



**WARISAN TC HOLDINGS BERHAD**

*(Company No: 424834-W)*

*(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2018**

*(The figures have not been audited)*



**WARISAN TC HOLDINGS BERHAD**

(Company No: 424834-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2018**

	Quarter Ended			Year-To-Date Ended		
	30.06.2018	30.06.2017	Changes	30.06.2018	30.06.2017	Changes
	RM'000	RM000	%	RM'000	RM000	%
Revenue	112,080	134,274	(17)	233,150	246,824	(6)
Cost of sales	(78,427)	(99,602)	(21)	(166,780)	(178,495)	(7)
Gross profit	33,653	34,672	(3)	66,370	68,329	(3)
Other income	168	489	(66)	657	798	(18)
Selling and distribution expenses	(11,366)	(10,699)	6	(22,762)	(21,287)	7
Administrative and general expenses	(18,348)	(20,418)	(10)	(36,822)	(41,105)	(10)
Interest expense	(3,173)	(3,441)	(8)	(6,491)	(7,095)	(9)
Interest income	262	215	22	597	634	(6)
Share of loss of equity-accounted associate, net of tax	(118)	-	-	(196)	-	-
Share of profit of equity-accounted joint ventures, net of tax	302	406	(26)	2,416	1,292	87
Profit before tax	1,380	1,224	13	3,769	1,566	141
Tax expense	128	(489)	(126)	(363)	(556)	(35)
<b>Profit for the period</b>	<b>1,508</b>	<b>735</b>	<b>105</b>	<b>3,406</b>	<b>1,010</b>	<b>237</b>
<b>Profit attributable to :</b>						
Owners of the Company	1,772	839	111	3,810	1,171	225
Non-controlling interests	(264)	(104)	154	(404)	(161)	151
	1,508	735	105	3,406	1,010	237
<b>Earnings per share (sen) attributable to owners of the Company:</b>						
- Basic	2.72	1.29		5.85	1.80	
- Diluted	N/A	N/A		N/A	N/A	

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 COMPREHENSIVE INCOME (UNAUDITED)  
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2018**

	Quarter Ended			Year-To-Date Ended		
	30.06.2018	30.06.2017	Changes	30.06.2018	30.06.2017	Changes
	RM'000	RM000	%	RM'000	RM000	%
Profit for the period	1,508	735	105	3,406	1,010	237
Other comprehensive income / (loss), 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	311	(276)	(213)	570	(232)	(346)
Foreign exchange differences from translation	805	(507)	(259)	(170)	(774)	(78)
<b>Total other comprehensive income / (loss), net of tax</b>	<b>1,116</b>	<b>(783)</b>	<b>(243)</b>	<b>400</b>	<b>(1,006)</b>	<b>(140)</b>
<b>Total comprehensive income / (loss)</b>	<b>2,624</b>	<b>(48)</b>	<b>(5,567)</b>	<b>3,806</b>	<b>4</b>	<b>95,050</b>
<b>Total comprehensive income / (loss) attributable to :</b>						
Owners of the Company	2,888	56	5,057	4,210	165	2,452
Non-controlling interests	(264)	(104)	154	(404)	(161)	151
	<b>2,624</b>	<b>(48)</b>	<b>(5,567)</b>	<b>3,806</b>	<b>4</b>	<b>95,050</b>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 30 JUNE 2018**

