



WARISAN TC HOLDINGS BERHAD

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

(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 ENDED 30 JUNE 2022**

	Quarter Ended			Year-To-Date Period Ended		
	30.06.2022	30.06.2021	Changes	30.06.2022	30.06.2021	Changes
	RM'000	RM000	%	RM'000	RM000	%
Revenue	139,758	72,853	92	252,803	171,013	48
Cost of sales	(114,529)	(56,537)	(103)	(207,284)	(136,935)	(51)
Gross profit	25,229	16,316	55	45,519	34,078	34
Other income	1,051	241	336	1,722	1,114	55
Selling and distribution expenses	(9,912)	(7,782)	(27)	(18,064)	(15,522)	(16)
Administrative and general expenses	(17,447)	(15,060)	(16)	(33,772)	(31,600)	(7)
Interest expense	(1,796)	(1,657)	(8)	(3,504)	(3,373)	(4)
Interest income	199	244	(18)	433	675	(36)
Share of loss of equity-accounted associates, net of tax	(72)	(79)	9	(146)	(165)	12
Share of profit/(loss) of equity-accounted jointly controlled entities, net of tax	1,800	(2,727)	166	4,029	(4,049)	200
Loss before tax	(948)	(10,504)	91	(3,783)	(18,842)	80
Tax expense	(620)	(514)	(21)	(1,340)	(1,189)	(13)
Loss for the period	(1,568)	(11,018)	86	(5,123)	(20,031)	74
Loss attributable to :						
Owners of the Company	(1,328)	(10,663)	88	(4,585)	(19,396)	76
Non-controlling interests	(240)	(355)	33	(538)	(635)	15
	(1,568)	(11,018)	86	(5,123)	(20,031)	74
Loss per share (sen) attributable to owners of the Company:						
- Basic	2.04	16.38		7.04	29.79	
- 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 2021 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 ENDED 30 JUNE 2022**

	Quarter Ended			Year-To-Date Period Ended		
	30.06.2022	30.06.2021	Changes	30.06.2022	30.06.2021	Changes
	RM'000	RM000	%	RM'000	RM000	%
Loss for the period	(1,568)	(11,018)	86	(5,123)	(20,031)	74
Other comprehensive 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	655	(40)	1,738	639	436	47
Foreign exchange differences from translation	448	(502)	189	583	118	394
Total other comprehensive income/(loss), net of tax	1,103	(542)	304	1,222	554	121
Total comprehensive loss for the period	(465)	(11,560)	96	(3,901)	(19,477)	80
Total comprehensive loss for the period attributable to :						
Owners of the Company	(225)	(11,205)	98	(3,363)	(18,842)	82
Non-controlling interests	(240)	(355)	33	(538)	(635)	15
	(465)	(11,560)	96	(3,901)	(19,477)	80

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and the accompanying explanatory notes attached to these interim financial statements.



WARISAN TC HOLDINGS BERHAD
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 (Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
AS AT 30 JUNE 2022

	As at 30.06.2022 RM'000	As at 31.12.2021 RM'000
ASSETS		
Property, plant and equipment	191,199	194,196
Right-of-use assets	24,120	24,210
Investment property	43,500	43,500
Investments in associates	689	497
Investments in jointly controlled entities	34,230	30,760
Other investments	186	186
Lease receivables	1,855	2,669
Deferred tax asset	6,111	6,098
Intangible assets	10,801	10,715
Total non-current assets	312,691	312,831
Inventories	129,149	133,840
Receivables, deposits and prepayments	121,152	111,092
Derivative financial asset	677	11
Current tax asset	4,751	3,159
Cash and cash equivalents	93,806	102,213
Total current assets	349,535	350,315
TOTAL ASSETS	662,226	663,146
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	30,490	29,498
Retained earnings	145,343	149,698
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	238,820	242,183
Non-controlling interests	22,555	23,093
TOTAL EQUITY	261,375	265,276
LIABILITIES		
Deferred tax liability	16,069	15,912
Employee benefits	12,493	12,071
Lease liabilities	770	388
Hire purchase liabilities	2,986	3,334
Loans and borrowings	1,632	2,081
Total non-current liabilities	33,950	33,786
Payables and accruals	134,541	131,347
Contract liabilities	11,609	10,447
Lease liabilities	2,927	3,091
Hire purchase liabilities	4,364	6,133
Loans and borrowings	211,848	211,602
Derivative financial liability	370	342
Current tax liability	1,242	1,122
Total current liabilities	366,901	364,084
TOTAL LIABILITIES	400,851	397,870
TOTAL EQUITY AND LIABILITIES	662,226	663,146
	RM	RM
Net assets per share attributable to owners of the Company	3.67	3.72

