



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 2019**

(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 2019

	Quarter Ended			Year-to-date Ended		
	30.06.2019	30.06.2018	Changes	30.06.2019	30.06.2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	113,745	112,080	1	226,646	233,150	(3)
Cost of sales	(85,513)	(78,427)	9	(167,701)	(166,780)	1
Gross profit	28,232	33,653	(16.11)	58,945	66,370	(11)
Other income	314	168	87	541	657	(18)
Selling and distribution expenses	(10,377)	(11,366)	(9)	(20,219)	(22,762)	(11)
Administrative and general expenses	(19,450)	(18,348)	6	(38,041)	(36,822)	3
Interest expense	(2,999)	(3,173)	(5)	(6,159)	(6,491)	(5)
Interest income	337	262	29	671	597	12
Share of loss of equity-accounted associate, net of tax	(109)	(118)	(8)	(181)	(196)	(8)
Share of profit of equity-accounted joint ventures, net of tax	694	302	130	3,046	2,416	26
(Loss)/Profit before tax	(3,358)	1,380	(343)	(1,397)	3,769	(137)
Tax expense	(1,395)	128	(1,190)	(2,562)	(363)	606
(Loss)/Profit for the period	(4,753)	1,508	(415)	(3,959)	3,406	(216)
(Loss)/Profit attributable to :						
Owners of the Company	(4,640)	1,772	(362)	(3,744)	3,810	(198)
Non-controlling interests	(113)	(264)	(57)	(215)	(404)	(47)
	(4,753)	1,508	(415)	(3,959)	3,406	(216)
(Loss)/Earnings per share (sen) attributable to owners of the Company:						
- Basic	(7.13)	2.72		(5.75)	5.85	
- 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 2018 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 2019**

	Quarter Ended			Year-to-date Ended		
	30.06.2019	30.06.2018	Changes	30.06.2019	30.06.2018	Changes
	RM'000	RM000	%	RM'000	RM000	%
(Loss)/Profit for the period	(4,753)	1,508	(415)	(3,959)	3,406	(216)
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	40	311	(87)	117	570	(79)
Foreign exchange differences from translation	93	805	(88)	29	(170)	(117)
Total other comprehensive income, net of tax	133	1,116	(88)	146	400	(64)
Total comprehensive (loss) / income	(4,620)	2,624	(276)	(3,813)	3,806	(200)
Total comprehensive (loss) / income attributable to :						
Owners of the Company	(4,507)	2,888	(256)	(3,598)	4,210	(185)
Non-controlling interests	(113)	(264)	(57)	(215)	(404)	(47)
	(4,620)	2,624	(276)	(3,813)	3,806	(200)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2019**

	As at 30.06.2019 RM'000	As at 31.12.2018 RM'000
ASSETS		
Property, plant and equipment	274,739	277,422
Right-of-use assets	6,005	-
Investment property	45,400	45,400
Investment in an associate	1,545	1,069
Investment in joint ventures	38,583	37,348
Other investments	6	6
Lease receivables	3,823	4,343
Deferred tax assets	2,282	2,575
Intangible assets	12,397	12,520
Total non-current assets	384,780	380,683
Inventories	163,495	168,885
Receivables, deposits and prepayments	242,383	170,237
Derivative financial assets	39	38
Current tax assets	8,401	8,510
Cash and cash equivalents	71,995	75,679
Total current assets	486,313	423,349
TOTAL ASSETS	871,093	804,032
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,815	67,815
Reserves	16,124	16,174
Retained earnings	250,191	255,853
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	329,917	335,629
Non-controlling interests	11,554	11,269
TOTAL EQUITY	341,471	346,898
LIABILITIES		
Deferred tax liabilities	12,767	12,064
Employee benefits	6,708	6,324
Lease liabilities	2,801	-
Hire purchase liabilities	11,300	15,540
Borrowings	1,865	-
Total non-current liabilities	35,441	33,928
Payables and accruals	235,040	156,070
Contract liabilities	8,009	7,463
Lease liabilities	3,518	-
Hire purchase liabilities	21,184	29,994
Borrowings	225,309	227,106
Derivative financial liability	17	169
Current tax liabilities	1,104	2,404
Total current liabilities	494,181	423,206
TOTAL LIABILITIES	529,622	457,134
TOTAL EQUITY AND LIABILITIES	871,093	804,032
	RM	RM
Net assets per share attributable to owners of the Company	5.07	5.16