	As at 30.06.2018 RM'000	As at 31.12.2017 RM'000
<b>ASSETS</b>		
Property, plant and equipment	287,298	304,188
Investment property	45,400	45,400
Investment in an associate	1,257	979
Investment in joint ventures	37,100	35,993
Other investments	10	10
Lease receivables	1,115	1,728
Other receivables	698	698
Deferred tax assets	3,008	2,664
Intangible assets	12,339	12,374
<b>Total non-current assets</b>	<b>388,225</b>	<b>404,034</b>
Inventories	142,281	125,002
Receivables, deposits and prepayments	185,829	157,775
Derivative financial assets	252	10
Current tax assets	10,022	10,538
Cash and cash equivalents	95,012	94,052
<b>Total current assets</b>	<b>433,396</b>	<b>387,377</b>
<b>TOTAL ASSETS</b>	<b>821,621</b>	<b>791,411</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	67,815	67,815
Reserves	16,357	16,153
Retained earnings	252,336	250,535
Treasury shares	(4,213)	(4,213)
<b>Total equity attributable to owners of the Company</b>	<b>332,295</b>	<b>330,290</b>
<b>Non-controlling interests</b>	<b>(1,921)</b>	<b>(1,380)</b>
<b>TOTAL EQUITY</b>	<b>330,374</b>	<b>328,910</b>
<b>LIABILITIES</b>		
Deferred tax liabilities	17,724	17,678
Employee benefits	6,805	6,534
Hire purchase liabilities	22,837	36,867
Borrowings	8,250	10,750
<b>Total non-current liabilities</b>	<b>55,616</b>	<b>71,829</b>
Payables and accruals	173,726	141,737
Hire purchase liabilities	32,992	35,960
Borrowings	228,669	210,461
Derivative financial liability	11	519
Current tax liabilities	233	1,995
<b>Total current liabilities</b>	<b>435,631</b>	<b>390,672</b>
<b>TOTAL LIABILITIES</b>	<b>491,247</b>	<b>462,501</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>821,621</b>	<b>791,411</b>
	RM	RM
<b>Net assets per share attributable to owners of the Company</b>	<b>5.10</b>	<b>5.07</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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-TO-DATE ENDED 30 JUNE 2018**

	← Attributable to owners of the Company →								Total	Non-controlling interests	Total Equity
	← Non-distributable →				Distributable						
	Share capital	Share premium	Treasury shares	Merger reserve	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	
At 1 January 2018	67,815	-	(4,213)	(41,614)	3,266	(387)	54,888	250,535	330,290	(1,380)	328,910
Effect of adoption of MFRS 9	-	-	-	-	-	-	-	(252)	(252)	-	(252)
At 1 January 2018 - restated	67,815	-	(4,213)	(41,614)	3,266	(387)	54,888	250,283	330,038	(1,380)	328,658
Investment by minority shareholders	-	-	-	-	-	-	-	-	-	(137)	(137)
Foreign currency translation differences for foreign operations	-	-	-	-	(170)	-	-	-	(170)	-	(170)
Change in fair value of cash flow hedge	-	-	-	-	-	570	-	-	570	-	570
Total other comprehensive loss, net of tax	-	-	-	-	(170)	570	-	-	400	-	400
Profit for the period	-	-	-	-	-	-	-	3,810	3,810	(404)	3,406
Total comprehensive income for the period	-	-	-	-	(170)	570	-	3,810	4,210	(404)	3,806
Purchase of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Dividend - 2017 final	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(196)	196	-	-	-
At 30 June 2018	67,815	-	(4,213)	(41,614)	3,096	183	54,692	252,336	332,295	(1,921)	330,374

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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-TO-DATE ENDED 30 JUNE 2018**

	← Attributable to owners of the Company →							Distributable Retained earnings	Total	Non- controlling interests	Total Equity
	← Non-distributable →										
	Share capital	Share premium	Treasury shares	Merger reserve	Translation reserve	Hedging reserve	Revaluation reserve				
RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	RM000	
<b>At 1 January 2017</b>	67,200	615	(4,210)	(41,614)	5,053	(38)	45,464	247,465	319,935	(1,021)	318,914
Adjustment for effects of Companies Act 2016 (Note a)	615	(615)	-	-	-	-	-	-	-	-	-
Foreign currency translation differences for foreign operations	-	-	-	-	(774)	-	-	-	(774)	-	(774)
Change in fair value of cash flow hedge	-	-	-	-	-	(232)	-	-	(232)	-	(232)
Total other comprehensive loss, net of tax	-	-	-	-	(774)	(232)	-	-	(1,006)	-	(1,006)
Profit for the period	-	-	-	-	-	-	-	1,171	1,171	(161)	1,010
Total comprehensive income for the period	-	-	-	-	(774)	(232)	-	1,171	165	(161)	4
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividend - 2016 final	-	-	-	-	-	-	-	(1,302)	(1,302)	-	(1,302)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(155)	155	-	-	-
<b>At 30 June 2017</b>	67,815	-	(4,212)	(41,614)	4,279	(270)	45,309	247,489	318,796	(1,182)	317,614

