



**WARISAN TC HOLDINGS BERHAD**

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SECOND QUARTER ENDED 30 JUNE 2023**

*(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 2023**

	Quarter Ended			Year-To-Date Period Ended		
	30.6.2023	30.6.2022	Changes	30.6.2023	30.6.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	111,604	139,758	(20)	227,272	252,803	(10)
Cost of sales	<b>(85,891)</b>	(114,529)	25	<b>(176,665)</b>	(207,284)	15
Gross profit	<b>25,713</b>	25,229	2	<b>50,607</b>	45,519	11
Other income	<b>889</b>	1,051	(15)	<b>1,779</b>	1,722	3
Selling and distribution expenses	<b>(9,912)</b>	(9,912)	(0)	<b>(19,642)</b>	(18,064)	(9)
Administrative and general expenses	<b>(15,284)</b>	(17,447)	12	<b>(31,916)</b>	(33,772)	5
Interest expense	<b>(2,578)</b>	(1,796)	(44)	<b>(5,098)</b>	(3,504)	(45)
Interest income	<b>434</b>	199	118	<b>786</b>	433	81
Share of profit/(loss) of equity-accounted associates, net of tax	<b>5</b>	(72)	107	<b>(22)</b>	(146)	85
Share of profit of equity-accounted jointly controlled entities, net of tax	<b>1,255</b>	1,800	(30)	<b>5,945</b>	4,029	48
Profit/(Loss) before tax	<b>522</b>	(948)	155	<b>2,439</b>	(3,783)	164
Tax expense	<b>(1,002)</b>	(620)	(62)	<b>(2,379)</b>	(1,340)	(78)
<b>Profit/(Loss) for the period</b>	<b>(480)</b>	(1,568)	69	<b>60</b>	(5,123)	101
<b>Profit/(Loss) attributable to :</b>						
Owners of the Company	<b>(289)</b>	(1,328)	78	<b>446</b>	(4,585)	110
Non-controlling interests	<b>(191)</b>	(240)	20	<b>(386)</b>	(538)	28
	<b>(480)</b>	(1,568)	69	<b>60</b>	(5,123)	101
<b>Profit/(Loss) per share (sen) attributable to owners of the Company:</b>						
- Basic	<b>(0.44)</b>	(2.04)		<b>0.68</b>	(7.04)	
- Diluted	<b>N/A</b>	N/A		<b>N/A</b>	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 2022 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 COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED 30 JUNE 2023**

	Quarter Ended			Year-To-Date Period Ended		
	30.6.2023	30.6.2022	Changes	30.6.2023	30.6.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Profit/(Loss) for the period	<b>(480)</b>	(1,568)	69	<b>60</b>	(5,123)	101
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	<b>60</b>	655	(91)	<b>659</b>	639	3
Foreign exchange differences from translation	<b>869</b>	448	94	<b>1,016</b>	583	74
<b>Total other comprehensive income, net of tax</b>	<b>929</b>	1,103	(16)	<b>1,675</b>	1,222	37
<b>Total comprehensive profit/(loss) for the period</b>	<b>449</b>	(465)	197	<b>1,735</b>	(3,901)	144
<b>Total comprehensive profit/(loss) for the period attributable to :</b>						
Owners of the Company	<b>640</b>	(225)	384	<b>2,121</b>	(3,363)	163
Non-controlling interests	<b>(191)</b>	(240)	20	<b>(386)</b>	(538)	28
	<b>449</b>	(465)	197	<b>1,735</b>	(3,901)	144

