



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 SEPTEMBER 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 SEPTEMBER 2020

	Quarter Ended			Year-To-Date Ended		
	30.09.2020	30.09.2019	Changes	30.09.2020	30.09.2019	Changes
	RM'000	RM000	%	RM'000	RM000	%
Revenue	82,609	101,909	(19)	211,927	328,555	(35)
Cost of sales	(65,612)	(72,082)	(9)	(164,468)	(239,783)	(31)
Gross profit	16,997	29,827	(43)	47,459	88,772	(47)
Other income	1,161	1,788	(35)	2,855	2,329	23
Selling and distribution expenses	(8,798)	(11,515)	(24)	(25,868)	(31,734)	(18)
Administrative and general expenses	(16,411)	(20,690)	(21)	(53,203)	(58,731)	(9)
Interest expense	(2,243)	(2,675)	(16)	(7,341)	(8,834)	(17)
Interest income	388	141	175	978	812	20
Share of loss of equity-accounted associate, net of tax	(105)	(117)	(10)	(379)	(298)	27
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(1,186)	1,698	(170)	(4,915)	4,744	(204)
Loss before tax	(10,197)	(1,543)	561	(40,414)	(2,940)	1,275
Tax income / (expense)	838	(247)	(439)	1,707	(2,809)	(161)
Loss for the period	(9,359)	(1,790)	423	(38,707)	(5,749)	573
Loss attributable to :						
Owners of the Company	(9,067)	(1,699)	434	(38,093)	(5,443)	600
Non-controlling interests	(292)	(91)	221	(614)	(306)	101
	(9,359)	(1,790)	423	(38,707)	(5,749)	573
Loss per share (sen) attributable to owners of the Company:						
- Basic	(13.93)	(2.61)		(58.51)	(8.36)	
- 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
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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 2020

	Quarter Ended			Year-To-Date Ended		
	30.09.2020	30.09.2019	Changes	30.09.2020	30.09.2019	Changes
	RM'000	RM000	%	RM'000	RM000	%
Loss for the period	(9,359)	(1,790)	423	(38,707)	(5,749)	573
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	56	(55)	(202)	326	62	426
Foreign exchange differences from translation	(86)	314	(127)	310	343	(10)
Total other comprehensive (loss) / income, net of tax	(30)	259	(112)	636	405	57
Total comprehensive loss for the period	(9,389)	(1,531)	513	(38,071)	(5,344)	612
Total comprehensive loss for the period attributable to :						
Owners of the Company	(9,097)	(1,440)	532	(37,457)	(5,038)	643
Non-controlling interests	(292)	(91)	221	(614)	(306)	101
	(9,389)	(1,531)	513	(38,071)	(5,344)	612

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 SEPTEMBER 2020

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Property, plant and equipment	238,547	271,125
Right-of-use assets	4,277	6,399
Investment property	45,400	45,400
Investment in an associates	920	1,299
Investment in joint ventures	36,654	42,129
Other investments	6	6
Lease receivables	2,528	2,494
Deferred tax assets	4,921	3,535
Intangible assets	12,126	12,577
Total non-current assets	345,379	384,964
Inventories	128,581	167,294
Receivables, deposits and prepayments	106,085	160,162
Derivative financial asset	11	-
Current tax assets	3,323	4,501
Cash and cash equivalents	139,133	89,175
Total current assets	377,133	421,132
TOTAL ASSETS	722,512	806,096
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	16,507	16,165
Retained earnings	207,058	244,857
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	286,552	324,009
Non-controlling interests	25,541	11,155
TOTAL EQUITY	312,093	335,164
LIABILITIES		
Deferred tax liabilities	9,187	9,804
Employee benefits	10,533	10,232
Lease liabilities	1,174	2,797
Hire purchase liabilities	7,862	12,527
Loans and borrowings	2,758	1,664
Total non-current liabilities	31,514	37,024
Payables and accruals	141,399	183,565
Contract liabilities	9,014	10,910
Lease liabilities	3,386	3,863
Hire purchase liabilities	10,420	14,521
Loans and borrowings	213,111	218,686
Derivative financial liability	63	378
Current tax liabilities	1,512	1,985
Total current liabilities	378,905	433,908
TOTAL LIABILITIES	410,419	470,932
TOTAL EQUITY AND LIABILITIES	722,512	806,096
	RM	RM
Net assets per share attributable to owners of the Company	4.40	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 SEPTEMBER 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	-	-	-	310	-	-	-	310	-	310
Change in fair value of cash flow hedge	-	-	-	-	326	-	-	326	-	326
Total other comprehensive income, net of tax	-	-	-	310	326	-	-	636	-	636
Loss for the period	-	-	-	-	-	-	(38,093)	(38,093)	(614)	(38,707)
Total comprehensive loss for the period	-	-	-	310	326	-	(38,093)	(37,457)	(614)	(38,071)
Investments by non-controlling interests	-	-	-	-	-	-	-	-	15,000	15,000
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(294)	294	-	-	-
At 30 September 2020	67,200	(4,213)	(40,999)	3,657	39	53,810	207,058	286,552	25,541	312,093