**Note a : Pursuant to Section 618(2) of the Companies Act 2016 ("CA 2016"), any amount standing to the credit of the share premium account shall become part of the share capital. Notwithstanding this, the Group may within 24 months upon commencement of the CA 2016 use the amount standing to the credit of the share premium account of RM615,000 for the purposes set out in Section 618(3) of the CA 2016**

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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-TO-DATE ENDED 30 JUNE 2018**

	<b>Year-To-Date Ended</b>	
	<b>30.06.2018</b>	30.06.2017
	<b>RM'000</b>	RM'000
<b>Cash flow from operating activities</b>		
Profit before tax	<b>3,769</b>	1,566
Adjustments for:		
Depreciation & amortisation	<b>27,619</b>	29,726
Property, plant and equipment written off	<b>161</b>	38
Gain on disposal of property, plant and equipment	<b>(128)</b>	(682)
Gain on disposal of assets held for rental	<b>(1,941)</b>	(1,764)
Other non-cash items	<b>(1,831)</b>	(855)
Non-operating items	<b>5,894</b>	6,461
<b>Operating profit before working capital changes</b>	<b>33,543</b>	34,490
Changes in working capital	<b>(10,433)</b>	(22,412)
Tax paid, net of refunds	<b>(2,061)</b>	(1,053)
Retirement benefit paid	<b>(168)</b>	(56)
Proceeds from disposal of assets held for rental	<b>12,626</b>	7,066
<b>Net cash generated from operating activities</b>	<b>33,507</b>	18,035
<b>Cash flows from investing activities</b>		
Acquisition of subsidiary	<b>(382)</b>	-
Investment in an associate	<b>(474)</b>	-
Dividend received from joint ventures	<b>1,309</b>	780
Purchase of property, plant and equipment	<b>(22,361)</b>	(10,762)
Purchase of intangible assets	<b>(77)</b>	(299)
Proceeds from disposal of property, plant and equipment	<b>451</b>	3,229
Interest received	<b>597</b>	634
<b>Net cash used in investing activities</b>	<b>(20,937)</b>	(6,418)
<b>Cash flows from financing activities</b>		
Dividends paid to shareholders of the Company	<b>(1,953)</b>	(1,302)
Repayment of hire purchase financing	<b>(19,049)</b>	(17,652)
Drawdown of bankers' acceptances	<b>56,360</b>	43,100
Repayment of bankers' acceptances	<b>(46,860)</b>	(54,582)
Repayment of term loans	<b>(2,870)</b>	(4,672)
Drawdown of revolving credits	<b>867,000</b>	1,020,000
Repayment of revolving credits	<b>(857,000)</b>	(1,012,000)
Interest paid	<b>(6,491)</b>	(7,095)
Purchase of treasury shares	<b>-</b>	(2)
<b>Net cash used in financing activities</b>	<b>(10,863)</b>	(34,205)
<b>Net changes in cash and cash equivalents</b>	<b>1,707</b>	(22,588)
Cash and cash equivalents at beginning of period	<b>92,780</b>	81,726
Effects of exchange rate fluctuation on cash and cash equivalents	<b>175</b>	(312)
<b>Cash and cash equivalents at end of period</b>	<b>94,662</b>	58,826
Cash and cash equivalents comprise:		
Short term deposits	<b>7,782</b>	8,508
Cash at bank and in hand	<b>36,672</b>	28,645
Fixed deposits with licensed banks	<b>50,558</b>	25,569
Bank overdrafts	<b>(350)</b>	(3,896)
	<b>94,662</b>	58,826

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2017 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 2017. The 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 2017.

