



WARISAN TC HOLDINGS BERHAD

Registration No. 199701009338 (424834-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020**

(The figures have not been audited)



WARISAN TC HOLDINGS BERHAD
Registration No. 199701009338 (424834-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

	Quarter and Year-To-Date Ended		
	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%
Revenue	74,943	112,901	(34)
Cost of sales	(54,634)	(82,188)	(34)
Gross profit	20,309	30,713	(34)
Other income	1,199	227	428
Selling and distribution expenses	(10,420)	(9,842)	6
Administrative and general expenses	(19,775)	(18,591)	6
Interest expense	(2,611)	(3,160)	(17)
Interest income	290	334	(13)
Share of loss of equity-accounted associate, net of tax	(149)	(72)	107
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(712)	2,352	130
(Loss) / Profit before tax	(11,869)	1,961	(705)
Tax income / (expense)	456	(1,167)	139
(Loss) / Profit for the period	(11,413)	794	(1,537)
(Loss) / Profit attributable to :			
Owners of the Company	(11,229)	896	(1,353)
Non-controlling interests	(184)	(102)	80
	(11,413)	794	(1,537)
(Loss) / Earnings per share (sen) attributable to owners of the Company:			
- Basic	(17.25)	1.38	
- Diluted	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 2019 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

	Quarter and Year-To-Date Ended		
	31.03.2020	31.03.2019	Changes
	RM'000	RM'000	%
(Loss) / Profit for the period	(11,413)	794	(1,537)
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	390	77	(406)
Foreign exchange differences from translation	479	(64)	(848)
Total other comprehensive (loss) / income, net of tax	869	13	6,585
Total comprehensive (loss) / income for the period	(10,544)	807	(1,407)
Total comprehensive (loss) / income for the period attributable to :			
Owners of the Company	(10,360)	909	(1,240)
Non-controlling interests	(184)	(102)	80
	(10,544)	807	(1,407)

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD
Registration No. 199701009338 (424834-W)
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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 31 MARCH 2020

	As at 31.03.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Property, plant and equipment	259,683	271,125
Right-of-use assets	5,006	6,399
Investment property	45,400	45,400
Investment in an associate	1,234	1,299
Investment in joint ventures	41,417	42,129
Other investments	6	6
Lease receivables	2,402	2,494
Deferred tax assets	4,271	3,535
Intangible assets	12,470	12,577
Total non-current assets	371,889	384,964
Inventories	159,974	167,294
Receivables, deposits and prepayments	134,783	160,162
Derivative financial assets	136	-
Current tax assets	5,196	4,501
Cash and cash equivalents	104,230	89,175
Total current assets	404,319	421,132
TOTAL ASSETS	776,208	806,096
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	16,936	16,165
Retained earnings	233,726	244,857
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	313,649	324,009
Non-controlling interests	10,971	11,155
TOTAL EQUITY	324,620	335,164
LIABILITIES		
Deferred tax liabilities	10,035	9,804
Employee benefits	10,503	10,232
Lease liabilities	1,573	2,797
Hire purchase liabilities	10,208	12,527
Borrowings	3,082	1,664
Total non-current liabilities	35,401	37,024
Payables and accruals	163,976	183,565
Contract liabilities	13,088	10,910
Lease liabilities	3,632	3,863
Hire purchase liabilities	11,641	14,521
Borrowings	222,289	218,686
Derivative financial liability	-	378
Current tax liabilities	1,561	1,985
Total current liabilities	416,187	433,908
TOTAL LIABILITIES	451,588	470,932
TOTAL EQUITY AND LIABILITIES	776,208	806,096
	RM	RM
Net assets per share attributable to owners of the Company	4.82	4.98

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD

Registration No. 199701009338 (424834-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020**