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019**

	← 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 31 December 2018, as previously reported	67,815	-	(4,213)	(41,614)	3,392	(100)	54,496	255,853	335,629	11,269	346,898
Effect of adoption of MFRS 16	-	-	-	-	-	-	-	(161)	(161)	-	(161)
At 1 January 2019 - restated	67,815	-	(4,213)	(41,614)	3,392	(100)	54,496	255,692	335,468	11,269	346,737
Investment by minority shareholders	-	-	-	-	-	-	-	-	-	500	500
Foreign currency translation differences for foreign operations	-	-	-	-	29	-	-	-	29	-	29
Change in fair value of cash flow hedge	-	-	-	-	-	117	-	-	117	-	117
Total other comprehensive income, net of tax	-	-	-	-	29	117	-	-	146	-	146
Loss for the period	-	-	-	-	-	-	-	(3,744)	(3,744)	(215)	(3,959)
Total comprehensive loss for the period	-	-	-	-	29	117	-	(3,744)	(3,598)	(215)	(3,813)
Dividend - 2018 final	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(196)	196	-	-	-
At 31 June 2019	67,815	-	(4,213)	(41,614)	3,421	17	54,300	250,191	329,917	11,554	341,471

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019**

	← Attributable to owners of the Company →							Total	Non-controlling interests	Total Equity	
	Share capital	Share premium	Treasury shares	Non-distributable Merger reserve	Translation reserve	Hedging reserve	Distributable Revaluation reserve				Distributable Retained earnings
	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 15	-	-	-	-	-	-	-	(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 income, 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
Dividend - 2017 final	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(196)	196	-	-	-
At 31 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 2018 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 QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2019**

	Quarter and Year-To-Date Ended	
	30.06.2019	30.06.2018
	RM'000	RM'000
Cash flow from operating activities		
(Loss)/Profit before tax	(1,397)	3,769
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	26,669	27,619
Depreciation of right-of-use assets	1,683	-
Property, plant and equipment written off	437	161
Gain on disposal of property, plant and equipment	(106)	(128)
Gain on disposal of assets held for rental	(2,163)	(1,941)
Other non-cash items	(2,574)	(1,831)
Non-operating items	5,488	5,894
Operating profit before working capital changes	28,037	33,543
Changes in working capital	12,495	(10,433)
Tax paid, net of refunds	(2,753)	(2,061)
Retirement benefit paid	(54)	(168)
Proceeds from disposal of assets held for rental	16,094	12,626
Net cash generated from operating activities	53,819	33,507
Cash flows from investing activities		
Acquisition of subsidiary	-	(382)
Investment in an associate	(657)	(474)
Dividend received from joint ventures	1,811	1,309
Purchase of property, plant and equipment	(31,143)	(22,361)
Purchase of intangible assets	(189)	(77)
Proceeds from disposal of property, plant and equipment	618	451
Interest received	671	597
Net cash used in investing activities	(28,889)	(20,937)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(1,953)	(1,953)
Repayment of hire purchase financing	(19,410)	(19,049)
Drawdown of bankers' acceptances	59,604	56,360
Repayment of bankers' acceptances	(73,805)	(46,860)
Drawdown of term loans	2,163	-
Repayment of term loans	(2,500)	(2,870)
Drawdown of revolving credits	14,283	10,000
Repayment of lease liabilities	(1,208)	-
Interest paid	(6,159)	(6,491)
Net cash used in financing activities	(28,985)	(10,863)
Net changes in cash and cash equivalents	(4,055)	1,707
Cash and cash equivalents at beginning of year	74,748	92,780
Effects of exchange rate fluctuation on cash and cash equivalents	48	175
Cash and cash equivalents at end of period	70,741	94,662
Cash and cash equivalents comprise:		
Short term deposits	2,839	7,782
Cash at bank and in hand	37,937	36,672
Fixed deposits with licensed banks	31,219	50,558
Bank overdrafts	(1,254)	(350)
	70,741	94,662

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 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 2018. 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 2018.