**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, which became effective for annual periods beginning on or after 1 January 2018:

**MFRSs / Amendments / Interpretations**

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
Amendment to MFRS 1 and MFRS 128	Annual Improvements to MFRS Standard 2014-2016 Cycle
Amendment to MFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendment to MFRS 4	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendment to MFRS 15	Clarifications to MFRS 15
Amendment to MFRS 140	Transfer of Investment Property
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

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

The Group have not applied the following standards and amendments that have been issued by the MASB but are not yet effective:

Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures
IC Interpretation 23	Uncertainty over Income Tax Treatments
MFRS 16	Leases
MFRS 17	Insurance Contracts
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendment to MFRS 3	Business Combinations
Amendment to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets





Amendment 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 Translations and Advance Consideration
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs

### **MFRS 9 Financial Instruments**

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets and financial liabilities, and on hedge accounting.

In the implementation of MFRS 9, the Group assesses the impact of the MFRS 9 by estimating the loss rate using Flow Rate method.

In respect of impairment of financial assets, MFRS 9 replaces the “incurred loss” model in MFRS 139 with an “expected credit loss” (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments measured at fair value through other comprehensive income, but not to investments in equity instruments.

On the date of initial application, MFRS 9 did not affect the classification and measurement assets and financial liabilities, except debts which has decreased by RM252,000 as at 1 January 2018 as a result of applying the ECL model on trade receivables. As permitted by the transitional provisions of MFRS 9, the Group has elected not to restate comparative figures and thus these adjustments were recognised in the opening retained earnings of the current period.

	As reported at 31 December 2017 RM'000	Adjustment from adoption of MFRS 9 RM'000	Restated balance at 1 January 2018 RM'000
Group			
Trade and other receivables	157,775	(252)	157,523
Retained earnings	250,535	(252)	250,283
	=====	=====	=====

### **MFRS 15 Revenue from Contracts with Customers**

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programs, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services.

Upon the adoption of MFRS 15, the Group recognizes revenue when a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

The Group has done its assessment by reviewing the contracts with major customers. Based on the assessment, the impact to its retained earnings is reduced by approximately RM1.377mil. The Group adopted MFRS 15 in accordance with the partial retrospective application for annual periods beginning on 1 January 2018 and the comparatives will not be restated. The following tables summarise the impact of adopting MFRS 15 on the Group’s financial statement.



	As reported at 30 June 2018 RM'000	Adjustment from adoption of MFRS 15 RM'000	Amount without adoption of MFRS 15 RM'000
Group			
Payables and accruals	173,726	(1,377)	172,349
Retained earnings	252,336	1,377	253,713
	=====	=====	=====

## 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

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-to-date ended 30 June 2018.

## 5. Significant estimates and changes in estimates

There were no changes in estimates that have had any material effect on the condensed interim financial statements in the current quarter and year-to-date ended 30 June 2018.

## 6. Debt and equity securities

During the current quarter, a total of 100 ordinary shares was repurchased from the open market at RM2.10 per share for a total consideration of RM253.47. The transactions were financed by internally generated funds. The repurchased shares are held as treasury shares in accordance with Section 127 of the Companies Act, 2016.

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 six months ended 30 June 2018.

## 7. Dividends paid

A final single tier dividend of 3.0 sen (2016: 2.0 sen) for the financial year ended 31 December 2017 totalling to RM1,953,015 approved by the shareholders on 25 May 2018, was paid on 22 June 2018.



