



WARISAN TC HOLDINGS BERHAD

Registration No. 199701009338 (424834-W)

(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 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 30 JUNE 2020

	Quarter Ended			Year-To-Date Ended		
	30.06.2020	30.06.2019	Changes	30.06.2020	30.06.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	54,375	113,745	(52)	129,318	226,646	(43)
Cost of sales	(44,222)	(85,513)	(48)	(98,856)	(167,701)	(41)
Gross profit	10,153	28,232	(64)	30,462	58,945	(48)
Other income	495	314	58	1,694	541	213
Selling and distribution expenses	(6,650)	(10,377)	(36)	(17,070)	(20,219)	(16)
Administrative and general expenses	(17,017)	(19,450)	(13)	(36,792)	(38,041)	(3)
Interest expense	(2,487)	(2,999)	(17)	(5,098)	(6,159)	(17)
Interest income	300	337	(11)	590	671	(12)
Share of loss of equity-accounted associate, net of tax	(125)	(109)	15	(274)	(181)	51
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(3,017)	694	(535)	(3,729)	3,046	(222)
Loss before tax	(18,348)	(3,358)	446	(30,217)	(1,397)	2,063
Tax income / (expense)	413	(1,395)	(130)	869	(2,562)	(134)
Loss for the period	(17,935)	(4,753)	277	(29,348)	(3,959)	641
Loss attributable to :						
Owners of the Company	(17,797)	(4,640)	284	(29,026)	(3,744)	675
Non-controlling interests	(138)	(113)	22	(322)	(215)	50
	(17,935)	(4,753)	277	(29,348)	(3,959)	641
Loss per share (sen) attributable to owners of the Company:						
- Basic	(27.34)	(7.13)		(44.59)	(5.75)	
- 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 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 COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020

	Quarter Ended			Year-To-Date Ended		
	30.06.2020	30.06.2019	Changes	30.06.2020	30.06.2019	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Loss for the period	(17,935)	(4,753)	277	(29,348)	(3,959)	641
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	(120)	40	(400)	270	117	131
Foreign exchange differences from translation	(83)	93	(189)	396	29	1,266
Total other comprehensive (loss) / income, net of tax	(203)	133	(253)	666	146	356
Total comprehensive loss for the period	(18,138)	(4,620)	293	(28,682)	(3,813)	652
Total comprehensive loss for the period attributable to :						
Owners of the Company	(18,000)	(4,507)	299	(28,360)	(3,598)	688
Non-controlling interests	(138)	(113)	22	(322)	(215)	50
	(18,138)	(4,620)	293	(28,682)	(3,813)	652

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)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2020

	As at 30.06.2020 RM'000	As at 31.12.2019 RM000
ASSETS		
Property, plant and equipment	246,841	271,125
Right-of-use assets	4,405	6,399
Investment property	45,400	45,400
Investment in an associates	1,025	1,299
Investment in joint ventures	37,840	42,129
Other investments	6	6
Lease receivables	1,680	2,494
Deferred tax assets	4,348	3,535
Intangible assets	12,368	12,577
Total non-current assets	353,913	384,964
Inventories	148,687	167,294
Receivables, deposits and prepayments	118,141	160,162
Derivative financial asset	10	-
Current tax assets	5,522	4,501
Cash and cash equivalents	124,181	89,175
Total current assets	396,541	421,132
TOTAL ASSETS	750,454	806,096
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	16,635	16,165
Retained earnings	216,027	244,857
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	295,649	324,009
Non-controlling interests	25,833	11,155
TOTAL EQUITY	321,482	335,164
LIABILITIES		
Deferred tax liabilities	9,375	9,804
Employee benefits	10,482	10,232
Lease liabilities	1,297	2,797
Hire purchase liabilities	8,848	12,527
Loans and borrowings	2,912	1,664
Total non-current liabilities	32,914	37,024
Payables and accruals	156,849	183,565
Contract liabilities	11,433	10,910
Lease liabilities	3,398	3,863
Hire purchase liabilities	10,475	14,521
Loans and borrowings	211,809	218,686
Derivative financial liability	33	378
Current tax liabilities	2,061	1,985
Total current liabilities	396,058	433,908
TOTAL LIABILITIES	428,972	470,932
TOTAL EQUITY AND LIABILITIES	750,454	806,096
	RM	RM
Net assets per share attributable to owners of the Company	4.54	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 30 JUNE 2020**