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 PERIOD ENDED 30 JUNE 2022**

	Attributable to owners of the Company							Total	Non-controlling interests	Total Equity
	Share capital	Treasury shares	Non-distributable			Distributable				
			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 2022	67,200	(4,213)	(40,999)	2,939	(253)	67,811	149,698	242,183	23,093	265,276
Foreign currency translation differences for foreign operations	-	-	-	583	-	-	-	583	-	583
Change in fair value of cash flow hedge	-	-	-	-	639	-	-	639	-	639
Total other comprehensive income, net of tax	-	-	-	583	639	-	-	1,222	-	1,222
Loss for the period	-	-	-	-	-	-	(4,585)	(4,585)	(538)	(5,123)
Total comprehensive income/(loss) for the period	-	-	-	583	639	-	(4,585)	(3,363)	(538)	(3,901)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(230)	230	-	-	-
At 30 June 2022	67,200	(4,213)	(40,999)	3,522	386	67,581	145,343	238,820	22,555	261,375

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 PERIOD ENDED 30 JUNE 2022**

	← 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 2021	67,200	(4,213)	(40,999)	2,928	(334)	68,336	181,606	274,524	24,379	298,903
Foreign currency translation differences for foreign operations	-	-	-	118	-	-	-	118	-	118
Change in fair value of cash flow hedge	-	-	-	-	436	-	-	436	-	436
Total other comprehensive income, net of tax	-	-	-	118	436	-	-	554	-	554
Loss for the period	-	-	-	-	-	-	(19,396)	(19,396)	(635)	(20,031)
Total comprehensive income/(loss) for the period	-	-	-	118	436	-	(19,396)	(18,842)	(635)	(19,477)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(260)	260	-	-	-
At 30 June 2021	67,200	(4,213)	(40,999)	3,046	102	68,076	162,470	255,682	23,744	279,426

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 PERIOD ENDED 30 JUNE 2022

	Year-To-Date Period Ended	
	30.06.2022	30.06.2021
	RM'000	RM'000
Cash flow from operating activities		
Loss before tax	(3,783)	(18,842)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	19,280	20,902
Depreciation of right-of-use assets	2,023	1,886
Gain on disposal of property, plant and equipment	(150)	(62)
Gain on disposal of assets held for rental	(3,805)	(3,281)
Interest expense	3,504	3,373
Interest income	(434)	(675)
Other non-cash items	(3,108)	6,368
Operating profit before working capital changes	13,527	9,669
Changes in working capital	(1,771)	(12,541)
Interest received	334	489
Tax paid, net of refunds	(2,714)	(2,802)
Retirement benefit paid	(175)	(116)
Proceeds from disposal of assets held for rental	7,701	17,659
Net cash generated from operating activities	16,902	12,358
Cash flows from investing activities		
Investments in an associate	(338)	-
Dividend received from jointly controlled entities	560	560
Acquisition of property, plant and equipment	(18,358)	(10,481)
Acquisition of intangible assets	(216)	(250)
Proceeds from disposal of property, plant and equipment	698	356
Interest received	100	186
Net cash used in investing activities	(17,554)	(9,629)
Cash flows from financing activities		
Drawdowns of bankers' acceptances	77,492	43,814
Drawdowns of term loans	-	1,222
Drawdowns of hire purchases	1,845	1,357
Drawdowns of revolving credits	105,500	107,000
Repayments of bankers' acceptances	(80,977)	(37,397)
Repayments of term loans	(980)	(403)
Repayments of hire purchases	(3,963)	(5,472)
Repayments of revolving credits	(101,380)	(107,500)
Repayments of lease liabilities	(1,717)	(1,867)
Interest paid	(3,504)	(3,373)
Net cash used in financing activities	(7,684)	(2,619)
Net changes in cash and cash equivalents	(8,336)	110
Cash and cash equivalents at beginning of year	101,410	115,028
Effects of exchange rate fluctuation on cash and cash equivalents	(178)	281
Cash and cash equivalents at 30 June	92,896	115,419
Cash and cash equivalents comprise:		
Short term deposits	3,452	4,901
Cash at bank and in hand	44,713	51,203
Fixed deposits with licensed banks	45,641	60,160
Bank overdrafts	(910)	(845)
	92,896	115,419

