



WARISAN TC HOLDINGS BERHAD

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

**CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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 SEPTEMBER 2023

	Quarter Ended			Year-To-Date Period Ended		
	30.9.2023	30.9.2022	Changes	30.9.2023	30.9.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Revenue	101,587	120,417	(16)	328,859	373,219	(12)
Cost of sales	(75,963)	(95,932)	21	(252,628)	(307,428)	18
Gross profit	25,624	24,485	5	76,231	65,791	16
Other income	321	772	(58)	2,101	2,495	(16)
Selling and distribution expenses	(10,894)	(9,863)	(10)	(30,536)	(27,927)	(9)
Administrative and general expenses	(14,189)	(14,971)	5	(46,105)	(44,531)	(4)
Interest expense	(2,699)	(2,049)	(32)	(7,797)	(5,553)	(40)
Interest income	902	296	204	1,688	729	131
Share of loss of equity-accounted associates, net of tax	(28)	(16)	(75)	(50)	(162)	69
Share of profit/(loss) of equity-accounted jointly controlled entities, net of tax	1,016	(1,174)	187	6,961	2,855	144
Profit/(Loss) before tax	53	(2,520)	102	2,493	(6,303)	140
Tax income/(expense)	(481)	1,728	(128)	(2,860)	387	(839)
Loss for the period	(428)	(792)	46	(367)	(5,916)	94
Profit/(Loss) attributable to :						
Owners of the Company	(242)	(529)	54	206	(5,116)	104
Non-controlling interests	(186)	(263)	29	(573)	(800)	28
	(428)	(792)	46	(367)	(5,916)	94
Profit/(Loss) per share (sen) attributable to owners of the Company:						
- Basic	(0.37)	(0.81)		0.32	(7.86)	
- 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 2022 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 SEPTEMBER 2023**

	Quarter Ended			Year-To-Date Period Ended		
	30.9.2023	30.9.2022	Changes	30.9.2023	30.9.2022	Changes
	RM'000	RM'000	%	RM'000	RM'000	%
Loss for the period	(428)	(792)	46	(367)	(5,916)	94
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	1,730	789	119	2,389	1,428	67
Foreign exchange differences from translation	(343)	162	(312)	673	745	(10)
Total other comprehensive income, net of tax	1,387	951	46	3,062	2,173	41
Total comprehensive profit/(loss) for the period	959	159	504	2,695	(3,743)	172
Total comprehensive profit/(loss) for the period attributable to :						
Owners of the Company	1,145	422	171	3,268	(2,943)	211
Non-controlling interests	(186)	(263)	29	(573)	(800)	28
	959	159	(503)	2,695	(3,743)	172

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
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 (Incorporated in Malaysia)

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

	As at 30.9.2023 RM'000	As at 31.12.2022 RM'000 (Audited)
ASSETS		
Property, plant and equipment	184,878	187,160
Right-of-use assets	25,194	26,230
Investment property	43,500	43,500
Investments in associates	872	570
Investments in jointly controlled entities	40,350	34,748
Other investments	4,326	456
Finance lease receivables	199	663
Deferred tax asset	5,347	5,216
Intangible assets	11,461	10,867
Total non-current assets	316,127	309,410
Inventories	150,927	128,630
Receivables, deposits and prepayments	135,354	125,141
Derivative financial asset	2,198	263
Current tax asset	1,261	6,990
Cash and cash equivalents	80,300	83,838
Total current assets	370,040	344,862
TOTAL ASSETS	686,167	654,272
EQUITY		
Equity attributable to equity holders of the parent		
Share capital	67,200	67,200
Reserves	31,381	28,709
Retained earnings	143,016	142,420
Treasury shares	(4,213)	(4,213)
Total equity attributable to owners of the Company	237,384	234,116
Non-controlling interests	21,545	22,118
TOTAL EQUITY	258,929	256,234
LIABILITIES		
Deferred tax liability	15,183	15,162
Retirement benefits obligation	8,858	8,313
Lease liabilities	1,985	2,937
Hire purchase liabilities	2,899	2,504
Loans and borrowings	489	1,000
Total non-current liabilities	29,414	29,916
Payables and accruals	138,475	123,675
Contract liabilities	11,298	11,321
Lease liabilities	3,410	3,296
Hire purchase liabilities	3,372	3,282
Loans and borrowings	238,463	224,409
Derivative financial liability	518	972
Current tax liability	2,288	1,167
Total current liabilities	397,824	368,122
TOTAL LIABILITIES	427,238	398,038
TOTAL EQUITY AND LIABILITIES	686,167	654,272
	RM	RM
Net assets per share attributable to owners of the Company	3.65	3.60