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



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

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**  
**AS AT 30 JUNE 2023**

	As at 30.6.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
<b>ASSETS</b>		
Property, plant and equipment	181,669	187,160
Right-of-use assets	25,511	26,230
Investment property	43,500	43,500
Investments in associates	900	570
Investments in jointly controlled entities	39,334	34,748
Other investments	3,606	456
Finance lease receivables	252	663
Deferred tax asset	5,274	5,216
Intangible assets	11,331	10,867
<b>Total non-current assets</b>	<b>311,377</b>	<b>309,410</b>
Inventories	138,763	128,630
Receivables, deposits and prepayments	137,642	125,141
Derivative financial asset	533	263
Current tax asset	3,935	6,990
Cash and cash equivalents	80,620	83,838
<b>Total current assets</b>	<b>361,493</b>	<b>344,862</b>
<b>TOTAL ASSETS</b>	<b>672,870</b>	<b>654,272</b>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Share capital	67,200	67,200
Reserves	30,124	28,709
Retained earnings	143,126	142,420
Treasury shares	(4,213)	(4,213)
<b>Total equity attributable to owners of the Company</b>	<b>236,237</b>	<b>234,116</b>
<b>Non-controlling interests</b>	<b>21,732</b>	<b>22,118</b>
<b>TOTAL EQUITY</b>	<b>257,969</b>	<b>256,234</b>
<b>LIABILITIES</b>		
Deferred tax liability	15,152	15,162
Retirement benefits obligation	8,685	8,313
Lease liabilities	2,189	2,937
Hire purchase liabilities	2,116	2,504
Loans and borrowings	623	1,000
<b>Total non-current liabilities</b>	<b>28,765</b>	<b>29,916</b>
Payables and accruals	136,188	123,675
Contract liabilities	10,252	11,321
Lease liabilities	3,149	3,296
Hire purchase liabilities	2,968	3,282
Loans and borrowings	231,326	224,409
Derivative financial liability	584	972
Current tax liability	1,669	1,167
<b>Total current liabilities</b>	<b>386,136</b>	<b>368,122</b>
<b>TOTAL LIABILITIES</b>	<b>414,901</b>	<b>398,038</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>672,870</b>	<b>654,272</b>
	RM	RM
<b>Net assets per share attributable to owners of the Company</b>	<b>3.63</b>	<b>3.60</b>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 PERIOD ENDED 30 JUNE 2023**

	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 2023	67,200	(4,213)	(40,999)	2,962	(539)	67,285	142,420	234,116	22,118	256,234
Foreign currency translation differences for foreign operations	-	-	-	1,016	-	-	-	1,016	-	1,016
Change in fair value of cash flow hedge	-	-	-	-	659	-	-	659	-	659
Total other comprehensive income, net of tax	-	-	-	1,016	659	-	-	1,675	-	1,675
Profit/(Loss) for the period	-	-	-	-	-	-	446	446	(386)	60
Total comprehensive income/(loss) for the period	-	-	-	1,016	659	-	446	2,121	(386)	1,735
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(260)	260	-	-	-
At 30 June 2023	67,200	(4,213)	(40,999)	3,978	120	67,025	143,126	236,237	21,732	257,969

The Consolidated Statement of Changes in Equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to these interim financial statements.



**WARISAN TC HOLDINGS BERHAD**

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(Incorporated in Malaysia)

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)  
FOR THE PERIOD ENDED 30 JUNE 2023**

	Attributable to owners of the Company							Total	Non-controlling interests	Total Equity
	Share capital	Treasury shares	Non-distributable		Hedging reserve	Revaluation reserve	Distributable Retained earnings			
			Merger reserve	Translation reserve						
	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 2022 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 PERIOD ENDED 30 JUNE 2023**

