



WARISAN TC HOLDINGS BERHAD

*Registration No. 199701009338 (424834-W)
(Incorporated in Malaysia)*

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER AND YEAR ENDED 31 DECEMBER 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 ENDED 31 DECEMBER 2020

	Quarter Ended			Year Ended		
	31.12.2020	31.12.2019	Changes	31.12.2020	31.12.2019	Changes
	RM'000	RM000	%	RM'000	RM000	%
Revenue	83,593	111,274	(25)	295,520	439,829	(33)
Cost of sales	(70,318)	(82,256)	(15)	(234,786)	(322,039)	(27)
Gross profit	13,275	29,018	(54)	60,734	117,790	(48)
Other income	592	1,884	(69)	3,447	4,213	(18)
Fair value changes on investment properties	(1,900)	-	-	(1,900)	-	-
Selling and distribution expenses	(8,312)	(14,425)	(42)	(34,180)	(46,159)	(26)
Administrative and general expenses	(18,103)	(17,182)	5	(71,306)	(75,913)	(6)
Interest expense	(1,789)	(3,026)	(41)	(9,130)	(11,860)	(23)
Interest income	311	372	(16)	1,289	1,184	9
Share of loss of equity-accounted associate, net of tax	(104)	(75)	39	(483)	(373)	29
Share of (loss)/profit of equity-accounted joint ventures, net of tax	(1,662)	2,083	(180)	(6,577)	6,827	(196)
Loss before tax	(17,692)	(1,351)	1,210	(58,106)	(4,291)	1,254
Tax expense	(8,074)	(303)	2,565	(6,367)	(3,112)	105
Loss for the period / financial year	(25,766)	(1,654)	1,458	(64,473)	(7,403)	771
Loss attributable to :						
Owners of the Company	(24,726)	(1,346)	1,737	(62,819)	(6,789)	825
Non-controlling interests	(1,040)	(308)	238	(1,654)	(614)	169
	(25,766)	(1,654)	1,458	(64,473)	(7,403)	771
Loss per share (sen) attributable to owners of the Company:						
- Basic	(37.98)	(2.07)		(96.50)	(10.43)	
- 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 ENDED 31 DECEMBER 2020

	Quarter Ended			Year Ended		
	31.12.2020	31.12.2019	Changes	31.12.2020	31.12.2019	Changes
	RM'000	RM000	%	RM'000	RM000	%
Loss for the period / financial year	(25,766)	(1,654)	1,458	(64,473)	(7,403)	771
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	(373)	249	(250)	(47)	(187)	(75)
Foreign exchange differences from translation	(746)	391	(291)	(436)	(45)	869
	(1,119)	640	(275)	(483)	(232)	108
<i>Items that will not be reclassified subsequently to profit or loss</i>						
Remeasurement of defined benefit liabilities	221	(2,411)	(109)	221	(2,411)	(109)
Revaluation of property, plant and equipment	15,099	-	-	15,099	-	-
Share of other comprehensive income / (loss) of equity-accounted joint venture	36	(235)	115	36	(235)	115
Total other comprehensive income / (loss), net of tax	14,237	(2,006)	(810)	14,873	(2,878)	(617)
Total comprehensive loss for the period / financial year	(11,529)	(3,660)	215	(49,600)	(10,281)	382
Total comprehensive loss for the period / financial year attributable to :						
Owners of the Company	(10,489)	(3,352)	213	(47,946)	(9,667)	396
Non-controlling interests	(1,040)	(308)	238	(1,654)	(614)	169
	(11,529)	(3,660)	215	(49,600)	(10,281)	382

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 31 DECEMBER 2020

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
ASSETS		
Property, plant and equipment	248,318	271,125
Right-of-use assets	4,316	6,399
Investment property	43,500	45,400
Investment in an associates	816	1,299
Investment in joint ventures	35,028	42,129
Other investments	6	6
Lease receivables	2,948	2,494
Deferred tax assets	6,652	3,535
Intangible assets	12,232	12,577
Total non-current assets	353,816	384,964
Inventories	114,110	167,294
Receivables, deposits and prepayments	103,716	160,162
Derivative financial asset	-	-
Current tax assets	1,190	4,501
Cash and cash equivalents	114,714	89,175
Total current assets	333,730	421,132
TOTAL ASSETS	687,546	806,096
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	30,389	16,165
Retained earnings	182,687	244,857
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	276,063	324,009
Non-controlling interests	24,501	11,155
TOTAL EQUITY	300,564	335,164
LIABILITIES		
Deferred tax liabilities	13,738	9,804
Employee benefits	10,785	10,232
Lease liabilities	1,101	2,797
Hire purchase liabilities	6,634	12,527
Loans and borrowings	3,802	1,664
Total non-current liabilities	36,060	37,024
Payables and accruals	136,385	183,565
Contract liabilities	8,743	10,910
Lease liabilities	3,477	3,863
Hire purchase liabilities	9,718	14,521
Loans and borrowings	190,707	218,686
Derivative financial liability	440	378
Current tax liabilities	1,452	1,985
Total current liabilities	350,922	433,908
TOTAL LIABILITIES	386,982	470,932
TOTAL EQUITY AND LIABILITIES	687,546	806,096
	RM	RM
Net assets per share attributable to owners of the Company	4.24	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 YEAR ENDED 31 DECEMBER 2020**

