



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 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 SEPTEMBER 2019**

	Quarter Ended			Year-to-date Ended		
	30.09.2019	30.09.2018	Changes	30.09.2019	30.09.2018	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	101,909	143,520	(29)	328,555	376,670	(13)
Cost of sales	(72,082)	(106,586)	(32)	(239,783)	(273,366)	(12)
Gross profit	29,827	36,934	(19)	88,772	103,304	(14)
Other income	1,788	70	2,454	2,329	727	220
Selling and distribution expenses	(11,515)	(13,007)	(11)	(31,734)	(35,769)	(11)
Administrative and general expenses	(20,690)	(18,951)	9	(58,731)	(55,773)	5
Interest expense	(2,675)	(3,371)	(21)	(8,834)	(9,862)	(10)
Interest income	141	491	(71)	812	1,088	(25)
Share of loss of equity-accounted associate, net of tax	(117)	(108)	8	(298)	(304)	(2)
Share of profit of equity-accounted joint ventures, net of tax	1,698	1,682	1	4,744	4,098	16
(Loss) / Profit before tax	(1,543)	3,740	(141)	(2,940)	7,509	(139)
Tax expense	(247)	(1,625)	(85)	(2,809)	(1,988)	41
(Loss) / Profit for the period	(1,790)	2,115	(185)	(5,749)	5,521	(204)
(Loss) / Profit attributable to :						
Owners of the Company	(1,699)	1,893	(190)	(5,443)	5,703	(195)
Non-controlling interests	(91)	222	(141)	(306)	(182)	68
	(1,790)	2,115	(185)	(5,749)	5,521	(204)
(Loss) / Earnings per share (sen) attributable to owners of the Company:						
- Basic	(2.61)	2.91		(8.36)	8.76	
- 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 SEPTEMBER 2019

	Quarter Ended			Year-to-date Ended		
	30.09.2019	30.09.2018	Changes	30.09.2019	30.09.2018	Changes
	RM'000	RM000	%	RM'000	RM000	%
(Loss) / Profit for the period	(1,790)	2,115	(185)	(5,749)	5,521	(204)
Other comprehensive (loss) / income, net of tax						
<i>Items that are or may be reclassified subsequently to profit or loss</i>						
Net change in fair value of cash flow hedge	(55)	(159)	(65)	62	411	(85)
Foreign exchange differences from translation	314	263	19	343	93	269
Total other comprehensive income, net of tax	259	104	149	405	504	(20)
Total comprehensive (loss) / income	(1,531)	2,219	(169)	(5,344)	6,025	(189)
Total comprehensive (loss) / income attributable to :						
Owners of the Company	(1,440)	1,997	(172)	(5,038)	6,207	(181)
Non-controlling interests	(91)	222	(141)	(306)	(182)	68
	(1,531)	2,219	(169)	(5,344)	6,025	(189)

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 SEPTEMBER 2019**

	As at 30.09.2019 RM'000	As at 31.12.2018 RM'000
ASSETS		
Property, plant and equipment	270,206	277,422
Right-of-use assets	5,483	-
Investment property	45,400	45,400
Investment in an associate	1,428	1,069
Investment in joint ventures	40,281	37,348
Other investments	6	6
Lease receivables	3,469	4,343
Deferred tax assets	2,303	2,575
Intangible assets	12,308	12,520
Total non-current assets	380,884	380,683
Inventories	157,006	168,885
Receivables, deposits and prepayments	224,558	170,237
Derivative financial assets	35	38
Current tax assets	9,028	8,510
Cash and cash equivalents	75,445	75,679
Total current assets	466,072	423,349
TOTAL ASSETS	846,956	804,032
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,815	67,815
Reserves	16,285	16,174
Retained earnings	248,590	255,853
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	328,477	335,629
Non-controlling interests	11,463	11,269
TOTAL EQUITY	339,940	346,898
LIABILITIES		
Deferred tax liabilities	11,984	12,064
Employee benefits	6,807	6,324
Lease liabilities	2,496	-
Hire purchase liabilities	13,849	15,540
Borrowings	1,735	-
Total non-current liabilities	36,871	33,928
Payables and accruals	216,740	156,070
Contract liabilities	8,096	7,463
Lease liabilities	3,284	-
Hire purchase liabilities	17,522	29,994
Borrowings	223,661	227,106
Derivative financial liability	85	169
Current tax liabilities	757	2,404
Total current liabilities	470,145	423,206
TOTAL LIABILITIES	507,016	457,134
TOTAL EQUITY AND LIABILITIES	846,956	804,032
	RM	RM
Net assets per share attributable to owners of the Company	5.05	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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 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	-	-	-	-	343	-	-	-	343	-	343
Change in fair value of cash flow hedge	-	-	-	-	-	62	-	-	62	-	62
Total other comprehensive income, net of tax	-	-	-	-	343	62	-	-	405	-	405
Loss for the period	-	-	-	-	-	-	-	(5,443)	(5,443)	(306)	(5,749)
Total comprehensive loss for the period	-	-	-	-	343	62	-	(5,443)	(5,038)	(306)	(5,344)
Dividend - 2018 final	-	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	-	(294)	294	-	-	-
At 30 September 2019	67,815	-	(4,213)	(41,614)	3,735	(38)	54,202	248,590	328,477	11,463	339,940