	← Attributable to owners of the Company →							Total	Non-controlling interests	Total Equity
	← Non-distributable →				Distributable					
	Share capital	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	
At 1 January 2020	67,200	(4,213)	(40,999)	3,347	(287)	54,104	244,857	324,009	11,155	335,164
Foreign currency translation differences for foreign operations	-	-	-	479	-	-	-	479	-	479
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	-	-
Change in fair value of cash flow hedge	-	-	-	-	390	-	-	390	-	390
Total other comprehensive income, net of tax	-	-	-	479	390	-	-	869	-	869
Loss for the period	-	-	-	-	-	-	(11,229)	(11,229)	(184)	(11,413)
Total comprehensive loss for the period	-	-	-	479	390	-	(11,229)	(10,360)	(184)	(10,544)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(98)	98	-	-	-
At 31 March 2020	67,200	(4,213)	(40,999)	3,826	103	54,006	233,726	313,649	10,971	324,620

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 31 MARCH 2020**

	← Attributable to owners of the Company →						Distributable Retained earnings	Total	Non- controlling interests	Total Equity
	Share capital	Treasury shares	Non-distributable			Revaluation reserve				
			Merger reserve	Translation reserve	Hedging reserve					
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	67,200	(4,213)	(40,999)	3,392	(100)	54,496	255,853	335,629	11,269	346,898
Effect of adoption of MFRS 15	-	-	-	-	-	-	(161)	(161)	-	(161)
At 1 January 2019 - restated	67,200	(4,213)	(40,999)	3,392	(100)	54,496	255,692	335,468	11,269	346,737
Foreign currency translation differences for foreign operations	-	-	-	(64)	-	-	-	(64)	-	(64)
Change in fair value of cash flow hedge	-	-	-	-	77	-	-	77	-	77
Total other comprehensive income, net of tax	-	-	-	(64)	77	-	-	13	-	13
Profit for the period	-	-	-	-	-	-	896	896	(102)	794
Total comprehensive income for the period	-	-	-	(64)	77	-	896	909	(102)	807
Investment by minority shareholders	-	-	-	-	-	-	-	-	500	500
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(98)	98	-	-	-
At 31 March 2019	67,200	(4,213)	(40,999)	3,328	(23)	54,398	256,686	336,377	11,667	348,044

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 QUARTER AND YEAR-TO-DATE ENDED 31 MARCH 2020

	Quarter and	
	Year-To-Date Ended	
	31.03.2020	31.03.2019
	RM'000	RM'000
Cash flow from operating activities		
(Loss)/Profit before tax	(11,869)	1,961
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	12,489	13,316
Depreciation of right-of-use assets	988	831
Property, plant and equipment written off	-	385
Gain on disposal of property, plant and equipment	(66)	(46)
Gain on disposal of assets held for rental	(2,133)	(1,573)
Other non-cash items	1,493	(2,171)
Non-operating items	2,321	2,826
Operating profit before working capital changes	3,223	15,529
Changes in working capital	13,487	5,051
Tax paid, net of refunds	(1,302)	(1,449)
Retirement benefit paid	(22)	(5)
Proceeds from disposal of assets held for rental	14,849	9,141
Net cash generated from operating activities	30,235	28,267
Cash flows from investing activities		
Investment in an associate	-	(657)
Dividend received from joint ventures	-	560
Purchase of property, plant and equipment	(10,453)	(22,513)
Proceeds from disposal of property, plant and equipment	93	151
Interest received	290	334
Net cash used in investing activities	(10,070)	(22,125)
Cash flows from financing activities		
Repayment of hire purchase financing	(5,642)	(9,511)
Drawdown of bankers' acceptances	19,520	30,828
Repayment of bankers' acceptances	(26,270)	(40,796)
Drawdown of term loans	1,687	-
Repayment of term loans	(119)	(1,250)
Drawdown of revolving credits	10,000	15,000
Repayment of lease liabilities	(789)	(805)
Interest paid	(2,611)	(3,160)
Net cash used in financing activities	(4,224)	(9,694)
Net changes in cash and cash equivalents	15,941	(3,552)
Cash and cash equivalents at beginning of year	88,217	74,748
Effects of exchange rate fluctuation on cash and cash equivalents	(837)	116
Cash and cash equivalents at end of period	103,321	71,312
Cash and cash equivalents comprise:		
Short term deposits	2,908	4,735
Cash at bank and in hand	56,472	41,739
Fixed deposits with licensed banks	44,850	26,167
Bank overdrafts	(909)	(1,329)
	103,321	71,312

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2019 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 2019. 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 2019.

