this condensed interim financial statements, there were no unusual items that have a material effect on the assets, liabilities, equity, net income, or cash flows during the current quarter and year ended 31 December 2014.

5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect in the current quarter and year ended 31 December 2014.

6. Debt and equity securities

During the current quarter, a total of 1,000 ordinary shares were repurchased from the open market at RM2.85 per share for a total consideration of RM2,850. The Company repurchased a total of 500 of its ordinary shares from the open market at RM3.65 per share for a total consideration of RM1,868 in the previous quarters of this year. The repurchased transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

There were no other issuances, repurchases and repayments of debt and equity securities, share cancellation and resale of treasury shares during the current quarter and year ended 31 December 2014.

7. Dividends paid

The following dividends were paid:

| | RM'000 |
|--|---------------|
| Interim single tier dividend of 4.5 sen (2013: 6 sen less tax at 25%) for the financial year ended 31 December 2014 approved by the Board of Directors on 19 August 2014 and paid on 29 September 2014 | 2,929 |
| Final single tier dividend of 4.5 sen (2013: 6 sen less tax at 25%) for the financial year ended 31 December 2013 approved by the shareholders on 29 May 2014 and paid on 26 June 2014 | 2,930 |



8. Operating segments

The Group's report on operating segments for the financial year-to-date is as follows:

| | ← Twelve months ended 31 Dec → | | | | | | | | | |
|-------------------------|--------------------------------|---------|------------------------------|---------|-------------------|--------|---------------|--------|----------------|---------|
| | <u>Machinery</u> | | <u>Travel and car rental</u> | | <u>Automotive</u> | | <u>Others</u> | | <u>Total</u> | |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| External revenue | 203,484 | 203,206 | 206,471 | 223,633 | 40,825 | 45,713 | 9,153 | 11,110 | 459,933 | 483,662 |
| Inter-segment revenue | - | - | 1,681 | 1,423 | - | - | - | - | 1,681 | 1,423 |
| Segment profit / (loss) | 13,683 | 22,031 | 49,680 | 71,295 | (4,289) | 454 | 722 | 9,779 | 59,796 | 103,559 |
| Segment assets | 259,487 | 255,659 | 281,223 | 234,628 | 69,379 | 71,782 | 89,389 | 78,703 | 699,478 | 640,772 |
| Segment liabilities | 152,508 | 172,950 | 193,918 | 136,184 | 46,137 | 53,698 | 3,004 | 1,919 | 395,567 | 364,751 |

Operating segments (continued)

| | 12 months ended 31 Dec | |
|---|------------------------|----------------|
| | 2014 RM'000 | 2013 RM'000 |
| Reconciliation of reportable segment profit or loss | | |
| Total profit or loss for reportable segments | 59,796 | 103,559 |
| Depreciation | (45,668) | (49,667) |
| Interest expenses | (12,176) | (9,714) |
| Interest income | 2,176 | 2,109 |
| Non-reportable segment expenses | (3,158) | (7,696) |
| Share of profit from equity accounted investments, net of tax | 2,321 | 4,316 |
| Consolidated profit before tax | <u>3,291</u> | <u>42,907</u> |
| Reconciliation of reportable segment assets | | |
| Total assets for reportable segments | 699,478 | 640,772 |
| Assets for non-reportable segment | 7,582 | 9,502 |
| Share of assets from equity accounted investments | 32,284 | 31,727 |
| Consolidated assets | <u>739,344</u> | <u>682,001</u> |
| Reconciliation of reportable segment liabilities | | |
| Total liabilities for reportable segments | 395,567 | 364,751 |
| Liabilities for non-reportable segment | 14,073 | 17,342 |
| Consolidated liabilities | <u>409,640</u> | <u>382,093</u> |

9. Valuation of property, plant and equipment

Pursuant to the change of accounting policy for land and buildings, the Group's land and buildings are subsequently measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus (net of deferred tax) of RM33.9 million and impairment loss of RM0.8 million have been incorporated into the consolidated financial statements for the year ended 31 December 2014. The valuation was carried out by independent professional valuers using open market with existing use basis and was announced to Bursa Securities on 29 January 2015.

10. Valuation of investment property

Subsequent to initial recognition, investment property of the Group is stated at fair value which reflects market conditions at reporting date. The Group last recognised the fair value of the investment property based on a valuation carried out by external valuer on 1 October 2013.

This valuation has been updated during the year based on a valuation carried out by an independent professional external valuer on 1 October 2014 and was announced to Bursa Securities on 29 January 2015. The fair value gain of RM1.9 million has been incorporated into the consolidated financial statements for the year ended 31 December 2014.

11. Material subsequent event

There were no material events subsequent to the end of the current quarter.



12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter and year ended 31 December 2014.