8. Operating segments

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

	← Year-To-Date Ended 30 June →									
	<u>Machinery</u>		<u>Travel and car rental</u>		<u>Automotive</u>		<u>Other operations</u>		<u>Total</u>	
	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017	<b>2018</b>	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	<b>125,665</b>	109,491	<b>75,804</b>	101,372	<b>22,119</b>	27,572	<b>9,562</b>	8,389	<b>233,150</b>	246,824
Inter-segment revenue	-	-	<b>861</b>	883	-	-	-	-	<b>861</b>	883
Segment profit / (loss)	<b>13,846</b>	11,504	<b>26,653</b>	30,483	<b>(1,073)</b>	(1,726)	<b>(3,087)</b>	(1,961)	<b>36,339</b>	38,300
Segment assets	<b>291,240</b>	265,629	<b>334,130</b>	349,817	<b>45,248</b>	56,651	<b>106,507</b>	101,911	<b>777,125</b>	774,008
Segment liabilities	<b>177,299</b>	164,740	<b>222,350</b>	249,541	<b>41,119</b>	41,891	<b>31,372</b>	20,000	<b>472,140</b>	476,172

## Operating segments (continued)

	Year-To-Date Ended 30 June	
	2018	2017
	RM'000	RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	<b>36,339</b>	38,300
Depreciation and amortisation	<b>(27,619)</b>	(29,726)
Interest expense	<b>(6,491)</b>	(7,095)
Interest income	<b>597</b>	634
Non-reportable segment expenses	<b>(1,277)</b>	(1,839)
Share of profit/(loss) from equity accounted investments, net of tax		
- associate	<b>(196)</b>	-
- joint ventures	<b>2,416</b>	1,292
Consolidated profit before tax	<b>3,769</b>	1,566
Reconciliation of reportable segment assets		
Total assets for reportable segments	<b>777,125</b>	774,008
Assets for other non-reportable segment	<b>6,139</b>	3,536
Share of assets from equity accounted investments		
- associate	<b>1,257</b>	148
- joint ventures	<b>37,100</b>	34,519
Consolidated assets	<b>821,621</b>	812,211
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	<b>472,140</b>	476,172
Liabilities for other non-reportable segment	<b>19,107</b>	18,425
Consolidated liabilities	<b>491,247</b>	494,597

## 9. Valuations of property, plant and equipment

The valuations of property, plant and equipment were brought forward without amendment from the annual financial statements for the year ended 31 December 2017.

## 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 fair value of the investment property is based on a valuation carried out by an external valuer on 4 October 2017.

## 11. Material subsequent event

There were no material events subsequent to the end of the current quarter and year-to-date ended 30 June 2018.

## 12. Changes in composition of the Group

There were no changes in the composition of the Group for the quarter under review. On 10 August 2018, a newly 49% owned associate company named Tan Chong Warisan Resources Management LLC was incorporated under the Limited Liability Company Law of New York. Its principal activities are to develop and source for business opportunities in USA and Canada, to source for new and innovative products, technologies and/or services which can be commercially develop or commercialised and any other business related thereto.

**13. Changes in contingent liabilities**

There was no contingent liability as at end of current quarter nor was there any as at end of last financial year.

**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 <b>30.06.18</b> RM'000	As at 30.06.17 RM'000
Approved and contracted for	<b>54,043</b>	6,583
Approved but not contracted for	<b>36,892</b>	18,451

**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 <b>30.06.18</b> RM'000	As at 30.06.17 RM'000
Not later than 1 year	<b>47,754</b>	53,385
Later than 1 year and not later than 5 years	<b>35,381</b>	41,091
	<b>83,135</b>	94,476

(b) As lessee – for office premises

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

	As at <b>30.06.18</b> RM'000	As at 30.06.17 RM'000
Not later than 1 year	<b>2,667</b>	2,573
Later than 1 year and not later than 5 years	<b>693</b>	1,657
	<b>3,360</b>	4,230