	← Attributable to owners of the Company →								Non-controlling interests	Total Equity
	← Non-distributable →				Distributable					
	Share capital	Treasury shares	Merger reserve	Translation reserve	Hedging reserve	Revaluation reserve	Retained earnings	Total		
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	-	-	-	(436)	-	-	-	(436)	-	(436)
Remeasurement of defined benefit liabilities	-	-	-	-	-	-	221	221	-	221
Change in fair value of cash flow hedge	-	-	-	-	(47)	-	-	(47)	-	(47)
Revaluation of property, plant and equipment	-	-	-	-	-	15,099	-	15,099	-	15,099
Share of other comprehensive income of equity-accounted joint venture	-	-	-	-	-	-	36	36	-	36
Total other comprehensive income, net of tax	-	-	-	(436)	(47)	15,099	257	14,873	-	14,873
Loss for the financial year	-	-	-	-	-	-	(62,819)	(62,819)	(1,654)	(64,473)
Total comprehensive loss for the financial year	-	-	-	(436)	(47)	15,099	(62,562)	(47,946)	(1,654)	(49,600)
Investments by non-controlling interests	-	-	-	-	-	-	-	-	15,000	15,000
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(392)	392	-	-	-
At 31 December 2020	67,200	(4,213)	(40,999)	2,911	(334)	68,811	182,687	276,063	24,501	300,564

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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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE YEAR ENDED 31 DECEMBER 2020**

	← Attributable to owners of the Company →									
	Share capital	Treasury shares	Non-distributable				Distributable Retained earnings	Total	Non-controlling interests	Total Equity
			Merger reserve	Translation reserve	Hedging reserve	Revaluation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2019	67,200	(4,213)	(40,999)	3,392	(100)	54,496	255,853	335,629	11,269	346,898
Foreign currency translation differences for foreign operations	-	-	-	(45)	-	-	-	(45)	-	(45)
Remeasurement of retirement benefit obligations	-	-	-	-	-	-	(2,411)	(2,411)	-	(2,411)
Change in fair value of cash flow hedge	-	-	-	-	(187)	-	-	(187)	-	(187)
Share of other comprehensive loss of equity-accounted joint venture	-	-	-	-	-	-	(235)	(235)	-	(235)
Total other comprehensive income, net of tax	-	-	-	(45)	(187)	-	(2,646)	(2,878)	-	(2,878)
Loss for the financial year	-	-	-	-	-	-	(6,789)	(6,789)	(614)	(7,403)
Total comprehensive income for the financial year	-	-	-	(45)	(187)	-	(9,435)	(9,667)	(614)	(10,281)
Investment by minority shareholders	-	-	-	-	-	-	-	-	500	500
Dividend - 2018 final	-	-	-	-	-	-	(1,953)	(1,953)	-	(1,953)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(392)	392	-	-	-
At 31 December 2019	67,200	(4,213)	(40,999)	3,347	(287)	54,104	244,857	324,009	11,155	335,164

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 YEAR ENDED 31 DECEMBER 2020

