



WARISAN TC HOLDINGS BERHAD

(Company No: 424834-W)

(Incorporated in Malaysia)

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

	Quarter Ended			Year-To-Date Ended		
	30.09.2018	30.09.2017	Changes	30.09.2018	30.09.2017	Changes
	RM'000	RM000	%	RM'000	RM000	%
Revenue	143,520	121,878	18	376,670	368,702	2
Cost of sales	(106,586)	(85,349)	25	(273,366)	(263,844)	4
Gross profit	36,934	36,529	1	103,304	104,858	(1)
Other income	70	536	(87)	727	1,334	(46)
Selling and distribution expenses	(13,007)	(10,830)	20	(35,769)	(32,117)	11
Administrative and general expenses	(18,951)	(20,952)	(10)	(55,773)	(62,057)	(10)
Interest expense	(3,371)	(3,868)	(13)	(9,862)	(10,963)	(10)
Interest income	491	412	19	1,088	1,046	4
Share of loss of equity-accounted associate, net of tax	(108)	-	-	(304)	-	-
Share of profit of equity-accounted joint ventures, net of tax	1,682	1,620	4	4,098	2,912	41
Profit before tax	3,740	3,447	9	7,509	5,013	50
Tax expense	(1,625)	(562)	189	(1,988)	(1,118)	78
Profit for the period	2,115	2,885	(27)	5,521	3,895	42
Profit attributable to :						
Owners of the Company	1,893	2,935	(36)	5,703	4,106	39
Non-controlling interests	222	(50)	(544)	(182)	(211)	(14)
	2,115	2,885	(27)	5,521	3,895	42
Earnings per share (sen) attributable to owners of the Company:						
- Basic	2.91	4.51		8.76	6.31	
- 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 SEPTEMBER 2018**

	Quarter Ended			Year-To-Date Ended		
	30.09.2018	30.09.2017	Changes	30.09.2018	30.09.2017	Changes
	RM'000	RM000	%	RM'000	RM000	%
Profit for the period	2,115	2,885	(27)	5,521	3,895	42
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	(159)	81	(296)	411	(151)	(372)
Foreign exchange differences from translation	263	(88)	(399)	93	(862)	(111)
Total other comprehensive income / (loss), net of tax	104	(7)	(1,586)	504	(1,013)	(150)
Total comprehensive income / (loss)	2,219	2,878	(23)	6,025	2,882	109
Total comprehensive income / (loss) attributable to :						
Owners of the Company	1,997	2,928	(32)	6,207	3,093	101
Non-controlling interests	222	(50)	(544)	(182)	(211)	(14)
	2,219	2,878	(23)	6,025	2,882	109

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 SEPTEMBER 2018**

	As at 30.09.2018 RM'000	As at 31.12.2017 RM'000
ASSETS		
Property, plant and equipment	284,643	304,188
Investment property	45,400	45,400
Investment in an associate	1,149	979
Investment in joint ventures	37,781	35,993
Other investments	10	10
Lease receivables	1,056	1,728
Other receivables	698	698
Deferred tax assets	3,054	2,664
Intangible assets	12,138	12,374
Total non-current assets	385,929	404,034
Inventories	159,118	125,002
Receivables, deposits and prepayments	203,597	157,775
Derivative financial assets	74	10
Current tax assets	12,477	10,538
Cash and cash equivalents	108,946	94,052
Total current assets	484,212	387,377
TOTAL ASSETS	870,141	791,411
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,815	67,815
Reserves	16,363	16,153
Retained earnings	253,676	250,535
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	333,641	330,290
Non-controlling interests	11,545	(1,380)
TOTAL EQUITY	345,186	328,910
LIABILITIES		
Deferred tax liabilities	17,850	17,678
Employee benefits	6,986	6,534
Hire purchase liabilities	16,707	36,867
Borrowings	-	10,750
Total non-current liabilities	41,543	71,829
Payables and accruals	202,240	141,737
Hire purchase liabilities	30,895	35,960
Borrowings	247,175	210,461
Derivative financial liability	42	519
Current tax liabilities	3,060	1,995
Total current liabilities	483,412	390,672
TOTAL LIABILITIES	524,955	462,501
TOTAL EQUITY AND LIABILITIES	870,141	791,411
	RM	RM
Net assets per share attributable to owners of the Company	5.13	5.07