**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	
	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000
Sales of goods and services	<b>6,482</b>	5,814	<b>12,180</b>	10,432
Rental income	<b>651</b>	624	<b>1,363</b>	1,240
	<b>7,133</b>	6,438	<b>13,543</b>	11,672
Purchases goods and services	<b>8,829</b>	25,278	<b>20,075</b>	38,355
Rental expenses	<b>574</b>	305	<b>1,178</b>	573
Financing and leasing	<b>260</b>	465	<b>586</b>	1,031
	<b>9,663</b>	26,048	<b>21,839</b>	39,959

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

	Individual quarter		Cumulative quarters	
	30.06.18 RM'000	30.06.17 RM'000	30.06.18 RM'000	30.06.17 RM'000
Sales of goods and services	<b>70</b>	683	<b>102</b>	883
Purchases of goods	<b>-</b>	-	<b>-</b>	17

The above transactions were entered into in the ordinary course of business based on normal commercial terms. 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**

	Individual Quarter		Changes (%)	Cumulative Quarter		Changes (%)
	Current Year	Preceding Year		Current Year	Preceding Year	
	30.06.2018	30.06.2017		30.06.2018	30.06.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	<b>112,080</b>	134,274	(17)	<b>233,150</b>	246,824	(6)
Operating Profit	<b>4,107</b>	4,044	2	<b>7,443</b>	6,735	11
Profit Before Interest and Tax	<b>4,291</b>	4,450	(4)	<b>9,663</b>	8,027	20
Profit Before Tax	<b>1,380</b>	1,224	13	<b>3,769</b>	1,566	141
Profit After Tax	<b>1,508</b>	735	105	<b>3,406</b>	1,010	237
Profit Attributable to Ordinary Equity Holders of the Company	<b>1,772</b>	839	111	<b>3,810</b>	1,171	225

**6 months ended 30 June 2018**

The Group's revenue decreased by 5.5% to RM233.2 million as compared to RM246.8 million in the first half of 2017. The decrease in revenue was primarily due to the lower contribution from the Travel and Car Rental Division and trading of used vehicles in Automotive Division. The Group registered a profit before tax of RM3.8 million compared to RM1.6 million in the corresponding period prior year as a result of favourable results from the Machinery Division.

Machinery Division

Revenue from the Machinery Division increased to RM125.7 million from RM109.5 million registered during the first half of prior year, representing an increase of 14.8%. In line with the improvement in revenue and lower operating expenses as a result of strict cost management initiatives, segment profit increased by 20.0% to RM13.8 million from RM11.5 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division's revenue decreased by 25.2% to RM75.8 million from RM101.4 million registered in the first half of prior year. This was primarily due to lower contribution from the Travel subdivision, specifically slowdown in incentive tour market and inbound segment due to rescheduling of travelling plan to later dates as a result of the anxiety caused by the impending General Election to overseas travellers. Segment profit decreased by 12.5% to RM26.7 million from RM30.5 million recorded in the corresponding period prior year.

### Automotive Division

The Automotive Division's revenue decreased by 19.9% to RM22.1 million from RM27.6 million registered in the first half of prior year due to reduction in revenue generated from trading of used vehicles. However, this segment recorded a lower loss at RM1.1 million compared to a loss of RM1.7 million in first half of prior year due to higher gross profit margins achieved by the Division.

### Jointly controlled entities

Our share of profit from our joint ventures partners, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, increased by 87% compared to the first half of prior year. The increased of profit were mainly due to higher revenue as a result of aggressive product promotion conducted by the joint ventures partners.

### **3 months ended 30 June 2018**

The Group recorded lower revenue at RM112.1 million in the second quarter of 2018 compared to RM134.3 million in the corresponding quarter prior year. A profit before tax of RM1.4 million was recorded compared to a profit before tax of RM1.2 million in corresponding quarter prior year. This was primarily due to the higher revenue from Machinery Division and Automotive Division's improvement in overall gross profit margin.