	Year Ended	
	31.12.2020	31.12.2019
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(58,106)	(4,291)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	47,098	53,483
Depreciation of right-of-use assets	3,700	3,823
Property, plant and equipment written off	1,059	554
Gain on disposal of property, plant and equipment	(338)	(248)
Gain on disposal of assets held for rental	(4,883)	(4,864)
Other non-cash items	12,906	(4,284)
Non-operating items	7,841	10,676
Operating profit before working capital changes	9,277	54,849
Changes in working capital	43,288	29,463
Tax paid, net of refunds	(4,301)	(1,847)
Retirement benefit paid	(775)	(259)
Proceeds from disposal of assets held for rental	47,956	53,880
Net cash generated from operating activities	95,445	136,086
Cash flows from investing activities		
Investments in an associate	-	(603)
Dividend received from joint ventures	560	1,811
Purchase of property, plant and equipment	(31,114)	(65,591)
Purchase of intangible assets	(290)	(683)
Proceeds from disposal of property, plant and equipment	907	417
Interest received	1,289	1,184
Net cash used in investing activities	(28,648)	(63,465)
Cash flows from financing activities		
Dividends paid to shareholders of the Company	-	(1,953)
Repayment of hire purchase financing	(16,094)	(35,713)
Drawdown of bankers' acceptances	60,743	127,168
Repayment of bankers' acceptances	(84,017)	(137,317)
Drawdown of term loans	2,928	2,244
Repayment of term loans	(600)	(10,961)
Drawdown of revolving credits	(5,000)	12,083
Payment of lease liabilities	(4,841)	(3,718)
Interest paid	(9,130)	(11,860)
Investments by non-controlling interests	15,000	500
Net cash used in financing activities	(41,011)	(59,527)
Net changes in cash and cash equivalents	25,786	13,094
Cash and cash equivalents at 1 January	88,217	74,748
Effects of exchange rate fluctuation on cash and cash equivalents	(169)	375
Cash and cash equivalents at 31 December	113,834	88,217
Cash and cash equivalents comprise:		
Short term deposits	6,224	2,885
Cash at bank and in hand	47,040	51,112
Fixed deposits with licensed banks	61,450	35,178
Bank overdrafts	(880)	(958)
	113,834	88,217

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 ended 31 December 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 for the current quarter and year ended 31 December 2020.

6. Debt and equity securities

There were no issuances, repurchases and repayments of debt and equity securities, share cancellation and resale of treasury shares during the current quarter and year ended 31 December 2020.

7. Dividends paid

No dividend was paid during the current quarter and year ended 31 December 2020.

8. Operating segments

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

	←————— Year Ended 31 Dec —————→									
	<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
					Restated		Restated			
External revenue	148,873	195,042	64,110	150,364	72,174	79,004	10,363	15,419	295,520	439,829
Inter-segment revenue	-	-	39	862	-	-	-	-	39	862
Segment profit / (loss)	21,647	24,903	(4,669)	37,593	(4,829)	(3,272)	(1,583)	953	10,566	60,177
Segment assets	255,638	272,059	221,202	307,477	74,902	75,969	96,298	97,345	648,040	752,850
Segment liabilities	149,454	171,378	150,022	198,593	70,444	80,661	8,489	12,267	378,409	462,899



Operating segments (continued)

	Year Ended 31 Dec	
	2020	2019
	RM'000	RM'000
Reconciliation of reportable segment profit or loss		
Total profit or loss for reportable segments	10,566	60,177
Depreciation and amortisation	(47,098)	(53,483)
Depreciation of right-of-use assets	(3,700)	(3,823)
Interest expense	(9,130)	(11,860)
Interest income	1,289	1,184
Non-reportable segment expenses	(2,973)	(2,940)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(483)	(373)
- joint ventures	(6,577)	6,827
Consolidated loss before tax	(58,106)	(4,291)
Reconciliation of reportable segment assets		
Total assets for reportable segments	648,040	752,850
Assets for other non-reportable segment	3,662	9,818
Share of assets from equity accounted investments		
- associate	816	1,299
- joint ventures	35,028	42,129
Consolidated assets	687,546	806,096
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	378,409	462,899
Liabilities for other non-reportable segment	8,573	8,033
Consolidated liabilities	386,982	470,932

9. Valuations of property, plant and equipment

Pursuant to the revaluation model applied for land and buildings, the Group's land and buildings are measured at revalued amount less accumulated depreciation and any accumulated impairment losses. The revaluation surplus (net of deferred tax) of RM15.09 million has been incorporated into the consolidated financial statements for the year ended 31 December 2020.

The valuation was carried out by independent firms of professional valuers, Rahim & Co International Sdn Bhd and Savills Vietnam Co. Ltd., using open market value with existing use basis.

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.

A valuation of the investment property was carried out on 09 December 2020 by an independent professional valuer and arising from the valuation, the Group recognized a fair value loss on investment property of RM1.9 million (2019: Nil) in the statement of profit/(loss) for the year ended 31 December 2020.



11. Material subsequent event

There were no material events subsequent to the end of the current quarter other than the following transaction:

On 14 January 2021, Mayflower Holidays Sdn Bhd acquired 502,000 ordinary shares for a consideration of RM 1 in Mayflower Online Sdn Bhd from Agile Quick Service Sdn Bhd. Upon acquisition, Mayflower Online Sdn Bhd became a 100% owned subsidiary of Mayflower Holidays Sdn Bhd.