13. Changes in contingent liabilities

There was no material change in contingent liabilities since the last financial year end.

14. Capital commitments

Capital commitments of the Group in respect of property, plant and equipment not provided for as at the end of the quarter are as follows:

| | As at 31.12.14 RM'000 |
|---------------------------------|--------------------------------------|
| Approved and contracted for | <u>25,324</u> |
| Approved but not contracted for | <u>72,743</u> |

15. Operating lease commitments

(a) As lessor – for the leases of commercial vehicles and machinery:

The future minimum lease rental receivables under non-cancellable leases are as follows:

| | As at 31.12.14 RM'000 |
|--|--------------------------------------|
| Not later than 1 year | 31,002 |
| Later than 1 year and not later than 5 years | 24,175 |
| | <u>55,177</u> |

(b) As lessee – for office premises

The future minimum lease payments under non-cancellable operating leases are as follows:

| | As at 31.12.14 RM'000 |
|--|--------------------------------------|
| Not later than 1 year | 4,252 |
| Later than 1 year and not later than 5 years | 3,668 |
| | <u>7,920</u> |

16. Related party disclosures

Related party transactions between the Group and Tan Chong Motor Holdings Berhad group, APM Automotive Holdings Berhad group and companies in which a Director and substantial shareholder of the Company is deemed to have substantial interests are as follows:

| | Individual quarter | | Cumulative quarters | |
|---|--------------------|--------------------|---------------------|--------------------|
| | 31.12.14 RM'000 | 31.12.13 RM'000 | 31.12.14 RM'000 | 31.12.13 RM'000 |
| Sales | 535 | 6,365 | 24,176 | 32,544 |
| Travel agency, car rental and workshop services | 1,769 | 1,694 | 6,166 | 10,337 |
| Rental income | 536 | 437 | 2,067 | 1,654 |
| | 2,840 | 8,496 | 32,409 | 44,535 |
| Purchases of trucks and spare parts | 1,045 | 662 | 2,916 | 2,266 |
| Workshop services | 438 | 412 | 1,258 | 1,420 |
| Rental expenses | 87 | 35 | 250 | 137 |
| Purchases of property, plant and equipment | 8,313 | 15,800 | 39,998 | 37,792 |
| Insurance agency services | 68 | 1,055 | 1,760 | 4,276 |
| Administrative services | 1,669 | 1,471 | 5,748 | 5,228 |
| Financing and leasing | 1,381 | 12,977 | 43,395 | 12,977 |
| Assembly services | 2,024 | 664 | 6,104 | 5,774 |
| | 15,025 | 33,076 | 101,429 | 69,870 |

Related party transactions between the Group and its jointly controlled entities are as follows:

| | Individual quarter | | Cumulative quarters | |
|--|--------------------|--------------------|---------------------|--------------------|
| | 31.12.14 RM'000 | 31.12.13 RM'000 | 31.12.14 RM'000 | 31.12.13 RM'000 |
| Sales | 1,379 | 1,497 | 3,406 | 5,596 |
| Travel agency , car rental and workshop services | 69 | 76 | 1,406 | 1,098 |
| | 1,448 | 1,573 | 4,812 | 6,694 |
| Purchases of products | (13) | 73 | 76 | 218 |

The above transactions were entered into in the ordinary course of business based on normal commercial terms and on arms-length basis. These transactions were established on terms that are not materially different from those with unrelated parties.

Part B: Additional Information required in accordance with the Main Market Listing Requirements of Bursa Securities**1. Review of performance****Year ended 31 December 2014**

Group revenue decreased to RM459.9 million from RM483.7 million last year, representing a decrease of 4.9%. The lower revenue was mainly due to the decreased in revenue from the Travel and Car Rental Division and Automotive Division. Profit before tax (“PBT”) was recorded at RM3.3 million as compared with RM42.9 million last year due to escalating costs and higher interest expenses. The profit included the fair value gain of RM1.9 million (2013: RM9.5 million) on the valuation of our investment property. Profit after tax decreased to RM1.4 million from RM34.0 million recorded last year.

Machinery Division

Revenue from the Machinery Division of RM203.5 million was slightly higher compared with last year of RM203.2 million. Segment profit was lower compared with last year due to higher staff costs, marketing and travelling costs to support future growth.

Travel and Car Rental Division

The Travel and Car Rental Division recorded a decrease in revenue of 7.7% compared with last year. The decrease in revenue was due mainly to lesser disposal of used rental vehicles by the Car Rental sub division which generated lower gain from disposal in the current year. Retail and Distribution was performing better in the current year contributed by better wholesale activities. China Inbound business was affected by the plane tragedies and the on-going security concern in Sabah but showing sign of recovery. This has also affected corporate travel as companies cut down travelling budget. It was further distorted by the slower business from the Middle East, who has other inexpensive option to go to Europe instead; aggravated by summer holiday season fell on the fasting month this year. Segment profit decreased compared with last year also due to higher staff and promotional costs to support service delivery and growth.