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 SEPTEMBER 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	-	-	-	-	-	-	-	-	-	13,107	13,107
Foreign currency translation differences for foreign operations	-	-	-	-	93	-	-	-	93	-	93
Change in fair value of cash flow hedge	-	-	-	-	-	411	-	-	411	-	411
Total other comprehensive loss, net of tax	-	-	-	-	93	411	-	-	504	-	504
Profit for the period	-	-	-	-	-	-	-	5,703	5,703	(182)	5,521
Total comprehensive income for the period	-	-	-	-	93	411	-	5,703	6,207	(182)	6,025
Dividend - 2017 final	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Dividend - 2018 interim	-	-	-	-	-	-	-	(651)	(651)	-	(651)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(294)	294	-	-	-
At 30 September 2018	67,815	-	(4,213)	(41,614)	3,359	24	54,594	253,676	333,641	11,545	345,186

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 SEPTEMBER 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 2017	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	-	-	-	-	(862)	-	-	-	(862)	-	(862)
Change in fair value of cash flow hedge	-	-	-	-	-	(151)	-	-	(151)	-	(151)
Total other comprehensive loss, net of tax	-	-	-	-	(862)	(151)	-	-	(1,013)	-	(1,013)
Profit for the period	-	-	-	-	-	-	-	4,106	4,106	(211)	3,895
Total comprehensive income for the period	-	-	-	-	(862)	(151)	-	4,106	3,093	(211)	2,882
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Dividend - 2016 final	-	-	-	-	-	-	-	(1,302)	(1,302)	-	(1,302)
Dividend - 2017 interim	-	-	-	-	-	-	-	(651)	(651)	-	(651)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(232)	232	-	-	-
At 30 September 2017	67,815	-	(4,212)	(41,614)	4,191	(189)	45,232	249,850	321,073	(1,232)	319,841

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

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2018**

	Year-To-Date Ended	
	30.09.2018	30.09.2017
	RM'000	RM'000
Cash flow from operating activities		
Profit before tax	7,509	5,013
Adjustments for:		
Depreciation & amortisation	41,821	44,968
Property, plant and equipment written off	338	252
Gain on disposal of property, plant and equipment	(114)	(1,686)
Gain on disposal of assets held for rental	(3,491)	(3,297)
Other non-cash items	(2,798)	(2,207)
Non-operating items	8,774	9,917
Operating profit before working capital changes	52,039	52,960
Changes in working capital	(7,481)	(30,942)
Tax paid, net of refunds	(3,187)	(1,466)
Retirement benefit paid	(211)	(78)
Proceeds from disposal of assets held for rental	21,486	14,297
Net cash generated from operating activities	62,646	34,771
Cash flows from investing activities		
Acquisition of subsidiary	(382)	-
Investment in an associate	(474)	-
Dividend received from joint ventures	2,310	780
Purchase of property, plant and equipment	(49,582)	(15,733)
Purchase of intangible assets	(77)	(443)
Proceeds from disposal of property, plant and equipment	741	6,829
Interest received	1,088	1,046
Net cash used in investing activities	(46,376)	(7,521)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(2,604)	(1,953)
Repayment of hire purchase financing	(28,193)	(26,457)
Drawdown of bankers' acceptances	111,906	67,453
Repayment of bankers' acceptances	(73,616)	(74,092)
Repayment of term loans	(11,120)	(14,033)
Drawdown of revolving credits	1,385,000	1,482,400
Repayment of revolving credits	(1,385,000)	(1,469,400)
Interest paid	(9,862)	(10,963)
Subscription of share in subsidiary by non-controlling interests	13,244	-
Purchase of treasury shares	-	(2)
Net cash used in financing activities	(245)	(47,047)
Net changes in cash and cash equivalents	16,025	(19,797)
Cash and cash equivalents at beginning of period	92,780	81,726
Effects of exchange rate fluctuation on cash and cash equivalents	75	(243)
Cash and cash equivalents at end of period	108,880	61,686
Cash and cash equivalents comprise:		
Short term deposits	5,847	8,577
Cash at bank and in hand	40,783	29,991
Fixed deposits with licensed banks	62,316	25,353
Bank overdrafts	(66)	(2,235)
	108,880	61,686