	<u>Year-To-Date Period Ended</u>	
	30.6.2023	30.6.2022
	RM'000	RM'000
<b>Cash flow from operating activities</b>		
Profit/(Loss) before tax	2,439	(3,783)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	18,227	19,280
Depreciation of right-of-use assets	2,270	2,023
Gain on disposal of property, plant and equipment	(83)	(150)
Gain on disposal of property, plant and equipment (assets held for rental)	(2,789)	(3,805)
Interest expense	5,098	3,504
Interest income	(786)	(433)
Other non-cash items	(5,972)	(3,201)
<b>Operating profit before working capital changes</b>	<b>18,404</b>	<b>13,435</b>
Changes in working capital	(10,945)	(1,679)
Interest received	615	334
Tax paid, net of refunds	1,014	(2,714)
Retirement benefit paid	(82)	(175)
Acquisition of property, plant and equipment (assets held for rental)	(13,148)	(17,403)
Proceeds from disposal of property, plant and equipment (assets held for rental)	5,754	7,701
<b>Net cash generated from/(used in) operating activities</b>	<b>1,612</b>	<b>(501)</b>
<b>Cash flows from investing activities</b>		
Investments in an associate	(352)	(338)
Acquisition of other investment	(3,150)	-
Dividend received from jointly controlled entities	1,360	560
Acquisition of property, plant and equipment	(906)	(955)
Acquisition of intangible assets	(723)	(216)
Proceeds from disposal of property, plant and equipment	236	698
Interest received	169	100
<b>Net cash used in investing activities</b>	<b>(3,366)</b>	<b>(151)</b>
<b>Cash flows from financing activities</b>		
Drawdowns of bankers' acceptances	96,679	77,492
Drawdowns of hire purchases	1,273	1,845
Drawdowns of revolving credits	82,000	105,500
Repayments of bankers' acceptances	(84,923)	(80,977)
Repayments of term loans	(435)	(980)
Repayments of hire purchases	(1,976)	(3,963)
Repayments of revolving credits	(87,545)	(101,380)
Repayments of lease liabilities	(2,093)	(1,717)
Interest paid	(4,943)	(3,504)
<b>Net cash used in financing activities</b>	<b>(1,963)</b>	<b>(7,684)</b>
<b>Net changes in cash and cash equivalents</b>	<b>(3,717)</b>	<b>(8,336)</b>
Cash and cash equivalents at beginning of year	82,918	101,410
Effects of exchange rate fluctuation on cash and cash equivalents	(150)	(178)
<b>Cash and cash equivalents at 30 June</b>	<b>79,051</b>	<b>92,896</b>
Cash and cash equivalents comprise:		
Short term deposits	3,819	3,452
Cash at bank and in hand	40,084	44,713
Fixed deposits with licensed banks	36,717	45,641
Bank overdrafts	(1,569)	(910)
	<b>79,051</b>	<b>92,896</b>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 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 2022. 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 2022.

**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 2023:

- MFRS 17 and Amendments to MFRS 17, Insurance Contracts;
- Amendments to MFRS 101, Classification of Liabilities as Current or Non-current;
- Amendments to MFRS 101, Disclosure of Accounting Policies;
- Amendments to MFRS 108, Definition of Accounting Estimates; and
- Amendments to MFRS 112, Deferred Tax related to Assets and arising from a Single Transaction.

The adoption of the new standard and amendments 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>
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
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 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 2023.

**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 2023.

**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 2023.

**7. Dividends paid**

No dividends were paid during the period ended 30 June 2023.



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>	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
External revenue	<b>84,293</b>	112,318	<b>52,008</b>	33,210	<b>86,941</b>	103,515	<b>4,030</b>	3,760	<b>227,272</b>	252,803
Segment profit/(loss)	<b>10,716</b>	11,431	<b>13,651</b>	10,704	<b>(1,239)</b>	(3,623)	<b>(295)</b>	(627)	<b>22,833</b>	17,885
Segment assets	<b>246,880</b>	254,797	<b>180,019</b>	167,906	<b>114,372</b>	111,090	<b>86,323</b>	89,017	<b>627,594</b>	622,810
Segment liabilities	<b>181,431</b>	177,527	<b>126,474</b>	116,403	<b>91,358</b>	92,046	<b>3,735</b>	4,010	<b>402,998</b>	389,986



**Operating segments (continued)**

	<u>Year-To-Date Period Ended 30 June</u>	
	<b>2023</b>	2022
	<b>RM'000</b>	RM'000
Reconciliation of reportable segment profit or loss		
Total profit for reportable segments	<b>22,833</b>	17,885
Depreciation and amortisation	<b>(18,227)</b>	(19,280)
Depreciation of right-of-use assets	<b>(2,270)</b>	(2,023)
Interest expense	<b>(5,098)</b>	(3,504)
Interest income	<b>786</b>	433
Non-reportable segment expenses	<b>(1,508)</b>	(1,177)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	<b>(22)</b>	(146)
- jointly controlled entities	<b>5,945</b>	4,029
Consolidated profit/(loss) before tax	<b>2,439</b>	(3,783)
Reconciliation of reportable segment assets		
Total assets for reportable segments	<b>627,594</b>	622,810
Assets for other non-reportable segment	<b>5,042</b>	4,497
Share of assets from equity accounted investments		
- associate	<b>900</b>	689
- jointly controlled entities	<b>39,334</b>	34,230
Consolidated assets	<b>672,870</b>	662,226
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	<b>402,998</b>	389,986
Liabilities for other non-reportable segment	<b>11,903</b>	10,865
Consolidated liabilities	<b>414,901</b>	400,851

**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 2022.

**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 2022.

**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**

There were no changes in the composition of the Group during the period ended 30 June 2023.