## **2. Comparison with preceding quarter's results**

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.06.2018	31.03.2018	
	RM'000	RM'000	
Revenue	<b>112,080</b>	121,070	(7)
Operating Profit	<b>4,107</b>	3,336	23
Profit Before Interest and Tax	<b>4,291</b>	5,372	(20)
Profit Before Tax	<b>1,380</b>	2,389	(42)
Profit After Tax	<b>1,508</b>	1,898	(21)
Profit Attributable to Ordinary Equity Holders of the Company	<b>1,772</b>	2,038	(13)

The Group revenue decreased by 7.4% to RM112.1 million as compared to RM121.1 million registered in the preceding quarter. This was primarily due to lower revenue contribution from the trading of used cars in the Automotive division. As a result of lower revenue, the Group's profit before tax has declined to RM1.4 million as compared to RM2.4 million in the preceding quarter.



### 3. Group's Prospects

The business environment in Malaysia remains challenging with weak consumer sentiments, intensifying competitive pricing and the expected impending changes in certain policies to be introduced by the Government of Malaysia which may have impact on the Group's business segment.

Nevertheless, the ongoing infrastructure related projects in the country continues to provide traction to the Machinery Division.

Customers' cautious spending habit due to the uncertain economic outlook continues to have adverse impact on the Travel and Car Rental Division. Notwithstanding the challenges faced, this Division will continue to remain vigilant and take decisive actions in managing any anticipated changes in the external environment to ensure sustainable growth. Improvement on operational efficiency and tighter cost control measures will continue to be deployed to ensure price competitiveness in this Division. Overseas business ventures in Cambodia, Thailand and Myanmar are expected to generate additional revenue stream from overseas market in the future.

The Automotive Division will continue to be impacted by the softened domestic demand for motor vehicles, stringent loan approval and increase in interest rates. Identifying new products and new markets will be the key imperative for the future prospect of this division.

Strong branding, customer loyalty and new product launches by our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd have resulted in encouraging performance from our joint venture entities despite the customers' cautious spending habit especially in the retail market.

Despite these challenges, the Group will remain resilient and take decisive actions in managing the changes in the external environment to ensure sustainable growth for the Group.

### 4. Profit forecast

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

### 5. Tax expenses

	Quarter Ended		Year-To-Date Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	RM'000	RM'000	RM'000	RM'000
<b>Tax expenses</b>				
Current year	<b>(354)</b>	(135)	<b>585</b>	119
Prior year	-	8	<b>230</b>	5
<b>Deferred tax expense</b>				
Current year	<b>222</b>	614	<b>(414)</b>	231
Prior year	<b>4</b>	2	<b>(38)</b>	201
	<b>(128)</b>	489	<b>363</b>	556

The Group's tax credit for the quarter was due to over provision of tax in the previous quarter.

The effective tax rates for the period ended 30 June 2018 are lower than the prima facie tax rate due mainly to utilisation of group tax relief from certain loss making subsidiaries.

## 6. Status of corporate proposals

The Directorate of Investment and Company Administration Department, Ministry of Planning and Finance of Republic of the Union of Myanmar (“Myanmar”) has issued a temporary Certificate of Incorporation dated 5 April 2018 for the incorporation of a wholly-owned subsidiary with the name of “MAT Transportation Solution (Myanmar) Company Limited” (“MAT Myanmar”) in Myanmar under the Myanmar Companies Act, 1914 by MAT (Labuan) Pte Ltd, a wholly owned subsidiary of the Company. On 2 July 2018 the Company has received the permanent Certificate of Incorporation for MAT Myanmar issued by the Ministry of Planning and Finance, Republic of Myanmar.

MAT Myanmar’s intended principal activities are to carry on the business of rental and leasing of cars and coaches, as well as all related transportation businesses in Myanmar. MAT Myanmar’s will have an authorised capital of USD1,000,000/- divided into 1,000,000 ordinary shares of USD1/- each and paid up capital of USD50,000.