Automotive Division

The Automotive Division recorded a decrease of 10.7% in revenue to RM40.8 million as compared with last year due to lower number of unit sales of heavy commercial trucks in the current year. The Division recorded a segment loss of RM4.3 million as compared to segment profit of RM0.4 million achieved in last year due to higher CKD import costs and branches setup costs to widen the distribution network and its new pre-delivery inspection (“PDI”) facility.

Jointly controlled entities

Our share of profit of our joint ventures, namely Shiseido Malaysia Sdn Bhd (“Shiseido”) and Wacoal Malaysia Sdn Bhd, decreased compared with last year because of higher advertising, sales and promotional expenses for new brands and commission particularly Shiseido.



3 months ended 31 December 2014

The Group recorded slightly lower revenue at RM103.0 million in the fourth quarter of 2014 compared with RM130.1 million in the corresponding quarter last year. Loss before tax of RM0.8 million was recorded compared to profit before tax of RM22.1 million in corresponding quarter last year. Lower revenue was recorded by Travel and Car Rental Division and Automotive Division whilst loss before tax was due to increase in operating costs. There were also higher disposal gain from the sale of used rental vehicles in 2013 as compared with the current financial year. Share of joint ventures profit in the fourth quarter of 2014 decreased by RM2.5 million as compared to the corresponding quarter last year due to higher operating cost for Shiseido and Wacoal.

2. Comparison with preceding quarter's results

The Group recorded lower revenue by 8.1% at RM103.0 million compared with RM112.1 million in the preceding quarter due to the lower sales contribution from all segments. Loss before tax was recorded at RM0.8 million, as opposed to loss before tax of RM1.9 million in the preceding quarter due to overall decreased in operating cost as well as the incorporation of the fair value gain on our investment property of RM1.9 million (2013: RM9.5 million).

3. Prospects

Malaysia's economy is expected to grow at a slower pace of 4.5% to 5.5% in 2015 compared with 6% in 2014 due to influence of weaker domestic demand and a fall in oil price and export. However, positive growth was experienced across all economic sectors in 2014 and growth in construction sector also sustained, driven by the residential and non-residential sub-sectors. This provides good outlook prospect for the Group's Machinery and Automotive Divisions, whilst we strengthened the Group's sales teams and backend support to seize all opportunities and deliver consistent service excellence.

On the domestic front, Ringgit depreciation will definitely help in improving export competitiveness, encouraging wider import substitution activities and most importantly facilitating greater number of tourist arrivals into the country. This provides a positive impact to the Group Travel and Car Rental Division coupled with the Malaysia Year of Festival 2015 with the aim to increase the number of tourist arrivals and also tourism spending in Malaysia. Whereas, Corporate Travel sub division sales are expected to increase with the acquisitions of new clients.

This year will be a very challenging year for the Malaysian Economy. However, the Group will continues to focus on strengthening market presence, increase product range, cost rationalisation and productivity improvement, whilst expanding our market to neighbouring countries widening our regional footprint.

4. Profit forecast

This is not applicable to the Group as there was no profit forecast issued.

5. Tax expenses

| | Individual quarter | | Cumulative quarters | |
|-----------------------------|--------------------|--------------|---------------------|--------------|
| | 31.12.14 | 31.12.13 | 31.12.14 | 31.12.13 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Tax expenses | | | | |
| Current year | 2,771 | 4,700 | 7,704 | 12,751 |
| Prior year | (88) | (89) | 498 | (168) |
| Deferred tax expense | | | | |
| Current year | (3,214) | (2,215) | (6,284) | (3,668) |
| Prior year | 66 | (11) | - | (11) |
| | <u>(465)</u> | <u>2,385</u> | <u>1,918</u> | <u>8,904</u> |

The Group's effective tax rate for the year ended 31 December 2014 was higher than the prima facie tax rate due mainly to deferred tax assets have not been recognized for certain loss making subsidiaries and certain expenses which were not deductible for tax purpose.

6. Status of corporate proposals

There were no corporate proposals announced but not completed as at the reporting date.

7. Group borrowings

Particulars of the Group borrowings as at the reporting date are as follows:

| | As at 31.12.14 RM'000 |
|---------------------------------|-----------------------------|
| Current | |
| <u>Unsecured</u> | |
| Bankers' acceptances | 86,341 |
| Revolving credits | 83,000 |
| Term loans | 31,611 |
| Bank overdrafts | 2,696 |
| | <u>203,648</u> |
| <u>Secured</u> | |
| Hire purchase creditors | 17,846 |
| | <u>221,494</u> |
| Non-current | |
| Term loans-unsecured | 38,061 |
| Hire purchase creditors-secured | 22,680 |
| | <u>60,741</u> |

The above borrowings were denominated in Ringgit Malaysia.