**13. Changes in contingent liabilities**

There was no contingent liability as at 30 June 2023.

**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:

	<b>As at 30.06.2023 RM'000</b>	<b>As at 30.06.2022 RM'000</b>
Approved and contracted for	<b>1,671</b>	4,174
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:

	<b>As at 30.06.2023 RM'000</b>	<b>As at 30.06.2022 RM'000</b>
Not later than 1 year	<b>31,013</b>	31,929
Later than 1 year and not later than 5 years	<b>25,858</b>	30,207
	<b>56,871</b>	62,136

**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	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
<i>With TCMH group</i>				
Rental Income	461	413	896	825
Sales	10,878	14,617	27,994	29,446
Travel agency, car rental and workshop services	2,091	1,485	3,223	2,124
Administrative and Information Technology (“IT”) services	2,626	880	5,030	1,920
Assembly services and royalty fee	2,147	2,818	4,406	6,520
Insurance agency services	1,064	1,211	2,931	2,761
Lease payments	315	329	659	743
Purchases	6,911	19,932	12,587	41,549
Workshop services	597	315	1,379	804
<i>With APM group</i>				
Rental Income	338	326	666	629
Sales	-	509	205	614
Travel agency, car rental and workshop services	218	182	871	239
Lease payments	129	129	258	258
Purchases	80	271	150	272
Information Technology (“IT”) services	-	-	3	-
Workshop services	7	1	8	1

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

	Individual quarter		Cumulative quarter	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
Travel agency, car rental and air ticket	26	6	90	6

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	
	30.06.2023	30.06.2022		30.06.2023	30.06.2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	111,604	139,758	(20)	227,272	252,803	(10)
Operating Profit/(Loss)	1,406	(1,079)	230	828	(4,595)	118
Profit/(Loss) Before Interest and Tax	2,666	649	311	6,751	(712)	1,048
Profit/(Loss) Before Tax	522	(948)	155	2,439	(3,783)	164
Profit/(Loss) After Tax	(480)	(1,568)	69	60	(5,123)	101
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	(289)	(1,328)	78	446	(4,585)	110

**6 months ended 30 June 2023**

The Group recorded lower revenue of RM227.3 million compared to revenue of RM252.8 million registered for the corresponding period prior year, representing a decrease of 10% mainly attributed to lower sales in the Machinery and Automotive divisions. On a positive note, the Travel division experienced an increase in revenue, which was attributed to strong growth in passenger traffic. The Group had turned around from loss before tax of RM3.8 million in the corresponding period prior year to profit before tax of RM2.4 million contributed by better performance from Travel Division and share of higher profit from jointly controlled entities of RM5.9 million.

**Machinery Division**

Revenue from the Machinery Division reduced to RM84.3 million from RM112.3 million for the first half of prior year, marking a reduction of 25%. Despite the decline in revenue, profit was marginally lower at RM10.7 million as compared to RM11.4 million recorded in the corresponding period prior year attributed to higher gross profit margin arising from sales of product mix.

**Travel and Car Rental Division**

The Travel and Car Rental Division recorded higher revenue of RM52.0 million as compared to RM33.2 million registered in the first half of prior year attributed to strong demand growth in air travel. During the first half of 2023, all regions achieved strong passenger traffic growth and made significant progress towards restoring pre-pandemic traffic levels. Although recovery trends varied across regions, industry-wide revenue passenger-kilometres (RPKs) grew 47.2% YoY and were only 9.7% below 2019 levels. (Source : International Air Transport Association)

As a result, performance of the division improved with higher segment profit of RM13.7 million as compared to RM10.7 million recorded in corresponding period prior year.