	← Attributable to owners of the Company →							Total	Non-controlling interests	Total Equity			
	Share capital	Treasury shares	Non-distributable			Distributable					RM'000	RM'000	RM'000
			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	-	-	-	396	-	-	-	396	-	396			
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	-	-	-	-			
Change in fair value of cash flow hedge	-	-	-	-	270	-	-	270	-	270			
Total other comprehensive income, net of tax	-	-	-	396	270	-	-	666	-	666			
Loss for the period	-	-	-	-	-	-	(29,026)	(29,026)	(322)	(29,348)			
Total comprehensive loss for the period	-	-	-	396	270	-	(29,026)	(28,360)	(322)	(28,682)			
Investments by non-controlling interests	-	-	-	-	-	-	-	-	15,000	15,000			
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(196)	196	-	-	-			
At 30 June 2020	67,200	(4,213)	(40,999)	3,743	(17)	53,908	216,027	295,649	25,833	321,482			

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

Registration No. 199701009338 (424834-W)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020**

	← Attributable to owners of the Company →							Total	Non-controlling interests	Total Equity
	Share capital	Treasury shares	Non-distributable			Revaluation reserve	Distributable Retained earnings			
			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	-	-	-	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 income for the period	-	-	-	29	117	-	(3,744)	(3,598)	(215)	(3,813)
Investment by minority shareholders	-	-	-	-	-	-	-	-	500	500
Dividend - 2018 final	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(196)	196	-	-	-
At 30 June 2019	67,200	(4,213)	(40,999)	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 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 CASH FLOWS (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 JUNE 2020

	Quarter and	
	Year-To-Date Ended	
	30.06.2020	30.06.2019
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(30,217)	(1,397)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	24,149	26,669
Depreciation of right-of-use assets	1,939	1,683
Property, plant and equipment written off	-	437
Gain on disposal of property, plant and equipment	(49)	(106)
Gain on disposal of assets held for rental	(2,151)	(2,163)
Other non-cash items	4,911	(2,574)
Non-operating items	4,508	5,488
Operating profit before working capital changes	3,090	28,037
Changes in working capital	35,957	12,495
Tax paid, net of refunds	(1,437)	(2,753)
Retirement benefit paid	(338)	(54)
Proceeds from disposal of assets held for rental	21,449	16,094
Net cash generated from operating activities	58,721	53,819
Cash flows from investing activities		
Investments in an associate	-	(657)
Dividend received from joint ventures	560	1,811
Purchase of property, plant and equipment	(16,617)	(31,143)
Purchase of intangible assets	(116)	(189)
Proceeds from disposal of property, plant and equipment	144	618
Interest received	590	671
Net cash used in investing activities	(15,439)	(28,889)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	-	(1,953)
Repayment of hire purchase financing	(9,869)	(19,410)
Drawdown of bankers' acceptances	45,057	59,604
Repayment of bankers' acceptances	(62,646)	(73,805)
Drawdown of term loans	1,696	2,163
Repayment of term loans	(271)	(2,500)
Drawdown of revolving credits	10,000	14,283
Payment of lease liabilities	(1,649)	(1,208)
Interest paid	(5,098)	(6,159)
Investments by non-controlling interests	15,000	-
Net cash used in financing activities	(7,780)	(28,985)
Net changes in cash and cash equivalents	35,502	(4,055)
Cash and cash equivalents at beginning of year	88,217	74,748
Effects of exchange rate fluctuation on cash and cash equivalents	(779)	48
Cash and cash equivalents at end of period	122,940	70,741
Cash and cash equivalents comprise:		
Short term deposits	6,830	2,839
Cash at bank and in hand	56,886	37,937
Fixed deposits with licensed banks	60,465	31,219
Bank overdrafts	(1,241)	(1,254)
	122,940	70,741

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 30 June 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 30 June 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 30 June 2020.

7. Dividends paid

No dividend was paid during the current quarter and year-to-date ended 30 June 2020.