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)

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 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	-	-	-	673	-	-	-	673	-	673
Change in fair value of cash flow hedge	-	-	-	-	2,389	-	-	2,389	-	2,389
Total other comprehensive income, net of tax	-	-	-	673	2,389	-	-	3,062	-	3,062
Profit/(Loss) for the period	-	-	-	-	-	-	206	206	(573)	(367)
Total comprehensive income/(loss) for the period	-	-	-	673	2,389	-	206	3,268	(573)	2,695
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(390)	390	-	-	-
At 30 September 2023	67,200	(4,213)	(40,999)	3,635	1,850	66,895	143,016	237,384	21,545	258,929

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.



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

	Attributable to owners of the Company						Distributable Retained earnings	Total	Non-controlling interests	Total Equity
	Share capital	Treasury shares	Non-distributable		Hedging reserve	Revaluation reserve				
	RM'000	RM'000	Merger reserve	Translation reserve	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	-	-	-	745	-	-	-	745	-	745
Change in fair value of cash flow hedge	-	-	-	-	1,428	-	-	1,428	-	1,428
Total other comprehensive income, net of tax	-	-	-	745	1,428	-	-	2,173	-	2,173
Loss for the period	-	-	-	-	-	-	(5,116)	(5,116)	(800)	(5,916)
Total comprehensive income/(loss) for the period	-	-	-	745	1,428	-	(5,116)	(2,943)	(800)	(3,743)
Portion of revaluation reserve transferred through depreciation	-	-	-	-	-	(390)	390	-	-	-
At 30 September 2022	67,200	(4,213)	(40,999)	3,684	1,175	67,421	144,972	239,240	22,292	261,533

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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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED 30 SEPTEMBER 2023

	<u>Year-To-Date Period Ended</u>	
	30.9.2023	30.9.2022
	RM'000	RM'000
Cash flow from operating activities		
Profit/(Loss) before tax	2,493	(6,303)
Adjustments for:		
Depreciation and amortisation of property, plant and equipment	27,238	28,994
Depreciation of right-of-use assets	3,383	2,825
Gain on disposal of property, plant and equipment	(121)	(175)
Gain on disposal of property, plant and equipment (assets held for rental)	(5,115)	(5,376)
Interest expense	7,797	5,552
Interest income	(1,688)	(729)
Other non-cash items	(7,607)	(1,363)
Operating profit before working capital changes	26,380	23,425
Changes in working capital	(18,751)	(16,593)
Interest received	1,385	556
Tax paid, net of refunds	3,813	(4,352)
Retirement benefit paid	(132)	(304)
Acquisition of property, plant and equipment (assets held for rental)	(19,589)	(22,863)
Proceeds from disposal of property, plant and equipment (assets held for rental)	9,523	11,392
Net cash generated from/(used in) operating activities	2,629	(8,739)
Cash flows from investing activities		
Investments in an associate	(352)	(338)
Acquisition of other investment	(3,870)	-
Dividend received from jointly controlled entities	1,360	560
Acquisition of property, plant and equipment	(5,938)	(1,930)
Acquisition of intangible assets	(992)	(458)
Proceeds from disposal of property, plant and equipment	396	792
Interest received	298	173
Net cash used in investing activities	(9,098)	(1,201)
Cash flows from financing activities		
Drawdowns of bankers' acceptances	157,966	119,328
Drawdowns of hire purchases	3,460	2,511
Drawdowns of revolving credits	144,000	158,500
Repayments of bankers' acceptances	(142,553)	(127,106)
Repayments of term loans	(666)	(1,147)
Repayments of hire purchases	(2,975)	(5,480)
Repayments of revolving credits	(145,610)	(151,050)
Repayments of lease liabilities	(2,981)	(3,449)
Interest paid	(7,577)	(5,323)
Net cash generated from/(used in) financing activities	3,064	(13,216)
Net changes in cash and cash equivalents	(3,405)	(23,156)
Cash and cash equivalents at beginning of year	82,918	101,410
Effects of exchange rate fluctuation on cash and cash equivalents	(414)	452
Cash and cash equivalents at 30 September	79,099	78,706
Cash and cash equivalents comprise:		
Short term deposits	1,229	2,730
Cash at bank and in hand	39,644	37,968
Fixed deposits with licensed banks	39,427	38,885
Bank overdrafts	(1,201)	(877)
	79,099	78,706

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;
- Amendments to MFRS 112, Deferred Tax related to Assets and arising from a Single Transaction; and
- Amendments to MFRS 112, International Tax Reform – Pillar Two Model Rules.