#### Automotive Division

The Automotive Division recorded lower revenue of RM86.9 million compared to RM103.5 million registered in the first half of prior year attributed to lower sales from MUVVM. Despite lower revenue, the division managed to record lower loss at RM1.2 million compared to RM3.6 million in prior year; contributed by higher profit margin on the vehicles sold by ATM following the price adjustment and lower operating expenses resulted from restructuring exercise undertaken by MUVVM.

#### Jointly controlled entities

Our joint venture entities, namely Shiseido Malaysia Sdn Bhd and Wacoal Malaysia Sdn Bhd, collectively recorded a profit after tax of RM5.9 million as compared to RM4.0 million in the corresponding period prior year. Higher contribution for the period was mainly driven by the recognition of gain on disposal of Shiseido Professional business of RM5.3 million by Shiseido Malaysia.

#### 3 months ended 30 June 2023

The Group recorded lower revenue of RM111.6 million in the second quarter of 2023 compared to RM139.8 million in the corresponding quarter prior year; propelled by lower sales in Machinery and Automotive divisions. Despite lower revenue, the Group recorded profit before tax of RM0.5 million compared to loss before tax of RM0.9 million in corresponding quarter prior year. The recovery from a loss position to profit was attributed to commendable performance of the Travel division following the surge in tourism activities worldwide and the better performance from Machinery division driven by the higher gross profit margin from the product mix. The cost cutting initiatives undertaken by the Automotive division also contributed to the recovery in the Group's performance.

## 2. Comparison with preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30.06.2023	31.03.2023	
	RM'000	RM'000	
Revenue	<b>111,604</b>	115,668	(4)
Operating Profit/(Loss)	<b>1,406</b>	(578)	343
Profit Before Interest and Tax	<b>2,666</b>	4,085	(35)
Profit Before Tax	<b>522</b>	1,917	(73)
Profit/(Loss) After Tax	<b>(480)</b>	541	(189)
Profit/(Loss) Attributable to Ordinary Equity Holders of the Company	<b>(289)</b>	737	(139)

Group revenue marginally declined by 4% to RM111.6 million as compared to RM115.7 million in the preceding quarter mainly due to lower revenue from Automotive Division. Despite lower revenue, the Group posted operating profit of RM1.4 million as compared to operating loss of RM0.5 million in the preceding quarter. The shift from operating loss position to operating profit was attributed to improved gross profit margin in most of the business units and lower operating expenses.



However, at the pretax level, the Group posted lower profit before tax of RM0.5 million as compared to RM1.9 million in the preceding quarter mainly attributed to share of higher profit from jointly controlled entities of RM4.7 million in preceding quarter resulted from the gain on disposal of Shiseido Professional business of RM5.3 million by Shiseido Malaysia.

### 3. Group's Prospects

GDP growth eased to 2.9% year-on-year (y-o-y) in 2Q2023 from 5.6% y-o-y in 1Q2023. The pace of growth was the slowest since 3Q2021, weighed down by slower external demand. Domestic demand remained the key driver of growth, supported by private consumption and investment. Continued recovery in inbound tourism partially offset the slower goods export growth. (Source: Bank Negara Malaysia)

While the global economy is transitioning towards recovery, there are still challenges being faced, for example rising global inflation, ongoing financial market expectations of continued monetary policy tightening in the advanced economies, alongside with the weaker than expected rebound in China's economy and the prolonged Russo-Ukrainian war which could all dampen the pace of recovery. On a brighter note, tourist arrivals are expected to continue rising, which would support tourism-related activities. International Air Transport Association (IATA) indicating that international ticket sales could reach 2019 levels as the increase in demand remained robust, marking a strong start for the travel peak season. These developments provide signals for sustained passenger traffic recovery in the near future.