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.



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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE QUARTER AND YEAR-TO-DATE ENDED 30 SEPTEMBER 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	-	-	-	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 income for the period	-	-	-	343	62	-	(5,443)	(5,038)	(306)	(5,344)
Investment by minority shareholders	-	-	-	-	-	-	-	-	500	500
Dividend - 2018 final	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(294)	294	-	-	-
At 30 September 2019	67,200	(4,213)	(40,999)	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 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 30 SEPTEMBER 2020

	Quarter and	
	Year-To-Date Ended	
	30.09.2020	30.09.2019
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(40,414)	(2,940)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	35,405	39,931
Depreciation of right-of-use assets	2,891	2,558
Property, plant and equipment written off	151	555
Gain on disposal of property, plant and equipment	(227)	(111)
Gain on disposal of assets held for rental	(3,679)	(2,249)
Other non-cash items	6,261	(3,861)
Non-operating items	6,363	8,022
Operating profit before working capital changes	6,751	41,905
Changes in working capital	40,876	10,631
Tax refunded/(paid) - net	395	(4,768)
Retirement benefit paid	(581)	(173)
Proceeds from disposal of assets held for rental	37,414	31,909
Net cash generated from operating activities	84,855	79,504
Cash flows from investing activities		
Investments in an associate	-	(657)
Dividend received from joint ventures	560	1,811
Purchase of property, plant and equipment	(23,541)	(39,478)
Purchase of intangible assets	(143)	(253)
Proceeds from disposal of property, plant and equipment	603	637
Interest received	978	812
Net cash used in investing activities	(21,543)	(37,128)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	-	(1,953)
Repayment of hire purchase financing	(13,064)	(28,175)
Drawdown of bankers' acceptances	47,506	94,567
Repayment of bankers' acceptances	(62,485)	(102,172)
Drawdown of term loans	1,696	2,210
Repayment of term loans	(439)	(10,873)
Drawdown of revolving credits	8,000	14,283
Payment of lease liabilities	(2,608)	(2,100)
Interest paid	(7,341)	(8,834)
Investments by non-controlling interests	15,000	-
Net cash used in financing activities	(13,735)	(43,047)
Net changes in cash and cash equivalents	49,577	(671)
Cash and cash equivalents at beginning of year	88,217	74,748
Effects of exchange rate fluctuation on cash and cash equivalents	(559)	162
Cash and cash equivalents at end of period	137,235	74,239
Cash and cash equivalents comprise:		
Short term deposits	6,534	2,862
Cash at bank and in hand	54,250	37,469
Fixed deposits with licensed banks	78,349	35,114
Bank overdrafts	(1,898)	(1,206)
	137,235	74,239

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, MFRS 7, MFRS 4 and MFRS 16	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:

Amendments to 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 September 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 September 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 September 2020.