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2021. 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 2021.

Adoption of Standards, Amendments and Interpretations Committee (“IC”) Interpretations

During the current financial period, the Group has applied the following amendments and new standards that became effective mandatorily for the financial periods beginning on or after 1 January 2022:

- Amendments to MFRS 1, MFRS 9, MFRS 16 and MFRS 141, Annual Improvements to MFRS Standards 2018-2020;
- Amendments to MFRS 3, Reference to the Conceptual Framework;
- Amendments to MFRS 116, Property, Plant and Equipment - Proceeds before Intended Use; and
- Amendments to MFRS 137, Onerous Contracts - Cost of Fulfilling a Contract.

The adoption of the amendments and new standards did not have any significant impact on the disclosures or on the amounts reported in the financial statements.

The Group has not applied the following standards and amendments that have been issued by the MASB but are not yet effective for the quarter under review:

		<i>Effective Date</i>
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced by the MASB

The adoption of the above amendments and new standard is not expected to have any significant impact on the financial position and financial performance of the Group.



2. Audit qualification of financial statements

The auditors' report on 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 for the period ended 30 June 2022.

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 period ended 30 June 2022.

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 period ended 30 June 2022.

7. Dividends paid

No dividend was paid during the period ended 30 June 2022.



8. Operating segments

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

	← Year-To-Date Period Ended 30 June →									
	<u>Machinery</u>		<u>Travel and car rental</u>		<u>Automotive</u>		<u>Other operations</u>		<u>Total</u>	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
						Restated		Restated		
External revenue	112,318	82,224	33,210	36,039	103,515	45,786	3,760	6,964	252,803	171,013
Segment profit / (loss)	11,431	11,618	10,704	4,185	(3,623)	(2,685)	(627)	(924)	17,885	12,194
Segment assets	254,797	259,826	167,906	182,223	111,090	80,150	89,017	98,997	622,810	621,196
Segment liabilities	177,527	163,526	116,403	123,316	92,046	71,562	4,010	12,501	389,986	370,905

Operating segments (continued)

	<u>Year-To-Date Period Ended 30 June</u>	
	2022	2021
	RM'000	RM000
Reconciliation of reportable segment profit or loss		
Total profit for reportable segments	17,885	12,194
Depreciation and amortisation	(19,281)	(20,902)
Depreciation of right-of-use assets	(2,023)	(1,886)
Interest expense	(3,504)	(3,373)
Interest income	433	675
Non-reportable segment expenses	(1,176)	(1,336)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(146)	(165)
- jointly controlled entities	4,029	(4,049)
Consolidated loss before tax	(3,783)	(18,842)
Reconciliation of reportable segment assets		
Total assets for reportable segments	622,810	621,196
Assets for other non-reportable segment	4,497	7,961
Share of assets from equity accounted investments		
- associate	689	679
- jointly controlled entities	34,230	30,470
Consolidated assets	662,226	660,306
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	389,986	370,905
Liabilities for other non-reportable segment	10,865	9,975
Consolidated liabilities	400,851	380,880

9. Valuations of property, plant and equipment

The valuations of property, plant and equipment were brought forward without amendment from the audited financial statements for the year ended 31 December 2021.