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 2020:

MFRSs / Amendments / Interpretations

Amendment to MFRS 3	Business Combinations
Amendments to MFRS 9, MFRS 139 and MFRS 7	Interest Rate Benchmark Reform
Amendment to MFRS 16	Covid-19 Related Rent Concessions
Amendment to MFRS 101	Presentation of Financial Statements
Amendment to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors.

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

The Group has 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, MFRS 9, MFRS 16 and MFRS 141	Annual Improvement to MFRS standard 2018 - 2020
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	Reference to the Conceptual Frameworks
Amendment to MFRS 6*	Exploration for and Evaluation of Mineral Resources
Amendment to MFRS 14	Regulatory Deferral Accounts
Amendment to MFRS 101	Classification of Liabilities as Current or Non-current
Amendment to MFRS 116	Property, Plant and Equipment – Proceed before Intended Use
Amendment to MFRS 134	Interim Financial Reporting
Amendment to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendment to MFRS 138	Intangible Assets

*Not applicable to the Group

2. Audit qualification of financial statements

The auditors’ report of the preceding annual financial statements of the Group 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 31 March 2020.

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 31 March 2020.

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 31 March 2020.

7. Dividends paid

No dividend was paid during the current quarter and year-to-date ended 31 March 2020.



8. Operating segments

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

	← Year-To-Date Ended 31 Mar →									
	<u>Machinery</u>		<u>Travel and car rental</u>		<u>Automotive</u>		<u>Other operations</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	34,053	47,101	23,111	38,353	3,601	7,775	14,178	19,672	74,943	112,901
Inter-segment revenue	-	-	862	1,770	-	-	-	-	862	1,770
Segment profit / (loss)	2,579	6,246	3,734	11,333	(594)	(174)	(733)	(147)	4,986	17,258
Segment assets	255,466	282,709	299,635	396,699	50,684	47,484	121,086	117,340	726,871	844,232
Segment liabilities	160,210	167,105	194,435	280,348	39,822	47,996	49,408	44,820	443,875	540,269

Operating segments (continued)

	Year-To-Date Ended 31 Mar	
	2020	2019
	RM'000	RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	4,986	17,258
Depreciation and amortisation	(12,489)	(13,316)
Depreciation of right-of-use assets	(988)	(831)
Interest expense	(2,611)	(3,160)
Interest income	290	334
Non-reportable segment expenses	(196)	(604)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(149)	(72)
- joint ventures	(712)	2,352
Consolidated (loss)/profit before tax	(11,869)	1,961
Reconciliation of reportable segment assets		
Total assets for reportable segments	726,871	844,232
Assets for other non-reportable segment	6,686	9,071
Share of assets from equity accounted investments		
- associate	1,234	1,654
- joint ventures	41,417	39,140
Consolidated assets	776,208	894,097
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	443,875	540,269
Liabilities for other non-reportable segment	7,713	5,784
Consolidated liabilities	451,588	546,053

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 2019.

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 3 December 2019.

11. Material subsequent event

On 29 May 2020, Warisan TC Holdings Berhad ("Warisan") entered into a Subscription and Shareholders' Agreement ("Agreement") with TC Capital Resources Sdn Bhd ("TCCR"), TCCL Sdn Bhd ("TCCL") and MUVM Marketplace Sdn Bhd ("MUVM") to regulate the relationship of the parties as shareholders through equity participation by TCCR and TCCL in MUVM, a wholly-owned subsidiary of Warisan ("Proposed Equity Participation"). Both TCCR and TCCL are wholly-owned subsidiaries of Tan Chong Motor Holdings Berhad.

Pursuant to the Proposed Equity Participation, TCCR and TCCL have each agreed to subscribe for 243,750 new ordinary shares in MUVM (“Subscription Shares”) for cash at a subscription price of RM30.77 per share. The Subscription Shares of 487,500 new ordinary shares will be issued by MUVM to TCCR and TCCL for a total subscription consideration of RM15,000,375.00, in accordance with the terms and conditions of the Agreement.

The above transaction was completed on 1 June 2020. TCCR and TCCL each holds 7.895% equity interest in MUVM while Warisan holds the remaining equity interest of 84.210% in MUVM.