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 2019:

MFRSs / Amendments / Interpretations

MFRS 16	Revenue from Contracts with Customers
Amendment to MFRS 1 and MFRS 128	Leases Annual Improvements to MFRS Standard 2014-2016 Cycle
Amendment to MFRS 2	
Amendment to MFRS 4	Classification and Measurement of Share-based Payment Transactions
Amendment to MFRS 15	Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts
Amendment to MFRS 140	Clarifications to MFRS 15
IC Interpretation 22	Transfer of Investment Property
Amendments to MFRS 3, MFRS 11, MFRS 112 and MFRS 123	Foreign Currency Transactions and Advance Consideration Annual Improvements to MFRS Standards 2015-2017 Cycle
Amendments to MFRS 9	
Amendments to MFRS 119	Prepayment Features with Negative Compensation
Amendments to MFRS 128	Plan Amendment, Curtailment or Settlement
IC Interpretation 23	Long-term Interests in Associates and Joint Ventures Uncertainty over Income Tax Treatments

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:

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 138	Intangible Assets



Adoption of MFRS 16” Leases” (“MFRS 16”)

MFRS 16 is effective for annual periods beginning on or after 1 January 2019. MFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under MFRS 117.

Lessor accounting under MFRS 16 is substantially the same as the accounting under MFRS 117 and did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using modified retrospective method and comparatives are not restated. The following table summarises the impact of adopting MFRS 16 to opening balances are as follows:

Statement of financial position

1 January 2019

	<i>Impact of change in accounting policies</i>		
	<i>As previously reported</i> RM'000	<i>MFRS 16 adjustment</i> RM'000	<i>After adjustments</i> RM'000
Assets			
Right-of-use assets	-	6,021	6,021
Deferred tax assets	2,575	43	2,618
Impact to assets	2,575	6,064	8,639
Liabilities			
Lease liabilities	-	6,225	6,225
Impact to liabilities	-	6,225	6,225
Equity			
Retained earnings	255,853	(161)	255,692

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 2019.

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 2019.

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 June 2019.

7. Dividends paid

A final single tier dividend of 3.0 sen (2017: 3.0 sen) for the financial year ended 31 December 2018 totalling to RM1,953,012 approved by the shareholders on 31 May 2019, was paid on 28 June 2019.



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>	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	93,965	125,665	79,849	75,804	16,123	22,119	36,709	9,562	226,646	233,150
Inter-segment revenue	-	-	737	861	-	-	-	-	737	861
Segment profit / (loss)	11,484	13,846	20,722	26,653	(265)	(1,073)	(1,005)	(3,087)	30,936	36,339
Segment assets	283,740	291,240	374,566	334,130	48,923	45,248	116,583	106,507	823,812	777,125
Segment liabilities	168,244	177,299	258,865	222,350	51,185	41,119	44,943	31,372	523,237	472,140

Operating segments (continued)

	Year-To-Date Ended 30 June	
	2019 RM'000	2018 RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	30,936	36,339
Depreciation and amortisation	(26,669)	(27,619)
Depreciation of right-of-use assets	(1,683)	-
Interest expense	(6,159)	(6,491)
Interest income	671	597
Non-reportable segment expenses	(1,358)	(1,277)
Share of profit/(loss) from equity accounted investments, net of tax		
- associate	(181)	(196)
- joint ventures	3,046	2,416
Consolidated (loss)/profit before tax	(1,397)	3,769
Reconciliation of reportable segment assets		
Total assets for reportable segments	823,812	777,125
Assets for other non-reportable segment	7,153	6,139
Share of assets from equity accounted investments		
- associate	1,545	1,257
- joint ventures	38,583	37,100
Consolidated assets	871,093	821,621
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	523,237	472,140
Liabilities for other non-reportable segment	6,385	19,107
Consolidated liabilities	529,622	491,247

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 2018.

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 20 December 2018.

11. Material subsequent event

There were no material events subsequent to the end of the current quarter and year-to-date ended 30 June 2019.

12. Changes in composition of the Group

There were no changes in the composition of the Group during the current quarter and year-to-date ended 30 June 2019.