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>	
	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	62,741	93,965	36,209	79,849	9,570	16,123	20,798	36,709	129,318	226,646
Inter-segment revenue	-	-	37	737	-	-	-	-	37	737
Segment profit / (loss)	6,054	11,484	2,206	20,722	(671)	(265)	(2,434)	(1,005)	5,155	30,936
Segment assets	251,287	283,740	277,612	374,566	48,962	48,923	127,787	116,583	705,648	823,812
Segment liabilities	155,593	168,244	179,480	258,865	38,171	51,185	47,228	44,943	420,472	523,237

Operating segments (continued)

	Year-To-Date Ended 30 June	
	2020 RM'000	2019 RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	5,155	30,936
Depreciation and amortisation	(24,149)	(26,669)
Depreciation of right-of-use assets	(1,939)	(1,683)
Interest expense	(5,098)	(6,159)
Interest income	590	671
Non-reportable segment expenses	(773)	(1,358)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(274)	(181)
- joint ventures	(3,729)	3,046
Consolidated loss before tax	(30,217)	(1,397)
Reconciliation of reportable segment assets		
Total assets for reportable segments	705,648	823,812
Assets for other non-reportable segment	5,941	7,153
Share of assets from equity accounted investments		
- associate	1,025	1,545
- joint ventures	37,840	38,583
Consolidated assets	750,454	871,093
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	420,472	523,237
Liabilities for other non-reportable segment	8,500	6,385
Consolidated liabilities	428,972	529,622

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

There were no material events subsequent to the end of the current quarter and year-to-date ended 30 June 2020.



12. Changes in composition of the Group

During the quarter under review, Warisan TC Holdings Berhad (“Warisan”) has on 29 May 2020 entered into a Subscription and Shareholders’ Agreement (“Agreement”) with TC Capital Resources Sdn Bhd (“TCCR”), TCCL Sdn Bhd (“TCCL”) and MUV Marketplace Sdn Bhd (“MUV”) to regulate the relationship of the parties as shareholders through equity participation by TCCR and TCCL in MUV, 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 MUV (“Subscription Shares”) for cash at a subscription price of RM30.77 per share. The Subscription Shares of 487,500 new ordinary shares have been issued by MUV 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 MUV while Warisan holds the remaining equity interest of 84.210% in MUV.

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

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 30.06.2020 RM’000	As at 30.06.2019 RM’000
Approved and contracted for	919	33,388
Approved but not contracted for	-	25,683

15. Operating lease commitments

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 30.06.2020 RM'000	As at 30.06.2019 RM'000
Not later than 1 year	29,281	43,088
Later than 1 year and not later than 5 years	41,701	34,387
	70,982	77,475

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		Cumulative quarters	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Sales of goods and services	6,303	11,643	11,870	20,590
Rental income	542	746	1,288	1,418
	6,845	12,389	13,158	22,008
Purchases goods and services	2,297	17,929	10,389	101,687
Rental expenses	449	531	1,070	1,034
Financing and leasing	18	1,663	36	1,759
	2,764	20,123	11,495	104,480

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

	Individual quarter		Cumulative quarters	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Sales of goods and services	1	33	7	46
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	
	30.06.2020	30.06.2019		30.06.2020	30.06.2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	54,375	113,745	(52)	129,318	226,646	(43)
Operating (loss)/Profit	(13,019)	(1,281)	916	(21,706)	1,226	(1,870)
(Loss)/Profit Before Interest and Tax	(16,161)	(696)	2,222	(25,709)	4,091	(728)
Loss Before Tax	(18,348)	(3,358)	446	(30,217)	(1,397)	2,063
Loss After Tax	(17,935)	(4,753)	277	(29,348)	(3,959)	641
Loss Attributable to Ordinary Equity Holders of the Company	(17,797)	(4,640)	284	(29,026)	(3,744)	675

6 months ended 30 June 2020

Group revenue decreased to RM129.3 million from RM226.6 million registered for the corresponding period prior year, representing a decrease of 42.9%. The decrease in revenue was primarily due to challenging business environment caused by movement control order (“MCO”) and weakened external sector as countries implemented lockdowns to prevent the spread of the Covid-19 pandemic. The Group registered a loss before tax of RM30.2 million as compared to a loss before tax of RM1.4 million in the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division decreased to RM62.7 million from RM94.0 million registered during the first half of prior year, representing a decrease of 33.3%. As the country’s construction, mining, agriculture and manufacturing registered negative growth of 25.9%, 11.0%, 3.9% and 8.7% respectively (Source: Department of Statistics Malaysia), the demand for machinery will inadvertently be lower. As a result, segment profit decreased to RM6.1 million from RM11.5 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded lower revenue of RM36.2 million as compared to RM79.8 million registered in the first half of prior year primarily due to the MCO to contain the spread of COVID-19 pandemic since March 2020. This has also resulted in the Division registering a lower segment profit of RM2.2 million as compared to RM20.7 million recorded in prior year.