7. Dividends paid

No dividend was paid during the current quarter and year-to-date ended 30 September 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 Sep →									
	<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	104,919	145,963	51,864	109,526	13,381	20,650	41,763	52,416	211,927	328,555
Inter-segment revenue	-	-	39	862	-	-	-	-	39	862
Segment profit / (loss)	13,676	17,909	688	29,043	(1,217)	(685)	(2,220)	(1,149)	10,927	45,118
Segment assets	253,698	268,980	250,289	361,879	50,596	49,599	124,963	118,737	679,546	799,195
Segment liabilities	154,961	162,299	161,364	247,747	41,124	46,615	44,326	43,822	401,775	500,483

Operating segments (continued)

	Year-To-Date Ended 30 Sep	
	2020 RM'000	2019 RM000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	10,927	45,118
Depreciation and amortisation	(35,405)	(39,931)
Depreciation of right-of-use assets	(2,891)	(2,558)
Interest expense	(7,341)	(8,834)
Interest income	978	812
Non-reportable segment expenses	(1,388)	(1,993)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(379)	(298)
- joint ventures	(4,915)	4,744
Consolidated loss before tax	(40,414)	(2,940)
Reconciliation of reportable segment assets		
Total assets for reportable segments	679,546	799,195
Assets for other non-reportable segment	5,392	6,052
Share of assets from equity accounted investments		
- associate	920	1,428
- joint ventures	36,654	40,281
Consolidated assets	722,512	846,956
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	401,775	500,483
Liabilities for other non-reportable segment	8,644	6,533
Consolidated liabilities	410,419	507,016

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 September 2020.



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 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 30.09.2020 RM'000	As at 30.09.2019 RM'000
Approved and contracted for	<u>1,133</u>	<u>14,228</u>
Approved but not contracted for	<u>-</u>	<u>27,840</u>

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 30.09.2020 RM'000	As at 30.09.2019 RM'000
Not later than 1 year	<u>35,922</u>	<u>40,615</u>
Later than 1 year and not later than 5 years	<u>29,686</u>	<u>40,141</u>
	<u>65,608</u>	<u>80,756</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		Cumulative quarters	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Sales of goods and services	4,506	1,704	16,376	22,294
Rental income	700	966	1,988	2,384
	5,206	2,670	18,364	24,678
Purchases goods and services	2,318	(996)	12,707	101,271
Rental expenses	594	586	1,664	1,620
Financing and leasing	17	2,731	53	4,490
	2,929	2,321	14,424	107,381

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

	Individual quarter		Cumulative quarters	
	30.09.20 RM'000	30.09.19 RM'000	30.09.20 RM'000	30.09.19 RM'000
Sales of goods and services	4	15	11	60
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	
	30.09.2020	30.09.2019		30.09.2020	30.09.2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	82,609	101,909	(19)	211,927	328,555	(35)
Operating (loss)/Profit	(7,051)	(590)	1,095	(28,757)	636	(4,622)
(Loss)/Profit Before Interest and Tax	(8,342)	991	(942)	(34,051)	5,082	(770)
Loss Before Tax	(10,197)	(1,543)	561	(40,414)	(2,940)	1,275
Loss After Tax	(9,359)	(1,790)	423	(38,707)	(5,749)	573
Loss Attributable to Ordinary Equity Holders of the Company	(9,067)	(1,699)	434	(38,093)	(5,443)	600

9 months ended 30 September 2020

Group revenue decreased to RM211.9 million from RM328.6 million registered for the corresponding period prior year, representing a decrease of 35.5%. The decrease in revenue was primarily due to challenging business environment caused by the Covid-19 pandemic and weakened external sector as international borders remained closed to prevent the virus spread. The Group registered a loss before tax of RM40.4 million as compared to a loss before tax of RM2.9 million in the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division decreased to RM104.9 million from RM146.0 million registered during the first nine months of prior year, representing a decrease of 28.2%. Despite manufacturing sector registering a minor rebound in the third quarter of 2020; other sectors such as construction, mining, agriculture and services continued to register negative growth (Source: Department of Statistics Malaysia) which had an adverse impact on the demand for machinery. As a result, segment profit decreased to RM13.7 million from RM17.9 million registered in the corresponding period prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded lower revenue of RM51.9 million as compared to RM109.5 million registered in the first nine months of prior year as travel demands continued to diminish with the ongoing travel restrictions imposed due to the unabated infectivity of the Covid-19 virus. This has also resulted in the Division registering a lower segment profit of RM0.7 million as compared to RM29.0 million recorded in prior year.