Please refer to the announcements dated 29 May 2020 and 3 June 2020 for further details.

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 31 March 2020.

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 31.03.2020 RM'000	As at 31.03.2019 RM'000
Approved and contracted for	<u>3,582</u>	<u>35,202</u>
Approved but not contracted for	<u>4,912</u>	<u>26,222</u>

15. Operating lease commitments

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

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

	As at 31.03.2020 RM'000	As at 31.03.2019 RM'000
Not later than 1 year	33,699	47,161
Later than 1 year and not later than 5 years	39,993	31,234
	<u>73,692</u>	<u>78,395</u>



16. Related party disclosures

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

	Individual quarter	
	31.03.20 RM'000	31.03.19 RM'000
Sales of goods and services	5,567	8,947
Rental income	746	672
	<u>6,313</u>	<u>9,619</u>
Purchases goods and services	8,092	83,758
Rental expenses	621	503
Financing and leasing	18	96
	<u>8,731</u>	<u>84,357</u>

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

	Individual quarter	
	31.03.20 RM'000	31.03.19 RM'000
Sales of goods and services	<u>6</u>	<u>13</u>
Purchases of goods	<u>-</u>	<u>-</u>

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 (%)
	Current Year	Preceding Year	
	31.03.2020	31.03.2019	
	RM'000	RM'000	
Revenue	74,943	112,901	(34)
Operating (Loss)/Profit	(8,687)	2,507	(447)
(Loss)/Profit Before Interest and Tax	(9,548)	4,787	(299)
(Loss)/Profit Before Tax	(11,869)	1,961	(705)
(Loss)/Profit After Tax	(11,413)	794	(1,537)
(Loss)/Profit Attributable to Ordinary Equity Holders of the Company	(11,229)	896	(1,353)

Quarter ended 31 March 2020

Group revenue decreased to RM74.9 million from RM112.9 million registered for the corresponding period prior year, representing a decrease of 34%. In line with the decrease in revenue, the Group registered a loss before tax ("PBT") of RM11.9 million for the current period compared to RM2.0 million profit before tax for the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division decreased to RM34.1 million from RM47.1 million registered in the first quarter of prior year. The reduction in revenue was primarily due to slowdown in the demand for machineries as a result of lacklustre performance in the domestic construction and mining sector. Segment profit has decreased to RM2.6 million from RM6.2 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded lower revenue of RM23.1 million as compared to RM38.4 million in the corresponding period prior year mainly due to lower contribution from Travel division as a result of travel restriction during the Covid-19 pandemic outbreak. This has also resulted in the Division registering a lower segment profit of RM3.7 million as compared to RM11.3 million recorded in prior year.

Automotive Division

The Automotive Division recorded lower revenue of RM3.6 million from RM7.8 million registered for the corresponding period prior year due to softened domestic demand for commercial vehicles and stringent loan approval processes. As a result, the current quarter segment loss has increased to RM0.7 million as compared to RM0.1 million registered in the corresponding period prior year.



Jointly controlled entities

Our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, recorded a loss after tax of RM0.7 million compared to profit after tax of RM2.4 million registered in the corresponding period prior year. This was primarily due to lower revenue recorded by the joint venture entities as a result of cautious consumer spending and retail outlets adhering to the close down policy during the movement control order (MCO).

2. Comparison with preceding quarter’s results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31.03.2020	31.12.2019	
	RM'000	RM'000	
Revenue	74,943	111,274	(33)
Operating (Loss)/Profit	(8,687)	(705)	(1,132)
(Loss)/Profit Before Interest and Tax	(9,548)	1,303	(833)
Loss Before Tax	(11,869)	(1,351)	(779)
Loss After Tax	(11,413)	(1,654)	(590)
Loss Attributable to Ordinary Equity Holders of the Company	(11,229)	(1,346)	(734)

The Group revenue decreased by 33% to RM74.9 million as compared to RM111.3 million in the preceding quarter. This was mainly due to challenging business environment and cautious consumer sentiment during this uncertain period. As a result, the Group recorded higher loss before tax of RM11.9 million as compared to RM1.4 million in the preceding quarter.