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 8 November 2021.

11. Material subsequent event

There has not arisen in the interval between the end of this reporting period and the date of this announcement, any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group.

12. Changes in composition of the Group

On 17 January 2022, Mayflower Holidays (Labuan) Pte Ltd incorporated a 100% owned subsidiary, Mayan Flower Travel and Virtual Tours (Taiwan) Co, Ltd in Taiwan, with a paid up capital of TWD6 mil.

Save for the above, there were no changes in the composition of the Group for the period under review.

13. Changes in contingent liabilities

There was no contingent liability as at 30 June 2022.

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 30.06.2022 RM'000	As at 30.06.2021 RM'000
Approved and contracted for	4,174	2,052
Approved but not contracted for	-	-

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 30.06.2022 RM'000	As at 30.06.2021 RM'000
Not later than 1 year	31,929	32,565
Later than 1 year and not later than 5 years	30,207	23,780
	62,136	56,345

**16. Related party disclosures**

Transactions with Tan Chong Motor Holdings Berhad (“TCMH”) and APM Automotive Holdings Berhad (“APM”) groups, companies in which a Director and substantial shareholder of the Company are deemed to have substantial interests are as follows:

	Individual quarter		Cumulative quarter	
	30.06.22 RM'000	30.06.21 RM'000	30.06.22 RM'000	30.06.21 RM'000
<i>With TCMH group</i>				
Rental Income	413	417	825	832
Sales	14,617	6,359	29,446	16,673
Travel agency, car rental and workshop services	1,485	453	2,124	969
Administrative and Information Technology (“IT”) services	880	886	1,920	1,616
Assembly services and royalty fee	2,818	608	6,520	2,770
Insurance agency services	1,211	713	2,761	2,201
Lease payments	329	448	743	924
Purchases	19,932	1,754	41,549	6,967
Workshop services	315	386	804	711
<i>With APM group</i>				
Rental Income	326	292	629	588
Sales	509	-	614	66
Travel agency, car rental and workshop services	182	28	239	130
Lease payments	129	129	258	258
Purchases	271	19	272	138
Workshop services	1	0	1	0

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

	Individual quarter		Cumulative quarter	
	30.06.22 RM'000	30.06.21 RM'000	30.06.22 RM'000	30.06.21 RM'000
Return of goods	-	-	-	6
Travel agency, car rental and air ticket	6	0	6	0

The above transactions were entered into in the ordinary course of business based on normal commercial terms. These transactions were established on terms that were 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	
	30.06.2022	30.06.2021		30.06.2022	30.06.2021	
	RM'000	RM'000		RM'000	RM'000	
Revenue	139,758	72,853	92	252,803	171,013	48
Operating Loss	(1,079)	(6,284)	83	(4,595)	(11,929)	61
Profit/(Loss) Before Interest and Tax	649	(9,091)	107	(712)	(16,144)	96
Loss Before Tax	(948)	(10,504)	91	(3,783)	(18,842)	80
Loss After Tax	(1,568)	(11,018)	86	(5,123)	(20,031)	74
Loss Attributable to Ordinary Equity Holders of the Company	(1,328)	(10,663)	88	(4,585)	(19,396)	76

6 months ended 30 June 2022

Group revenue increased to RM252.8 million from RM171.0 million registered for the corresponding period prior year, representing an increase of 48%, mainly contributed by Machinery and Automotive divisions. Malaysia's economic activities have been gaining momentum since the rebound recorded in the first quarter of the year, more so, with the restriction of mobility fully uplifted in April 2022, which boosted the overall performance of the Group. Accordingly, the Group registered a lower loss before tax of RM3.8 million as compared to a loss before tax of RM18.8 million in the corresponding period prior year.