On 26 July 2018 MAT (Labuan) Pte Ltd, a wholly-owned subsidiary of the Company entered into a Joint Venture and Operating Agreement with TCMSC (Labuan) Pte Ltd, a wholly-owned subsidiary of TC Management Services Corporation Sdn Bhd which in turn is a wholly-owned subsidiary of Tan Chong Motor Holdings Berhad, to regulate the relationship of the parties in a joint venture company to be incorporated in New York with the name “Tan Chong Warisan Resources Management Inc.” or any other name agreed in writing by the parties and approved by New York State Department of State (“JV Co”) with regard to the management, operations and affairs of the JV Co and also to regulate the rights and obligations of the parties as members of the JV Co. For further details, please refer to our announcement dated 26 July 2018.

## 7. Group borrowings

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

	As at 2nd Quarter ended 30.06.2018		
	Long Term	Short Term	Total borrowings
	RM’000	RM’000	RM’000
<b>Secured</b>			
- Hire purchase	22,837	32,992	55,829
<b>Unsecured</b>			
- Term loan	8,250	12,000	20,250
- Revolving credits	-	176,000	176,000
- Banker acceptance	-	40,319	40,319
- Bank overdrafts	-	350	350
	8,250	228,669	236,919
<b>Total borrowings</b>	<b>31,087</b>	<b>261,661</b>	<b>292,748</b>



	As at 2nd Quarter ended 30.06.2017		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	61,941	15,509	77,450
Unsecured			
- Term loan	20,250	14,593	34,843
- Revolving credits	-	171,000	171,000
- Banker acceptance	-	27,435	27,435
- Bank overdrafts	-	3,896	3,896
	20,250	216,924	237,174
<b>Total borrowings</b>	<b>82,191</b>	<b>232,433</b>	<b>314,624</b>

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 declare an interim single tier dividend of 1.0 sen (2017: 1.0 sen single tier) per share for the financial year ending 31 December 2018. The proposed interim dividend amount is made in consideration of the challenging business environment and the need to conserve cash to finance the Group's expansion plan during the second half of 2018.

The interim dividend will be paid on 28 September 2018. The entitlement to dividend will be determined on the basis of the record of depositors as at 7 September 2018.

A depositor shall qualify for the entitlement to the dividend only in respect of:

- (a) shares transferred into the depositor's securities account before 4.00 p.m. on 7 September 2018 in respect of ordinary transfer; and
- (b) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis in accordance with the rules of Bursa Malaysia Securities Berhad.

## 10. Earnings per share

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

	Quarter Ended		Year-To-Date Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
Profit attributable to owners of the Company (RM'000)	<b>1,772</b>	839	<b>3,810</b>	1,171
Weighted average number of ordinary shares in issue ('000)				
At beginning of period	<b>65,101</b>	65,103	<b>65,101</b>	65,103
Effect of share buyback	-	(2)	-	(2)
At end of period	<b>65,101</b>	65,101	<b>65,101</b>	65,101
Basic earnings per share (sen)	<b>2.72</b>	1.29	<b>5.85</b>	1.80

## 11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Quarter Ended		Year-To-Date Ended	
	30.06.18	30.06.17	30.06.18	30.06.17
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	<b>13,600</b>	14,971	<b>27,619</b>	29,726
Provision for doubtful debts	<b>64</b>	139	<b>64</b>	139
Bad debts written off	-	-	-	-
Provision for inventories	<b>(126)</b>	96	<b>155</b>	166
Inventories written off	-	-	-	-
(Gain)/Loss on disposal of quoted or unquoted investments	-	-	-	-
(Gain)/Loss on disposal of properties	-	-	-	-
Impairment of assets	-	-	-	-
Foreign exchange (gain)/loss	<b>(155)</b>	(328)	<b>(323)</b>	(281)
(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 30 June 2018, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	<b>Notional amount 30.06.18 RM'000</b>	<b>Fair value assets/ (liabilities) 30.06.18 RM'000</b>
Less than 1 year	<u><b>32,284</b></u>	<u><b>241</b></u>

BY ORDER OF THE BOARD  
ANG LAY BEE  
CHANG PIE HOON  
Company Secretaries  
Kuala Lumpur  
16 August 2018