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 30.06.2019 RM'000	As at 30.06.2018 RM'000
Approved and contracted for	33,388	54,043
Approved but not contracted for	25,683	36,892

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 30.06.2019 RM'000	As at 30.06.2018 RM'000
Not later than 1 year	43,088	47,754
Later than 1 year and not later than 5 years	34,387	35,381
	77,475	83,135

(a) As lessee – for office premises

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

	As at 30.06.2019 RM'000	As at 30.06.2018 RM'000
Not later than 1 year	-	2,667
Later than 1 year and not later than 5 years	-	693
	-	3,360

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	
	30.06.19 RM'000	30.06.18 RM'000	30.06.19 RM'000	30.06.18 RM'000
Sales of goods and services	11,643	6,482	20,590	12,180
Rental income	746	651	1,418	1,363
	12,389	7,133	22,008	13,543
Purchases goods and services	17,929	8,829	101,687	20,075
Rental expenses	531	574	1,034	1,178
Financing and leasing	1,663	260	1,759	586
	20,123	9,663	104,480	21,839

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

	Individual quarter		Cumulative quarters	
	30.06.19 RM'000	30.06.18 RM'000	30.06.19 RM'000	30.06.18 RM'000
Sales of goods and services	33	70	46	102
Purchases of goods	-	-	-	-

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	30.06.2018		30.06.2019	30.06.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	113,745	112,080	1	226,646	233,150	(3)
Operating (loss)/Profit	(1,281)	4,107	(131)	1,226	7,443	(84)
(Loss)/Profit Before Interest and Tax	(696)	4,291	(116)	4,091	9,663	(58)
(Loss)/Profit Before Tax	(3,358)	1,380	(343)	(1,397)	3,769	(137)
(Loss)/Profit After Tax	(4,753)	1,508	(415)	(3,959)	3,406	(216)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Company	(4,640)	1,772	(362)	(3,744)	3,810	(198)

6 months ended 30 June 2019

The Group's revenue decreased by 2.8% to RM226.6 million as compared to RM233.2 million in the first half of 2018. The decrease in revenue was primarily due to challenging business environment that has resulted in lower contribution from our two main Divisions, namely Travel and Car Rental Division and the Machinery Division. The Group registered a loss before tax of RM1.4 million as compared to a profit before tax of RM3.8 million in the corresponding period prior year as a result of lower revenue mentioned above.

Machinery Division

Revenue from the Machinery Division decreased to RM94.0 million from RM125.7 million registered during the first half of prior year, representing a decrease of 25.2%. As a result of the lower revenue, segment profit decreased by 16.7% to RM11.5 million from RM13.8 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division's revenue increased by 5.3% to RM79.8 million from RM75.8 million registered in the first half of prior year. This was primarily due to higher contribution from the Travel subdivision, specifically from the online ticketing and corporate incentive group. However, segment profit decreased by 22.5% to RM20.7 million from RM26.7 million recorded in the corresponding period prior year due to lower margin in the competitive environment that this Division operates in.

Automotive Division

The Automotive Division's revenue decreased by 27.1% to RM16.1 million from RM22.1 million registered in the first half of prior year due to reclassification of revenue generated from trading of used vehicles into Other Operations. The reclassification will enable this Division to focus on its core business of distributing commercial vehicles in Malaysia. As a result, this segment recorded a lower loss at RM0.3 million compared to a loss of RM1.1 million in first half of prior year.

Jointly controlled entities

Our share of profit from our joint ventures, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, increased by 26% compared to the first half of prior year. The increase in profit was mainly due to higher revenue as a result of strong branding and continuous promotion conducted throughout the period under review.

3 months ended 30 June 2019

The Group recorded lower revenue at RM113.7 million in the second quarter of 2019 compared to RM112.1 million in the corresponding quarter prior year. A loss before tax of RM3.4 million was recorded compared to a profit before tax of RM1.4 million in corresponding quarter prior year. This was primarily due to the lower revenue contribution from Machinery Division and Car Rental subdivision.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.06.2019	31.03.2019	
	RM'000	RM'000	
Revenue	113,745	112,901	1
Operating (Loss)/Profit	(1,281)	2,507	(151)
(Loss)/Profit Before Interest and Tax	(696)	4,787	(115)
(Loss)/Profit Before Tax	(3,358)	1,961	(271)
(Loss)/Profit After Tax	(4,753)	794	(699)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Company	(4,640)	896	(618)

The Group revenue marginally increased by 0.7% to RM113.7 million as compared to RM112.9 million in the preceding quarter. The higher revenue was mostly contributed by Travel and Car Rental Division whose margin continues to be pressured by the low consumer market sentiment whereas, revenue from Divisions with higher margin were impeded by the uncertain market outlook. This has resulted in the Group recording loss before tax of RM3.4 million as compared to a profit before tax of RM2.0 million in the preceding quarter.