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 RM1.959mil. 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 September 2018 RM'000	Adjustment from adoption of MFRS 15 RM'000	Amount without adoption of MFRS 15 RM'000
Group			
Payables and accruals	202,240	(1,959)	200,281
Retained earnings	253,676	1,959	255,635
	=====	=====	=====

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 September 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 September 2018.

6. Debt and equity securities

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-to date ended 30 September 2018.

7. Dividends paid

The following dividends were paid:

	RM'000
Final single tier dividend of 3.0 sen for the financial year ended 31 December 2017 approved by the shareholders on 25 May 2018 was paid on 22 June 2018.	<u><u>1,953</u></u>
Interim single tier dividend of 1.0 sen for the financial year ending 31 December 2018 was paid on 28 September 2018.	<u><u>651</u></u>



8. Operating segments

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

	← Year-To-Date Ended 30 Sep →									
	<u>Machinery</u>		<u>Travel and car rental</u>		<u>Automotive</u>		<u>Other operations</u>		<u>Total</u>	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	196,783	178,309	119,094	135,707	46,359	42,175	14,434	12,511	376,670	368,702
Inter-segment revenue	-	-	1,414	1,329	-	-	-	-	1,414	1,329
Segment profit / (loss)	21,932	18,562	39,609	46,126	(527)	(2,406)	(4,415)	(2,880)	56,599	59,402
Segment assets	310,856	268,215	343,400	337,037	49,474	50,907	122,205	105,470	825,935	761,629
Segment liabilities	196,617	164,185	224,484	235,321	48,818	40,463	34,992	24,325	504,911	464,294

Operating segments (continued)

	Year-To-Date Ended 30 Sep	
	2018	2017
	RM'000	RM'000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	56,599	59,402
Depreciation and amortisation	(41,821)	(44,968)
Interest expense	(9,862)	(10,963)
Interest income	1,088	1,046
Non-reportable segment expenses	(2,289)	(2,416)
Share of profit/(loss) from equity accounted investments, net of tax		
- associate	(304)	-
- joint ventures	4,098	2,912
Consolidated profit before tax	7,509	5,013
Reconciliation of reportable segment assets		
Total assets for reportable segments	825,935	761,629
Assets for other non-reportable segment	5,276	4,448
Share of assets from equity accounted investments		
- associate	1,149	148
- joint ventures	37,781	36,139
Consolidated assets	870,141	802,364
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	504,911	464,294
Liabilities for other non-reportable segment	20,044	18,229
Consolidated liabilities	524,955	482,523

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 September 2018.

12. Changes in composition of the Group

During the quarter under review, the changes to the composition of the Group are as follows:-

- a) On 10 August 2018, a newly 49% owned associate company, 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. Please refer to the announcements dated 26 July 2018 and 14 August 2018 for further details.
- b) On 24 September 2018, Warisan TC Holdings Berhad (“WTCH”) has entered into Subscription and Shareholders’ Agreement with Tan Chong Motor Holdings Berhad (“TCMH”) and Commit Communication Technologies (M) Sdn Bhd (“CCT”), a wholly owned subsidiary of WTCH to regulate the relationship of the parties as shareholders through equity participation by TCMH in CCT (“Joint Venture”). This Joint Venture provides an opportunity for CCT to explore and expand its property investment portfolios. It also enables CCT to access and tap into TCMH’s existing knowledge and technical expertise in managing its huge property investment portfolio. Please refer to the announcements dated 24 September 2018, 27 September 2018, 1 October 2018, 2 October 2018 and 3 October 2018 for further details of the Joint Venture.