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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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	← 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	
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	-	-	-	-	-	-	-	-	-	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 income, 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 2018 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE YEAR-TO-DATE ENDED 30 SEPTEMBER 2019**

	Quarter and Year-To-Date Ended	
	30.09.2019 RM'000	30.09.2018 RM000
Cash flow from operating activities		
(Loss)/Profit before tax	(2,940)	7,509
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	39,931	41,821
Depreciation of right-of-use assets	2,558	-
Property, plant and equipment written off	555	338
Gain on disposal of property, plant and equipment	(111)	(114)
Gain on disposal of assets held for rental	(2,249)	(3,491)
Other non-cash items	(3,861)	(2,798)
Non-operating items	8,022	8,774
Operating profit before working capital changes	41,905	52,039
Changes in working capital	10,631	(7,481)
Tax paid, net of refunds	(4,768)	(3,187)
Retirement benefit paid	(173)	(211)
Proceeds from disposal of assets held for rental	31,909	21,486
Net cash generated from operating activities	79,504	62,646
Cash flows from investing activities		
Acquisition of subsidiary	-	(382)
Investment in an associate	(657)	(474)
Dividend received from joint ventures	1,811	2,310
Purchase of property, plant and equipment	(39,478)	(49,582)
Purchase of intangible assets	(253)	(77)
Proceeds from disposal of property, plant and equipment	637	741
Interest received	812	1,088
Net cash used in investing activities	(37,128)	(46,376)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	(1,953)	(2,604)
Repayment of hire purchase financing	(28,175)	(28,193)
Drawdown of bankers' acceptances	94,567	111,906
Repayment of bankers' acceptances	(102,172)	(73,616)
Drawdown of term loans	2,210	-
Repayment of term loans	(10,873)	(11,120)
Drawdown of revolving credits	14,283	-
Repayment of lease liabilities	(2,100)	-
Interest paid	(8,834)	(9,862)
Subscription of share in subsidiary by non-controlling interests	-	13,244
Net cash used in financing activities	(43,047)	(245)
Net changes in cash and cash equivalents	(671)	16,025
Cash and cash equivalents at beginning of year	74,748	92,780
Effects of exchange rate fluctuation on cash and cash equivalents	162	75
Cash and cash equivalents at end of period	74,239	108,880
Cash and cash equivalents comprise:		
Short term deposits	2,862	5,847
Cash at bank and in hand	37,469	40,783
Fixed deposits with licensed banks	35,114	62,316
Bank overdrafts	(1,206)	(68)
	74,239	108,880

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	Leases
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

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
Amendment to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
Amendment to MFRS 2	Share-based Payment
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 5	Non-current Assets Held for Sale and Discontinued Operations
Amendment to MFRS 6	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 7, MFRS 9 and MFRS 139	Financial Instrument Disclosure
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendment to MFRS 15	Revenue from Contracts with Customers
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 107	Statements of Cash Flows
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
Amendment to MFRS 116	Property, Plant and Equipment
Amendment to MFRS 119	Employee Benefits



Amendment to MFRS 132	Financial Instruments : Presentation
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 136	Impairment of Assets
Amendment to MFRS 138	Intangible Assets
Amendment to MFRS 140	Investment Property
Amendment to IC Int 12	Service Concession Arrangements
Amendment to IC Int 19	Extinguishing Financial Liabilities with Equity Instrument
Amendment to IC Int 20	Stripping Cost in the Production Phase of a Surface Mine
Amendment to IC Int 22	Foreign Currency Transactions and Advance Consideration
Amendment to IC Int 132	Intangible Assets – Web Site Cost