For the second half of 2023, inflation is projected to trend lower within expectations, partly due to the higher base in the corresponding period last year. Economic growth in 2023 is expected to expand closer to the lower end of 4% to 5%; underpinned by domestic demand amid improving employment and income, increase in tourism activities and implementation of multi-year projects inclusive of East Coast Rail Line (ECRL), LRT3, MyDIGITAL 5G and Pan Borneo Highway (Sabah) by the Federal Government. (Source: Bank Negara Malaysia)

Being mindful of the prevailing challenges, the Group remains vigilant in navigating the volatile business environment. Towards this end, the Board, together with Management, continues to take proactive measures for the Group to remain resilient by embarking on operational and cost rationalisation initiatives to realise efficiency and contain cost respectively. The Group also continues to take efforts to optimize the use of resources, review of business opportunities and publicising newly launched brands/products.

### 4. Profit forecast

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

### 5. Tax expense

	Individual Quarter		Cumulative Quarter	
	30.06.23	30.06.22	30.06.23	30.06.22
	RM'000	RM'000	RM'000	RM'000
<b>Tax expense/(income)</b>				
Current year	1,161	805	2,561	1,242
Prior year	(17)	-	(17)	-
<b>Deferred tax expense/(income)</b>				
Current year	(164)	(146)	(575)	(3)
Prior year	22	(39)	410	101
	<u>1,002</u>	<u>620</u>	<u>2,379</u>	<u>1,340</u>

The Group's effective tax rate for the financial period ended 30 June 2023 is higher than the statutory tax rate largely due to current year losses of certain subsidiaries for which no deferred tax asset was recognized.





**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 30.06.2023		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	2,116	2,968	5,084
Unsecured			
- Term loan	623	903	1,526
- Revolving credits	-	174,983	174,983
- Bankers' acceptances	-	53,871	53,871
- Bank overdrafts	-	1,569	1,569
	623	231,326	231,949
<b>Total borrowings</b>	<b>2,739</b>	<b>234,294</b>	<b>237,033</b>
Breakdown by currencies:			
RM (Ringgit Malaysia)	2,116	233,391	235,507
MMK (Burmese Kyat)	623	903	1,526
	2,739	234,294	237,033

	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
<b>Total borrowings</b>	<b>4,618</b>	<b>216,212</b>	<b>220,830</b>
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



**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 2023.

**10. Profit/(Loss) per share**

Basic profit/(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	
	30.06.23	30.06.22	30.06.23	30.06.22
Profit/(Loss) attributable to owners of the Company (RM'000)	<b>(289)</b>	(1,328)	<b>446</b>	(4,585)
Weighted average number of ordinary shares in issue ('000)				
At beginning of period	<b>65,101</b>	65,101	<b>65,101</b>	65,101
Effect of share buyback	-	-	-	-
At end of period	<b>65,101</b>	65,101	<b>65,101</b>	65,101
Basic profit/(loss) per share (sen)	<b>(0.44)</b>	(2.04)	<b>0.68</b>	(7.04)

## 11. Notes to the Condensed Consolidated Statement of Comprehensive Income

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

	Individual Quarter		Cumulative Quarter	
	30.06.23 RM'000	30.06.22 RM'000	30.06.23 RM'000	30.06.22 RM'000
Interest Income	(434)	(199)	(786)	(433)
Interest expenses	2,578	1,796	5,098	3,504
Allowance for doubtful debts	-	188	142	221
Bad debts written off	-	1	-	18
Depreciation and amortization	10,329	10,547	20,497	21,303
Gain on disposal of property, plant and equipment	(3)	(67)	(83)	(150)
Gain on disposal of assets held for rental	(1,842)	(1,706)	(2,789)	(3,805)
Inventories written down	2	7	2	7
Net unrealized (gain)/loss on foreign exchange	148	(39)	268	(17)
Retirement benefits expense	222	326	454	613
Reversal of allowance for doubtful debts	(851)	(23)	(911)	(68)
Reversal of impairment of inventories	(172)	(92)	(47)	(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 2023, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Quarter Ended 30.06.23		Quarter Ended 30.06.22	
	Notional amount RM'000	Fair value assets/ (liabilities) RM'000	Notional amount RM'000	Fair value assets/ (liabilities) RM'000
Less than 1 year	45,181	(51)	57,834	307

BY ORDER OF THE BOARD  
 LEE POH YEAN  
 LEE KOON SENG  
 Company Secretaries  
 Kuala Lumpur  
 28 AUGUST 2023