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 30.09.18 RM’000	As at 30.09.17 RM’000
Approved and contracted for	<u>39,497</u>	<u>3,077</u>
Approved but not contracted for	<u>31,393</u>	<u>10,356</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 30.09.18 RM’000	As at 30.09.17 RM’000
Not later than 1 year	47,452	46,859
Later than 1 year and not later than 5 years	31,877	37,916
	<u>79,329</u>	<u>84,775</u>

(b) As lessee – for office premises

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

	As at 30.09.18 RM'000	As at 30.09.17 RM'000
Not later than 1 year	2,957	2,565
Later than 1 year and not later than 5 years	1,106	1,265
	4,063	3,830

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	
	30.09.18 RM'000	30.09.17 RM'000	30.09.18 RM'000	30.09.17 RM'000
Sales of goods and services	16,384	4,848	28,564	15,280
Rental income	666	623	2,029	1,863
	17,050	5,471	30,593	17,143
Purchases goods and services	32,807	7,850	52,882	46,205
Rental expenses	478	531	1,656	1,104
Financing and leasing	195	394	781	1,425
	33,480	8,775	55,319	48,734

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

	Individual quarter		Cumulative quarters	
	30.09.18 RM'000	30.09.17 RM'000	30.09.18 RM'000	30.09.17 RM'000
Sales of goods and services	19	38	93	929
Purchases of goods	-	-	-	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	
	30.09.2018	30.09.2017		30.09.2018	30.09.2017	
	RM'000	RM'000		RM'000	RM'000	
Revenue	143,520	121,878	18	376,670	368,702	2
Operating Profit	4,938	5,283	(7)	12,185	12,018	1
Profit Before Interest and Tax	6,620	6,903	(4)	16,283	14,930	9
Profit Before Tax	3,740	3,447	9	7,509	5,013	50
Profit After Tax	2,115	2,885	(27)	5,521	3,895	42
Profit Attributable to Ordinary Equity Holders of the Company	1,893	2,935	(36)	5,703	4,106	39

9 months ended 30 September 2018

Group revenue increased to RM376.7 million from RM368.7 million in the first nine months of prior year, representing an increase of 2.2%. The increase in revenue was primarily due to higher contribution from the Machinery Division and Automotive Division which benefitted from the tax holiday period. In line with the higher revenue, the Group registered a profit before tax of RM7.5 million compared to a profit before tax of RM5.0 million in the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division increased to RM196.8 million from RM178.3 million registered during the first nine months of prior year, representing an increase of 10.4%. In line with the improvement in revenue and lower operating expenses as a result of continuous cost control initiatives, segment profit increased by 17.7% to RM21.9 million from RM18.6 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded a 12.2% decline in revenue to RM119.1 million from RM135.7 million registered in the first nine months of prior year. This was primarily due to lower contribution from the Travel subdivision as a result of competitive nature of this industry couple with slowdown in incentive tour market. As a result, segment profit decreased by 14.1% from RM46.1 million to RM39.6 million compared to the corresponding period prior.

Automotive Division

The Automotive Division recorded an increase in revenue to RM46.4 million from RM42.2 million registered in the first nine months of prior year due to the launch of new model during the third quarter. As a result this Division recorded a lower segment loss of RM0.5 million compared to a loss of RM2.4 million in first nine months of prior year.

Jointly controlled entities

Our share of profit from our joint ventures entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, increased by 40.7% compared to the first nine months of prior year. Higher revenue as a result of new products gaining market traction from continuous promotional strategies has contributed to the increased in profit.