12. Changes in composition of the Group

Changes in the composition of the Group during the current quarter and year ended 31 December 2020 are as follow:

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 31.12.2020 RM’000	As at 31.12.2019 RM’000
Approved and contracted for	841	923
Approved but not contracted for	-	37,754



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 31.12.2020 RM'000	As at 31.12.2019 RM'000
Not later than 1 year	33,720	41,094
Later than 1 year and not later than 5 years	28,534	39,130
	62,254	80,224

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	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Sales of goods and services	10,602	10,629	27,220	32,923
Rental income	734	846	2,722	3,230
	11,336	11,475	29,942	36,153
Purchases goods and services	6,021	(13,716)	18,486	87,555
Rental expenses	542	726	2,206	2,346
Financing and leasing	1	693	54	5,183
	6,564	(12,297)	20,746	95,084

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

	Individual quarter		Cumulative quarters	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Sales of goods and services	-	45	12	105
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	
	31.12.2020	31.12.2019		31.12.2020	31.12.2019	
	RM'000	RM'000		RM'000	RM'000	
Revenue	83,593	111,274	(25)	295,520	439,829	(33)
Operating (loss)/Profit	(14,448)	(705)	1,949	(43,205)	(69)	62,516
(Loss)/Profit Before Interest and Tax	(16,214)	1,303	(1,344)	(50,265)	6,385	(887)
Loss Before Tax	(17,692)	(1,351)	1,210	(58,106)	(4,291)	1,254
Loss After Tax	(25,766)	(1,654)	1,458	(64,473)	(7,403)	771
Loss Attributable to Ordinary Equity Holders of the Company	(24,726)	(1,346)	1,737	(62,819)	(6,789)	825

Year ended 31 December 2020

The Malaysian economy experienced a severe downturn in year 2020 as a result of the prolonged Covid-19 pandemic which started from Quarter 1 2020 and the global trade tension especially the US-China trade war which inadvertently impacted the performance of the Group.

The Group registered a drop of 33% in revenue from RM439.8 million a year ago to RM295.5 million. Accordingly, loss before tax increased from RM4.3 million from prior year to RM58.1 million.

Machinery Division

Revenue from the Machinery Division decreased to RM148.9 million from RM195.0 million registered in prior year, representing a decrease of 24%. In line with lower revenue, segment profit decreased by 13% to RM21.6 million from RM24.9 million registered in prior year.

Travel and Car Rental Division

The Travel and Car Rental Division recorded 57% decline in revenue to RM64.1 million from RM150.4 million registered in 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 segment loss of RM4.7 million as compared to a segment profit of RM37.6 million recorded in prior year.



Automotive Division

A business unit previously reported under other operating segment has been reclassified to Automotive Division pursuant to MFRS 8 Operating Segments as its reported revenue (external and inter-segment) is more than 10% of the combined revenue of all operating segments. The comparative figures of Automotive Division have been restated to include such business unit.

The Automotive Division recorded a decrease in revenue to RM72.2 million from RM79.0 million registered in prior year due to softened domestic demand for commercial vehicles and stringent loan approval processes. As a result, this segment recorded a loss of RM4.8 million as compared to RM3.3 million loss in 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 RM6.6 million compared to a profit after tax of RM6.8 million registered in 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 31 December 2020

The Group recorded lower revenue at RM83.6 million in the fourth quarter of 2020 compared to RM111.3 million in the corresponding quarter prior year. Accordingly, a loss before tax of RM17.7 million was recorded compared to a loss before tax of RM1.4 million in corresponding quarter prior year. This was largely due to the subdued performance in the travel and car rental division which was hardest hit by the pandemic. The results were further impacted by the additional doubtful debts and impairment of receivable of RM1.6 million and the fair value loss on investment property of RM1.9 million.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31.12.2020	30.09.2020	
	RM'000	RM'000	
Revenue	83,593	82,609	1
Operating Loss	(14,448)	(7,051)	105
Loss Before Interest and Tax	(16,214)	(8,342)	94
Loss Before Tax	(17,692)	(10,197)	74
Loss After Tax	(25,766)	(9,359)	175
Loss Attributable to Ordinary Equity Holders of the Company	(24,726)	(9,067)	173

The Group revenue increased by 1% to RM83.6 million as compared to RM82.6 million in the preceding quarter. This was mainly due to reopening of economic activities with the introduction of Recovery Movement Control Order ("RMCO") since 10 June 2020. However, the Group recorded higher loss before tax of RM17.7 million as compared to RM10.2 million in the preceding quarter mainly due to:

- Valuation of investment property which gave rise to the recognition of a fair value loss on investment of RM1.9 million.
- Increase in provision of doubtful debts and provision for car losses of RM1.3 million and RM0.6 million respectively.
- Share of losses from jointly controlled equity contributed about RM0.5 million as the share of losses increased from RM1.2 million to RM1.7 million.
- Used cars were sold at a lower margin at year end as compared to preceding quarter.