8. Material litigation

On 3 July 2002, the Company and a subsidiary claimed for damages against two former directors of the subsidiary for breaches of their fiduciary and/or contractual duties. On or about 25 June 2004, two (2) former employees of subsidiaries of the Company were added as defendants to the action.

On 7 February 2006, the plaintiffs filed an application for leave to include another party as co-defendant. The application was allowed by the Court.

The parties are awaiting further direction from the Court to set a date for a further mention date.



9. Dividend

The Board of Directors is pleased to recommend a final single tier dividend of 4.5 sen (2013: 4.5 sen single tier) per share for the financial year ended 31 December 2014, subject to shareholders' approval at the forthcoming annual general meeting. Together with the interim single tier dividend of 4.5 sen (2013 : 6 sen less tax at 25%) per share already declared and paid, this represents a total single tier dividend of 9.0 sen (2013: 4.5 sen single tier and 6 sen less tax at 25%) per share for the financial year ended 31 December 2014.

The entitlement date and payment date for the final dividend shall be announced in due course.

10. Earnings per share

Basic earnings per share is calculated based on (loss)/profit for the period/year attributable to owners of the Company and weighted average number of ordinary shares in issue during the period/year.

| | Individual quarter | | Cumulative quarters | |
|--|--------------------|---------------|---------------------|---------------|
| | 31.12.14 | 31.12.13 | 31.12.14 | 31.12.13 |
| (Loss)/Profit attributable to owners of the Company (RM'000) | <u>(155)</u> | <u>19,871</u> | <u>1,732</u> | <u>34,221</u> |
| Weighted average number of ordinary shares in issue ('000) | | | | |
| At beginning of period/year | 65,104 | 65,111 | 65,119 | 65,141 |
| Effect of share buyback | - | (6) | (15) | (22) |
| At end of period/year | <u>65,104</u> | <u>65,105</u> | <u>65,104</u> | <u>65,119</u> |
| Basic earnings per share (sen) | <u>(0.24)</u> | <u>30.52</u> | <u>2.66</u> | <u>52.55</u> |

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

(Loss)/Profit before tax is arrived at after charging/(crediting) the following items:

| | Individual quarter | | Cumulative quarters | |
|---|--------------------|--------------------|---------------------|--------------------|
| | 31.12.14 RM'000 | 31.12.13 RM'000 | 31.12.14 RM'000 | 31.12.13 RM'000 |
| Depreciation and amortisation | 11,663 | 11,917 | 45,668 | 49,667 |
| Provision for doubtful debts | 267 | 2,039 | 342 | 2,127 |
| Bad debts written off | - | 2 | 72 | 70 |
| Provision for inventories | 66 | 601 | 295 | 974 |
| Inventories written off | - | - | - | - |
| (Gain)/Loss on disposal of quoted or unquoted investments | - | - | - | - |
| (Gain)/Loss on disposal of properties | - | - | - | - |
| Impairment of assets | 786 | - | 786 | - |
| Foreign exchange (gain)/loss | (1) | 611 | 88 | 99 |
| (Gain)/Loss on derivatives | - | - | - | - |
| Exceptional items | - | - | - | - |

12. Derivative financial instruments

Forward foreign currency contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuation in foreign currency exchange rates.

As at 31 December 2014, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

| | Notional amount RM'000 | Fair value assets/ (liabilities) RM'000 |
|------------------|---------------------------------------|--|
| Less than 1 year | <u>11,693</u> | <u>(175)</u> |

13. Disclosure of realised and unrealised profits

The breakdown of the retained profits of the Group as at 31 December 2014, into realised and unrealised profits/(losses), is as follows:

| | As at 31.12.14 RM'000 | As at 31.12.13 RM'000 |
|---|--------------------------------------|-----------------------------|
| Total retained profits of the Group: | | |
| - Realised | 238,511 | 249,694 |
| - Unrealised | 11,050 | 5,225 |
| | <u>249,561</u> | 254,919 |
| Total retained profits from jointly controlled entities: | | |
| - Realised | 16,209 | 13,888 |
| - Unrealised | 483 | 483 |
| | <u>16,692</u> | 14,371 |
| Less: Consolidation adjustments | (5,594) | (4,529) |
| Total retained profits as per Statement of Financial Position | <u>260,659</u> | <u>264,761</u> |

The determination of realised and unrealised profits is based on the Guidance on Special Matter No. 1: *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure pursuant to Bursa Securities Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Securities and should not be applied for any other purposes.

BY ORDER OF THE BOARD
 LEE KWEE CHENG
 ANG LAY BEE
 CHANG PIE HOON
 Company Secretaries
 Kuala Lumpur
 26 February 2015