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>	<i>MFRS 16 adjustment</i>	<i>After adjustments</i>
Assets	RM’000	RM’000	RM’000
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 September 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 September 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 September 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 Sep →									
	<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	145,963	196,783	109,526	119,094	20,650	46,359	52,416	14,434	328,555	376,670
Inter-segment revenue	-	-	862	1,414	-	-	-	-	862	1,414
Segment profit / (loss)	17,909	21,932	29,043	39,609	(685)	(527)	(1,149)	(4,415)	45,118	56,599
Segment assets	268,980	310,856	361,879	343,400	49,599	49,474	118,737	122,205	799,195	825,935
Segment liabilities	162,299	196,617	247,747	224,484	46,615	48,818	43,822	34,992	500,483	504,911

Operating segments (continued)

	Year-To-Date Ended 30 Sep	
	2019 RM'000	2018 RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	45,118	56,599
Depreciation and amortisation	(39,931)	(41,821)
Depreciation of right-of-use assets	(2,558)	-
Interest expense	(8,834)	(9,862)
Interest income	812	1,088
Non-reportable segment expenses	(1,993)	(2,289)
Share of profit/(loss) from equity accounted investments, net of tax		
- associate	(298)	(304)
- joint ventures	4,744	4,098
Consolidated (loss)/profit before tax	(2,940)	7,509
Reconciliation of reportable segment assets		
Total assets for reportable segments	799,195	825,935
Assets for other non-reportable segment	6,052	5,276
Share of assets from equity accounted investments		
- associate	1,428	1,149
- joint ventures	40,281	37,781
Consolidated assets	846,956	870,141
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	500,483	504,911
Liabilities for other non-reportable segment	6,533	20,044
Consolidated liabilities	507,016	524,955

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 September 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 September 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 30.09.19 RM'000	As at 30.09.18 RM'000
Approved and contracted for	14,228	39,497
Approved but not contracted for	27,840	31,393

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 30.09.19 RM'000	As at 30.09.18 RM'000
Not later than 1 year	40,615	47,452
Later than 1 year and not later than 5 years	40,141	31,877
	80,756	79,329

(b) As lessee – for office premises

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

	As at 30.09.19 RM'000	As at 30.09.18 RM'000
Not later than 1 year	-	2,957
Later than 1 year and not later than 5 years	-	1,106
	-	4,063

**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	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Sales of goods and services	1,704	16,384	22,294	28,564
Rental income	966	666	2,384	2,029
	2,670	17,050	24,678	30,593
Purchases goods and services	(996)	32,807	101,271	52,882
Rental expenses	586	478	1,620	1,656
Financing and leasing	2,731	195	4,490	781
	2,321	33,480	107,381	55,319

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

	Individual quarter		Cumulative quarters	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Sales of goods and services	15	19	60	93
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	
	30.09.2019	30.09.2018		30.09.2019	30.09.2018	
	RM'000	RM'000		RM'000	RM'000	
Revenue	101,909	143,520	(29)	328,555	376,670	(13)
Operating (Loss)/Profit	(590)	5,046	(112)	636	12,489	(95)
Profit Before Interest and Tax	991	6,620	(85)	5,082	16,283	(69)
(Loss)/Profit Before Tax	(1,543)	3,740	(141)	(2,940)	7,509	(139)
(Loss)/Profit After Tax	(1,790)	2,115	(185)	(5,749)	5,521	(204)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Company	(1,699)	1,893	(190)	(5,443)	5,703	(195)

9 months ended 30 September 2019

Group revenue decreased by 12.8% from RM376.7 million to RM328.6 million in the first nine months of prior year. The decrease in revenue was primarily due to lower contribution from the Machinery Division, Automotive Division, Travel and Car Rental division. In line with the lower revenue, the Group registered a loss before tax of RM2.9 million compared to a profit before tax of RM7.5 million in the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division decreased to RM146.0 million from RM196.8 million registered during the first nine months of prior year, representing a decline of 25.8%. In line with lower revenue, segment profit decreased by 18.3% to RM17.9 million from RM21.9 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded 8.1% decline in revenue to RM109.5 million from RM119.1 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 coupled with slowdown in incentive tour market. As a result, segment profit decreased by 26.8% from RM39.6 million to RM29.0 million compared to the corresponding period.