3. Prospects

The overall outlook for the second half of 2019 remains uncertain amidst mounting concerns over the ongoing trade war as well as escalating geopolitical tensions that continue to have adverse impact on business confidence. In the local front, the long absence of domestic catalyst, lack of specific incentives and strategies to drive the economic growth may result in a continuing downward trend.

The Machinery Division has been affected by the much subdued performance in the overall construction industry in Malaysia. On a more positive note, the recent re-launch of East Coast Rail Link (ECRL) project by the Government of Malaysia may result in better performance in the second half of 2019 if the project were to proceed as planned.

Business environment for Travel and Car Rental Division will remain challenging in this competitive market with eroding margins and volumes. In view on this, we will continue to embark on cost optimization to mitigate further margin pressure on this Division. We will continue to focus on improving the performance of our overseas business ventures, especially in Indochina such as Cambodia, Thailand and Myanmar in our effort to generate additional revenue stream for the Group.

The expected rise in e-commerce business has resulted in potential growth in the logistics industries in Malaysia. The increasing demand towards last mile delivery services and same day delivery while managing the delivery cost has resulted in rising demand towards local courier services. This expected growth will provide positive traction to the Automotive Division.

Our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd continue to perform satisfactorily despite cautious customer spending habit as a result of their strong branding, quality and customer loyalty.

As the overall outlook of 2019 is expected to be challenging, the Group will remain cautious and take decisive actions in managing its exposure.

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	
	30.06.19	30.06.18	30.06.19	30.06.18
	RM'000	RM'000	RM'000	RM'000
Tax expenses				
Current year	867	(354)	1,561	585
Prior year	-	-	-	230
Deferred tax expense				
Current year	529	222	723	(414)
Prior year	(1)	4	278	(38)
	<u>1,395</u>	<u>(128)</u>	<u>2,562</u>	<u>363</u>

The Group's effective tax rates for the quarter ended 30 June 2019 were higher than the prima facie tax rate mainly due to losses of certain subsidiaries and certain expenses which were not deductible for tax purposes. Furthermore, in accordance to the amendment to Section 44A of the Income Tax Act 1967 during the National Budget 2019, the Group is no longer eligible for the group relief incentive.

6. Status of corporate proposals

There were no corporate proposals announced nor any announced corporate proposal not completed at the reporting date.

7. Group borrowings

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

	As at 30.06.2019		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	11,300	21,184	32,484
Unsecured			
- Term loan	1,865	8,548	10,413
- Revolving credits	-	179,183	179,183
- Banker acceptances	-	36,324	36,324
- Bank overdrafts	-	1,254	1,254
	1,865	225,309	227,174
Total borrowings	13,165	246,493	259,658
	As at 30.06.2018		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	22,837	32,992	55,829
Unsecured			
- Term loan	8,250	12,000	20,250
- Revolving credits	-	176,000	176,000
- Banker acceptances	-	40,319	40,319
- Bank overdrafts	-	350	350
	8,250	228,669	236,919
Total borrowings	31,087	261,661	292,748

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 mention.

9. Dividend

No dividend has been recommended for the second quarter ended 30 June 2019 (2018 : 1.0 sen single tier).

10. Earnings per share

Basic (loss)/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	
	30.06.19	30.06.18	30.06.19	30.06.18
(Loss)/Profit attributable to owners of the Company (RM'000)	(4,640)	1,772	(3,744)	3,810
Weighted average number of ordinary shares in issue ('000)				
At beginning of period	65,101	65,101	65,101	65,101
Effect of share buyback	-	-	-	-
At end of period	65,101	65,101	65,101	65,101
Basic (loss)/earnings per share (sen)	(7.13)	2.72	(5.75)	5.85

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Quarter Ended		Year-To-Date Ended	
	30.06.19	30.06.18	30.06.19	30.06.18
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	13,353	13,600	26,669	27,619
Provision for doubtful debts	-	64	-	64
Bad debts written off	6	-	31	-
Provision for inventories	-	(126)	-	155
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	(7)	(155)	(3)	(323)
(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 2019, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 30.06.19 RM'000	Fair value assets/ (liabilities) 30.06.19 RM'000
Less than 1 year	<u>27,087</u>	<u>22</u>

BY ORDER OF THE BOARD
ANG LAY BEE
Company Secretary
Kuala Lumpur
26 August 2019