3. Group's Prospects

2020 was tumultuous year where global economy plunged into turmoil as Covid-19 pandemic aggressively impacted economies through lockdowns, hence impeding economic activities and curtailing demand significantly. Consequent to that, the Malaysian economy registered a contraction of 5.6% in 2020. Though Malaysia's Gross Domestic Product is projected to rebound between 6.5% to 7.5% in 2021, effect of the recovery is largely dependent on the timing and acceptance levels of the Covid-19 vaccines globally, with widespread deployment expected in the second half of 2021. At present, Malaysia is still in various stages of lockdown and the Covid-19 vaccines is expected to be available in March 2021.

Notably, the ongoing global travel restrictions continue to have an adverse impact on our Travel and Car Rental division. The division continues to consolidate functions for efficiency and right-sizing initiatives are embraced to match the changing business landscape.

The stimulus packages implemented by the government late last year is expected to have spillover effects this year and the resumption of certain mega infrastructure projects definitely shed light to the construction sectors, providing optimism to the business outlook of the Machinery division.

On the other hand, the retail industry is expected to remain challenging and is unlikely to see light at the end of the tunnel. Strict social distancing enforced currently is hindering shopping malls and retailers from operating at full capacity. This will have an adverse impact on our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd. To counter this, the joint venture entities are actively enhancing and promoting their digital platforms.

4. Profit forecast

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

5. Tax expenses

	Quarter Ended		Year Ended	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Tax expense				
Current year	5,366	2,729	5,757	4,478
Prior year	1,407	106	1,324	959
Deferred tax expense/(income)				
Current year	(6,995)	(3,174)	(8,209)	(2,400)
Prior year	8,296	642	7,495	75
	<u>8,074</u>	<u>303</u>	<u>6,367</u>	<u>3,112</u>

The tax expenses despite loss recorded during the year are mainly due to certain expenses which are not deductible for tax purposes.

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 31.12.2020		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	6,634	9,718	16,352
Unsecured			
- Term loan	3,802	742	4,544
- Revolving credits	-	171,983	171,983
- Bankers' acceptances	-	17,102	17,102
- Bank overdrafts	-	880	880
	3,802	190,707	194,509
Total borrowings	10,436	200,425	210,861
Breakdown by currencies:			
RM (Ringgit Malaysia)	7,934	199,683	207,617
MMK (Burmese Kyat)	2,502	742	3,244
	10,436	200,425	210,861

	As at 31.12.2019		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	12,527	14,521	27,048
Unsecured			
- Term loan	1,664	369	2,033
- Revolving credits	-	176,983	176,983
- Banker acceptance	-	40,376	40,376
- Bank overdrafts	-	958	958
	1,664	218,686	220,350
Total borrowings	14,191	233,207	247,398
Breakdown by currencies:			
RM (Ringgit Malaysia)	12,527	232,838	245,365
MMK (Burmese Kyat)	1,664	369	2,033
	14,191	233,207	247,398

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 fourth quarter ended 31 December 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 Ended	
	31.12.20	31.12.19	31.12.20	31.12.19
Loss attributable to owners of the Company (RM'000)	(24,726)	(1,346)	(62,819)	(6,789)
Weighted average number of ordinary shares in issue ('000)				
At beginning of period	65,100	65,101	65,100	65,101
Effect of share buyback	-	(1)	-	(1)
At end of period	65,100	65,100	65,100	65,100
Basic loss per share (sen)	(37.98)	(2.07)	(96.50)	(10.43)

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 Ended	
	31.12.20 RM'000	31.12.19 RM'000	31.12.20 RM'000	31.12.19 RM'000
Depreciation and amortization	11,693	13,552	47,098	53,483
Allowance for doubtful debts	1,609	754	2,316	754
Bad debts written off	-	38	149	38
Inventories written down	224	891	224	891
Fair value loss on investment property	1,900	-	1,900	-
Impairment loss on property, plant and equipment	2	-	2	-
Net unrealised gain on foreign exchange	(237)	(248)	(243)	(274)



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 December 2020, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Notional amount 31.12.20 RM'000	Fair value assets/ (liabilities) 31.12.20 RM'000
Less than 1 year	24,323	(378)

BY ORDER OF THE BOARD
ANG LAY BEE
Company Secretary
Kuala Lumpur
23 February 2021