Machinery Division

Revenue from the Machinery Division increased to RM112.3 million from RM82.2 million for the first half of prior year, representing an increase of 36.63%. The industry volume for heavy machinery has increased compared with the corresponding period prior year. Despite the increase in revenue, profit was marginally lower at RM11.4 million as compared to RM11.6 million recorded in the corresponding period prior year; mainly due to lower gross profit margin which resulted from lower aftermarket sales, market competition and increase in product price.

Travel and Car Rental Division

The Travel and Car Rental Division recorded lower revenue of RM33.2 million as compared to RM36.0 million registered in the first half of prior year attributed to lower units of vehicles disposed by Car Rental division. However, the Travel division recorded better performance attributed to the strong rebound in the air passenger traffic in first half 2022. Despite lower revenue, performance of the division improved with higher segment profit of RM10.7 million as compared to RM4.2 million recorded in corresponding period prior year

contributed by the better performance of the Travel division with marginal increase in gross profit margin, lower operating cost and higher gain on disposal of vehicles.

Automotive Division

The Automotive Division recorded higher revenue of RM103.5 million compared to RM45.8 million registered in the first half of prior year attributed to sales conversion of various pending orders previously obtained, where deliveries were put on hold due to the lock-down in 2021 as well as changes in the recognition of sales by MUVVM (changes took effect at end of Q2 2021). Despite higher sales, the division recorded higher loss at RM3.6 million as compared to RM2.7 million in the corresponding period prior year attributed to lower product profit margin and higher administrative and financing cost which resulted from currency fluctuation and new product start-up costs.

Jointly controlled entities

Our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, recorded a profit after tax of RM4.0 million as opposed to loss after tax of RM4.0 million in the corresponding period prior year due to spike in its business activities following the easing of movement controls and gradual reopening of economic sectors. The performance of Shiseido Malaysia Sdn Bhd was further bolstered by the recognition of gain on disposal of Personal Care Business of RM4.2m.

2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.06.2022	31.03.2022	
	RM'000	RM'000	
Revenue	139,758	113,045	24
Operating Loss	(1,079)	(3,516)	69
Profit/(Loss) Before Interest and Tax	649	(1,361)	148
Loss Before Tax	(948)	(2,835)	67
Loss After Tax	(1,568)	(3,556)	56
Loss Attributable to Ordinary Equity Holders of the Company	(1,328)	(3,258)	59

The upswing in the economic activities, particularly the travel sector following the uplift of movement restriction in April 2022 has contributed to the increase in Group's revenue from RM113.0 million in the preceding quarter to RM139.8 million. Accordingly, the Group recorded lower loss before tax of RM0.9 million as compared to RM2.8 million in the preceding quarter mainly due to better performance from Machinery and Travel division underpinned by higher sales achievement, higher backend incentives from airlines and lower operating cost.

3. Group's Prospects

Malaysia's economy is on an upward trajectory to recovery from pandemic following the successful vaccination drive and full withdrawal of movement restrictions. In Q2 2022, Malaysia's economy advanced by 8.9% year-on-year, accelerating sharply from a 5.0% growth in Q1 2022 (Source : Bank Negara Malaysia). The growth projected by Bank Negara Malaysia of between 5.3% and 6.3% is on track; driven by strong rebound in consumption. The continuation and acceleration of mega infrastructure projects further catalyze the growth of the local market. The tourism industry is set to experience a strong recovery as evidenced by



the International Air Transport Association (IATA)'s findings that the global traffic for the first five months of the year was approximately 69% of the pre-crisis level.

While the outlook of the economy is optimistic, it is not without its challenges. The issue of global supply chain is still persisting with increase in cost of raw materials, shortage in supply of semi-conductors, increase in freight and logistic costs which continue to plague the economy. The Russia-Ukraine war, which shows no sign of abating is blamed for keeping global oil prices at high levels and driving up inflation; partly causing the weakening of our currency.