3. Group’s Prospects

The Covid-19 pandemic has greatly impacted Malaysian Economy, more so, the Global economy. Despite a positive surprise for Malaysia as the economy narrowly escaped a contraction in the first quarter of 2020 with a 0.7% growth, Bank Negara has warned that the economy would likely experience a deep contraction in the second quarter. The country’s labour market conditions are expected to worsen with unemployment rate exceeding 6% which may result in a decline in private consumption and in turn dampen business sentiment.

Notably, the decline in tourism activities as a result of global travel restriction has adversely impacted the Travel and Car Rental Division. Immediate actions such as postponing non-core projects, consolidating functions for efficiency and right-sizing initiatives were employed to match the changing business needs.

Demand for big ticket items such as heavy machineries/equipment and trucks is expected to remain weak in this extremely challenging businesses environment. Various stimulus packages introduced by the Malaysian Government and the gradual resumption of some mega projects will be expected to improve the business outlook in the second half of 2020.

As our borders remained closed to the arrivals of foreign nationals, the retail industry in Malaysia is expected to experience its first contraction since the Asian financial crisis in 1988. Based on the statistics provided by the Retail Group Malaysia, the 26.1 million tourist arrivals in Malaysia in 2019 spent approximately RM28.9 billion on shopping. In addition the movement control order implemented in Malaysia since 18 March 2020 has adversely impacted our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd. The gradual



resumption of business since the conditional and recovery movement control order is expected to provide a boost to the retail industry, albeit at slower pace.

Nevertheless, the Group will remain vigilant and take decisive actions and implement pertinent business strategies to achieve operational sustainability.

4. Profit forecast

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

5. Tax expenses

	Quarter Ended	
	31.03.20	31.03.19
	RM'000	RM'000
Tax expenses		
Current year	178	694
Prior year	-	-
Deferred tax expense		
Current year	(272)	194
Prior year	(362)	279
	<u>(456)</u>	<u>1,167</u>

The tax credit of the Group for the quarter under review was mainly due to recognition of deferred tax asset in certain subsidiaries of the Group.

6. Status of corporate proposals

There were no corporate proposals 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 31.03.2020		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	10,208	11,641	21,849
Unsecured			
- Term loan	3,082	771	3,853
- Revolving credits	-	186,983	186,983
- Bankers' acceptances	-	33,626	33,626
- Bank overdrafts	-	909	909
	3,082	222,289	225,371
Total borrowings	13,290	233,930	247,220
Breakdown by currencies:			
RM (Ringgit Malaysia)	10,208	233,159	243,367
MMK (Burmese Kyat)	3,082	771	3,853
	13,290	233,930	247,220

	As at 31.03.2019		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	11,150	26,675	37,825
Unsecured			
- Term loan	-	9,500	9,500
- Revolving credits	-	179,900	179,900
- Bankers' acceptances	-	40,557	40,557
- Bank overdrafts	-	1,329	1,329
	-	231,286	231,286
Total borrowings	11,150	257,961	269,111

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 first quarter ended 31 March 2020.

10. (Loss)/Earnings per share

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

	Quarter Ended	
	31.03.20	31.03.19
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(11,229)</u>	<u>896</u>
Weighted average number of ordinary shares in issue ('000)		
At beginning of period	65,100	65,100
Effect of share buyback	-	-
At end of period	<u>65,100</u>	<u>65,100</u>
Basic (loss)/earnings per share (sen)	<u>(17.25)</u>	<u>1.38</u>

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	
	31.03.20	31.03.19
	RM'000	RM'000
Depreciation and amortization	12,489	13,316
(Write back of)/Provision for doubtful debts	-	-
Bad debts written off	147	25
Provision for inventories	-	-
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	192	4
(Gain)/Loss on derivatives	-	-
Exceptional items	<u>-</u>	<u>-</u>



12. Derivative financial instruments

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

As at 31 March 2020, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 31.03.20 RM'000	Fair value assets/ (liabilities) 31.03.20 RM'000
Less than 1 year	14,349	136

BY ORDER OF THE BOARD
ANG LAY BEE
NG BOON NGEE
Company Secretary
Kuala Lumpur
25 June 2020