Automotive Division

The Automotive Division recorded a decrease in revenue to RM20.7 million from RM46.4 million registered in the first nine months of prior year mainly 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 of a lower revenue, segment loss of RM0.7 million was recorded compared to a loss of RM0.5 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 15.8% 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 2019

The Group recorded lower revenue at RM101.9 million in the third quarter of 2019 as compared to RM143.5 million in the corresponding quarter prior year. This was primarily due to lower contributions by the Machinery division, Travel and Car Rental division and Automotive division that impacted by the market slowdown in the country. In line with lower revenue, the Group recorded loss before tax of RM1.5 million as compared to profit before tax of RM3.7 million in the corresponding quarter prior year.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.09.2019	30.06.2019	
	RM'000	RM'000	
Revenue	101,909	113,745	(10)
Operating Loss	(590)	(1,281)	54
Profit/(loss) Before Interest and Tax	991	(696)	242
Loss Before Tax	(1,543)	(3,358)	54
Loss After Tax	(1,790)	(4,753)	62
Loss Attributable to Ordinary Equity Holders of the Company	(1,699)	(4,640)	63

The Group revenue decreased by 10.4% to RM101.9 million as compared to RM113.7 million registered in the preceding quarter. The challenging market environment and weak consumer sentiment has contributed to the lower revenue for most of the key Division within the Group. However, higher margin from different product mix and continuous cost control measures has resulted in the Group recording lower loss before tax of RM1.5 million as compared to RM3.4 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.

Nevertheless, performance of most retail industry remain subdued as a result of cautious customer sentiment due to the uncertain economic outlook. This has continued 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 Machinery and Automotive Divisions will continue to be impacted by the softened domestic demand for commercial vehicles, stringent loan approval and weakening of Malaysian Ringgit against US Dollars. Identifying new products and new markets will be the key imperative for the future prospect of these divisions.

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.

Market condition is expected to remain challenging in the forthcoming quarter and concerns over global economic uncertainties is expected to have adverse impact on the customers spending habit. Against the backdrop of such uncertainties and challenges faced, the Group will remain resilient and take decisive actions in managing such changes in its effort to improve on its performance for the remaining quarter 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	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Tax expenses				
Current year	188	(413)	1,749	172
Prior year	853	1,910	853	2,140
Deferred tax expense				
Current year	51	175	774	(239)
Prior year	(845)	(47)	(567)	(85)
	<u>247</u>	<u>1,625</u>	<u>2,809</u>	<u>1,988</u>

The effective tax rates for the period ended 30 September 2019 are higher than the prima facie tax rate due mainly to losses of certain subsidiaries and certain expenses which are not deductible for tax purposes. Furthermore, in accordance to the amendment to Section 44 of the Income Tax Act 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 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 30.09.2019		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	13,849	17,522	31,371
Unsecured			
- Term loan	1,735	352	2,087
- Revolving credits	-	179,183	179,183
- Banker acceptance	-	42,920	42,920
- Bank overdrafts	-	1,206	1,206
	1,735	223,661	225,396
Total borrowings	15,584	241,183	256,767

	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

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	
	30.09.19	30.09.18	30.09.19	30.09.18
(Loss)/Profit attributable to owners of the Company (RM'000)	(1,699)	1,893	(5,443)	5,703
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	(1)	(1)	(1)	(1)
At end of period	65,100	65,100	65,100	65,100
Basic (loss)/earnings per share (sen)	(2.61)	2.91	(8.36)	8.76

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	
	30.09.19 RM'000	30.09.18 RM'000	30.09.19 RM'000	30.09.18 RM'000
Depreciation and amortization	13,262	14,202	39,931	41,821
Provision for doubtful debts	-	37	-	101
Bad debts written off	(31)	-	-	-
Provision for inventories	-	-	-	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	(23)	310	(26)	(13)
(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 2019, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 30.09.19 RM'000	Fair value assets/ (liabilities) 30.09.19 RM'000
Less than 1 year	18,314	(50)

BY ORDER OF THE BOARD
ANG LAY BEE
Company Secretary
Kuala Lumpur
28 November 2019