3 months ended 30 September 2018

The Group recorded higher revenue at RM143.5 million in the third quarter of 2018 as compared to RM121.9 million in the corresponding quarter prior year. This was primarily due to higher contributions by the Machinery Division and Automotive Division that benefitted from the tax holiday period. Profit before tax increased by 8.8% to RM3.7 million from RM3.4 million in the corresponding quarter prior year.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.09.2018	30.06.2018	
	RM'000	RM'000	
Revenue	143,520	112,080	28
Operating Profit	4,938	4,107	20
Profit Before Interest and Tax	6,620	4,291	54
Profit Before Tax	3,740	1,380	171
Profit After Tax	2,115	1,508	40
Profit Attributable to Ordinary Equity Holders of the Company	1,893	1,772	7

The Group revenue increased by 28.0% to RM143.5 million as compared to RM112.1 million registered in the preceding quarter. This was primarily due to higher revenue contribution from the Machinery division and Automotive division. As a result of higher revenue, the Group's profit before tax has increased to RM3.7 million as compared to RM1.4 million in the preceding quarter.

3. Group's Prospects

The business environment in Malaysia remains challenging with weak consumer sentiments, intensifying competitive pricing, weakening of Malaysian Ringgit against US Dollars and the effect of trade tension between USA and China have increased the uncertainty in the prospect of the global economy and may have impact on the Group's business segment.

Favourable decision made by the Government of Malaysia to continue with some of the existing ongoing infrastructure related projects in the country continues to provide positive traction to the Machinery Division.

Nevertheless, cautious customer sentiment 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. Efforts to improve on the performance of overseas business ventures, especially in Indochina such as Cambodia, Thailand and Myanmar will be intensified and are expected to generate additional revenue stream in the future.

The Automotive Division will continue to be impacted by the softened domestic demand for motor vehicles, stringent loan approval, weakening of Malaysian Ringgit against US Dollars 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 promotional activities 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 which is affecting the retail market.

Against the backdrop of such uncertainties and challenges faced, the Group will remain resilient and take decisive actions in managing such changes to remain profitable for the rest of the financial year.

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	
	30.09.18	30.09.17	30.09.18	30.09.17
	RM'000	RM'000	RM'000	RM'000
Tax expenses				
Current year	(413)	1,904	172	2,023
Prior year	1,910	1,337	2,140	1,342
Deferred tax expense				
Current year	175	(1,118)	(239)	(887)
Prior year	(47)	(1,561)	(85)	(1,360)
	1,625	562	1,988	1,118

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

The effective tax rate for the period ended 30 September 2018 is lower than the prima facie tax rate largely due to availability of group tax relief from certain loss making subsidiaries for the current period.

6. Status of corporate proposals

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

7. Group borrowings

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

	As at 3 rd quarter ended 30.09.2018		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	16,707	30,895	47,602
Unsecured			
- Term loan	-	12,000	12,000
- Revolving credits	-	166,000	166,000
- Banker acceptance	-	69,109	69,109
- Bank overdrafts	-	66	66
	-	247,175	247,175
Total borrowings	16,707	278,070	294,777

	As at 3 rd quarter ended 30.09.2017		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	39,401	34,109	73,510
Unsecured			
- Term loan	12,000	13,482	25,482
- Revolving credits	-	176,000	176,000
- Banker acceptance	-	32,278	32,278
- Bank overdrafts	-	2,235	2,235
	12,000	223,995	235,995
Total borrowings	51,401	258,104	309,505

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

No dividend has been recommended since the last quarterly announcement.

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	
	30.09.18	30.09.17	30.09.18	30.09.17
Profit attributable to owners of the Company (RM'000)	1,893	2,935	5,703	4,106
Weighted average number of ordinary shares in issue ('000)				
At beginning of period	65,101	65,103	65,101	65,103
Effect of share buyback	(1)	(2)	(1)	(2)
At end of period	65,100	65,101	65,100	65,101
Basic earnings per share (sen)	2.91	4.51	8.76	6.31

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	
	30.09.18 RM'000	30.09.17 RM'000	30.09.18 RM'000	30.09.17 RM'000
Depreciation and amortization	14,202	15,242	41,821	44,968
Provision for doubtful debts	37	18	101	157
Bad debts written off	-	-	-	-
Provision for inventories	-	116	155	282
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	310	(91)	(13)	(372)
(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 September 2018, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 30.09.18 RM'000	Fair value assets/ (liabilities) 30.09.18 RM'000
Less than 1 year	35,534	32

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