Automotive Division

The Automotive Division recorded lower revenue of RM9.6 million from RM16.1 million registered in the first half of prior year due to softened domestic demand for commercial vehicles and stringent loan approval processes. As a result, this segment recorded a loss of RM0.7 million as compared to RM0.3 million 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 RM3.7 million compared to a profit after tax of RM3.0 million registered in the corresponding period prior year. This was mainly due to lower revenue recorded by the joint venture entities as a result of cautious consumer spending amid the rise in the unemployment within the country exacerbated by the impact of Covid-19 pandemic.

3 months ended 30 June 2020

The Group recorded lower revenue at RM54.4 million in the second quarter of 2020 compared to RM113.7 million in the corresponding quarter prior year. A loss before tax of RM18.3 million was recorded compared to a loss before tax of RM3.4 million in corresponding quarter prior year. This was primarily due to the implementation of MCO that had restricted the Group’s businesses during the 3 months ended 30 June 2020.

2. Comparison with preceding quarter’s results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.06.2020	31.03.2020	
	RM'000	RM'000	
Revenue	54,375	74,943	(27)
Operating Loss	(13,019)	(8,687)	50
Loss Before Interest and Tax	(16,161)	(9,548)	69
Loss Before Tax	(18,348)	(11,869)	55
Loss After Tax	(17,935)	(11,413)	57
Loss Attributable to Ordinary Equity Holders of the Company	(17,797)	(11,229)	58

The Group revenue decreased by 27% to RM54.4 million as compared to RM74.9 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 RM18.3 million as compared to RM11.9 million in the preceding quarter.

3. Group's Prospects

Malaysia's economy shrank by 17.1% in the second quarter ended 30 June 2020 as it was seriously impacted by the MCO. The economic activity in Malaysia is expected to pick up again over the second half of 2020 in line with the gradual relaxation of MCO measures barring a recurrence of the Covid-19 infections. However, based on the latest forecast by Bank Negara Malaysia, the country's economy is forecasted to deteriorate within the range of -3.5% to -5.5% in 2020.

Notably, the decline in tourism activities as a result of global travel restriction, continues to have adverse impact on 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 commercial 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 are expected to improve the business outlook in the second half of 2020.

The retail industry in Malaysia is expected to remain sluggish as customers are still reluctant to spend for the fear of uncertainty and instead have started to save for rainy days, thus driving down consumption spending. This will have adverse impact on our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd.

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		Year-To-Date Ended	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Tax expenses				
Current year	398	867	576	1,561
Prior year	(91)	-	(91)	-
Deferred tax expense				
Current year	(295)	529	(567)	723
Prior year	(425)	(1)	(787)	278
	(413)	1,395	(869)	2,562

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 30.06.2020		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	8,848	10,475	19,323
Unsecured			
- Term loan	2,912	798	3,710
- Revolving credits	-	186,983	186,983
- Bankers' acceptances	-	22,787	22,787
- Bank overdrafts	-	1,241	1,241
	2,912	211,809	214,721
Total borrowings	11,760	222,284	234,044
Breakdown by currencies:			
RM (Ringgit Malaysia)	8,848	221,486	230,334
MMK (Burmese Kyat)	2,912	798	3,710
	11,760	222,284	234,044

	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
- Bankers' 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

The above borrowings as at 30 June 2019 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 2020 (2019 : Nil).

10. Loss per share

Basic loss per share is calculated based on the loss 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	
	30.06.20	30.06.19	30.06.20	30.06.19
Loss attributable to owners of the Company (RM'000)	(17,797)	(4,640)	(29,026)	(3,744)
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 per share (sen)	(27.34)	(7.13)	(44.59)	(5.75)

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Quarter Ended		Year-To-Date Ended	
	30.06.20 RM'000	30.06.19 RM'000	30.06.20 RM'000	30.06.19 RM'000
Depreciation and amortization	11,660	13,353	24,149	26,669
Provision for doubtful debts	-	-	-	-
Bad debts written off	-	6	147	31
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	(19)	(7)	173	(3)
(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 2020, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 30.06.20 RM'000	Fair value assets/ (liabilities) 30.06.20 RM'000
Less than 1 year	<u>11,650</u>	<u>(23)</u>

BY ORDER OF THE BOARD
ANG LAY BEE
NG BOON NGEE
Company Secretaries
Kuala Lumpur
27 August 2020