Automotive Division

The Automotive Division recorded lower revenue of RM13.4 million from RM20.7 million registered in the first nine months 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 RM1.2 million as compared to RM0.7 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 RM4.9 million compared to a profit after tax of RM4.7 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 unemployment within the country exacerbated by the impact of Covid-19 pandemic.

3 months ended 30 September 2020

The Group recorded lower revenue at RM82.6 million in the third quarter of 2020 compared to RM101.9 million in the corresponding quarter prior year. A loss before tax of RM10.2 million was recorded compared to a loss before tax of RM1.5 million in corresponding quarter prior year. This was largely due to the subdued performance in the travel and car rental division which is the hardest hit by the pandemic.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.09.2020	30.06.2020	
	RM'000	RM'000	
Revenue	82,609	54,375	52
Operating Loss	(7,051)	(13,019)	(46)
Loss Before Interest and Tax	(8,342)	(16,161)	(48)
Loss Before Tax	(10,197)	(18,348)	(44)
Loss After Tax	(9,359)	(17,935)	(48)
Loss Attributable to Ordinary Equity Holders of the Company	(9,067)	(17,797)	(49)

The Group revenue increased by 51.8% to RM82.6 million as compared to RM54.4 million in the preceding quarter. This was mainly due to reopening of economic activities with the introduction on Recovery Movement Control Order ("RMCO") since 10 June 2020. As a result, the Group recorded lower loss before tax of RM10.2 million as compared to RM18.3 million in the preceding quarter.

3. Group's Prospects

Malaysia's economy decreased at a slower pace of -2.7% from the double digit decline of -17.1% in the second quarter of 2020. However, any positive sign of economic recovery were halted by the reintroduction of conditional movement control order (CMCO) in the final quarter of 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 as the third wave of Covid-19 has resulted in Malaysia re-introducing CMCO in almost all states. However, the resumption in key infrastructure projects which helped to buoy construction activity has provided renewed optimism in the future business outlook.

The retail industry in Malaysia is expected to remain sluggish as the footfall in the shopping malls has collapsed to 15% to 30% from 80% to 90% previously. Retail sales dropped by 60% to 80% in October 2020 since the occurrence of a third wave of the virus. This will have an 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	
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Tax expenses				
Current year	(185)	188	391	1,749
Prior year	8	853	(83)	853
Deferred tax expense				
Current year	(647)	51	(1,214)	774
Prior year	(14)	(845)	(801)	(567)
	<u>(838)</u>	<u>247</u>	<u>(1,707)</u>	<u>2,809</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 30.09.2020		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	7,862	10,420	18,282
Unsecured			
- Term loan	2,758	833	3,591
- Revolving credits	-	184,983	184,983
- Bankers' acceptances	-	25,397	25,397
- Bank overdrafts	-	1,898	1,898
	2,758	213,111	215,869
Total borrowings	10,620	223,531	234,151
Breakdown by currencies:			
RM (Ringgit Malaysia)	7,862	222,698	230,560
MMK (Burmese Kyat)	2,758	833	3,591
	10,620	223,531	234,151

	As at 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
- Bankers' acceptances	-	42,920	42,920
- Bank overdrafts	-	1,206	1,206
	1,735	223,661	225,396
Total borrowings	15,584	241,183	256,767

The above borrowings as at 30 September 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 third quarter ended 30 September 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	
	30.09.20	30.09.19	30.09.20	30.09.19
Loss attributable to owners of the Company (RM'000)	(9,067)	(1,699)	(38,093)	(5,443)
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 per share (sen)	(13.93)	(2.61)	(58.51)	(8.36)

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	
	30.09.20	30.09.19	30.09.20	30.09.19
	RM'000	RM'000	RM'000	RM'000
Depreciation and amortization	11,256	13,262	35,405	39,931
Provision for doubtful debts	148	-	148	-
Bad debts written off	1	(31)	149	-
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	179	(23)	(6)	(26)
(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 2020, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 30.09.20 RM'000	Fair value assets/ (liabilities) 30.09.20 RM'000
Less than 1 year	<u>17,254</u>	<u>(52)</u>

BY ORDER OF THE BOARD
ANG LAY BEE
Company Secretary
Kuala Lumpur
26 November 2020