The Group continues to undertake austerity measures to contain cost, including efforts to optimize resources, rationalize cost of operations, and review of business opportunities, in addressing market challenges, while engaging with the existing and potential customers on corporate incentive business and creating and promoting awareness on the newly launched activities and/or brands.

4. Profit forecast

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

5. Tax expense / (income)

	Individual Quarter		Cumulative Quarter	
	30.06.22 RM'000	30.06.21 RM'000	30.06.22 RM'000	30.06.21 RM'000
Tax expenses / (income)				
Current year	805	941	1,242	1,705
Prior year	-	(66)	-	(83)
Deferred tax expense / (income)				
Current year	(146)	(558)	(3)	(633)
Prior year	(39)	197	101	200
	<u>620</u>	<u>514</u>	<u>1,340</u>	<u>1,189</u>

The tax expense for the current and cumulative quarter despite losses recorded by the Group were mainly due to tax charges in certain profitable subsidiaries of the Group, certain expenses being disallowed for tax purposes and absence of Group Tax Relief to utilize some of the tax losses in the subsidiaries of the Company.

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 30.06.2022		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	2,986	4,364	7,350
Unsecured			
- Term loan	1,632	900	2,532
- Revolving credits	-	165,603	165,603
- Bankers' acceptances	-	44,435	44,435
- Bank overdrafts	-	910	910
	1,632	211,848	213,480
Total borrowings	4,618	216,212	220,830
Breakdown by currencies:			
RM (Ringgit Malaysia)	2,986	215,312	218,298
MMK (Burmese Kyat)	1,632	900	2,532
	4,618	216,212	220,830

	As at 30.06.2021		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	3,494	8,743	12,237
Unsecured			
- Term loan	4,003	851	4,854
- Revolving credits	-	171,483	171,483
- Bankers' acceptances	-	23,519	23,519
- Bank overdrafts	-	845	845
	4,003	196,698	200,701
Total borrowings	7,497	205,441	212,938
Breakdown by currencies:			
RM (Ringgit Malaysia)	4,794	204,590	209,384
MMK (Burmese Kyat)	2,703	851	3,554
	7,497	205,441	212,938

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 period ended 30 June 2022.

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.

	Individual Quarter		Cumulative Quarter	
	30.06.22	30.06.21	30.06.22	30.06.21
Loss attributable to owners of the Company (RM'000)	1,328	10,663	4,585	19,396
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)	2.04	16.38	7.04	29.79

11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	30.06.22	30.06.21	30.06.22	30.06.21
	RM'000	RM'000	RM'000	RM'000
Interest Income	(199)	(244)	(434)	(675)
Interest expenses	1,796	1,657	3,504	3,373
Allowance for doubtful debts	188	157	221	232
Bad debts written off	1	-	18	3
Depreciation and amortization	10,547	11,209	21,303	22,788
(Gain)/Loss on disposal of property, plant and equipment	(67)	19	(150)	(62)
Gain on disposal of assets held for rental	(1,706)	(1,626)	(3,805)	(3,281)
Inventories written down	7	1,141	7	1,141
Net unrealized (gain)/loss on foreign exchanges	(39)	181	(17)	247
Retirement benefits expense	326	292	614	587
Reversal of allowance for doubtful debts	(23)	(19)	(68)	(57)
Reversal of impairment of inventories	(92)	-	(92)	-



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 2022, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Quarter Ended 30.06.22		Quarter Ended 30.06.21	
	Notional amount	Fair value assets	Notional amount	Fair value assets
	RM'000	RM'000	RM'000	RM'000
Less than 1 year	<u>57,834</u>	<u>307</u>	<u>93,739</u>	<u>135</u>

BY ORDER OF THE BOARD
ANG LAY BEE
RAYMOND LEE KOON SENG
Company Secretaries
Kuala Lumpur
25 August 2022