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 121	Lack of Exchangeability	1 January 2025
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 September 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 September 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 September 2023.

7. Dividends paid

No dividends were paid during the period ended 30 September 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 September →									
	Machinery		Travel and car rental		Automotive		Other operations		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External revenue	122,947	160,401	78,840	54,265	121,604	153,403	5,468	5,150	328,859	373,219
Segment profit/(loss)	16,162	16,789	21,129	18,203	(2,255)	(4,749)	(1,009)	(1,034)	34,027	29,209
Segment assets	239,905	244,507	190,258	185,226	127,363	114,284	83,097	85,612	640,623	629,629
Segment liabilities	177,818	170,148	137,099	129,056	97,136	93,527	3,028	3,102	415,081	395,833

Operating segments (continued)

	Year-To-Date Period Ended 30 September	
	2023 RM'000	2022 RM'000
Reconciliation of reportable segment profit or loss		
Total profit for reportable segments	34,027	29,209
Depreciation and amortisation	(27,238)	(28,994)
Depreciation of right-of-use assets	(3,383)	(2,825)
Interest expense	(7,797)	(5,552)
Interest income	1,688	729
Non-reportable segment expenses	(1,715)	(1,563)
Share of (loss)/profit from equity accounted investments, net of tax		
- associate	(50)	(162)
- jointly controlled entities	6,961	2,855
Consolidated profit/(loss) before tax	2,493	(6,303)
Reconciliation of reportable segment assets		
Total assets for reportable segments	640,623	629,629
Assets for other non-reportable segment	4,322	5,321
Share of assets from equity accounted investments		
- associate	872	674
- jointly controlled entities	40,350	33,056
Consolidated assets	686,167	668,680
Reconciliation of reportable segment liabilities		
Total liabilities for reportable segments	415,081	395,833
Liabilities for other non-reportable segment	12,157	11,314
Consolidated liabilities	427,238	407,147

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 September 2023.

13. Changes in contingent liabilities

There was no contingent liability as at 30 September 2023.

14. Commitments

Commitments outstanding not provided for as at the end of the quarter are as follows:

	As at 30.09.2023 RM'000	As at 30.09.2022 RM'000
Approved and contracted for		
Property, plant and equipment	10,481	4,437
Other investments	3,204	7,344
Total	13,685	11,781
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 30.09.2023 RM'000	As at 30.09.2022 RM'000
Not later than 1 year	30,533	30,206
Later than 1 year and not later than 5 years	26,534	30,045
	57,067	60,251

**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	
	30.09.23 RM'000	30.09.22 RM'000	30.09.23 RM'000	30.09.22 RM'000
<i>With TCMH group</i>				
Rental Income	529	411	1,425	1,236
Sales	12,599	16,019	40,593	45,465
Travel agency, car rental and workshop services	1,334	817	4,557	2,941
Administrative and Information Technology (“IT”) services	2,697	1,009	7,727	2,929
Assembly services and royalty fee	2,261	3,518	6,667	10,038
Insurance agency services	875	851	3,806	3,612
Lease payments	303	362	962	743
Purchases	5,856	12,582	18,443	54,131
Workshop services	823	1,338	2,202	2,142
<i>With APM group</i>				
Rental Income	339	324	1,005	953
Sales	58	-	263	614
Travel agency, car rental and workshop services	400	195	1,271	434
Lease payments	129	129	387	387
Purchases	50	81	200	353
Information Technology (“IT”) services	3	-	6	-
Workshop services	4	-	12	1

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

	Individual quarter		Cumulative quarter	
	30.09.23 RM'000	30.09.22 RM'000	30.09.23 RM'000	30.09.22 RM'000
Travel agency, car rental and air ticket	15	24	105	30

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	
	30.09.2023	30.09.2022		30.09.2023	30.09.2022	
	RM'000	RM'000		RM'000	RM'000	
Revenue	101,587	120,417	(16)	328,859	373,219	(12)
Operating Profit/(Loss)	862	423	104	1,691	(4,172)	140
Profit/(Loss) Before Interest and Tax	1,850	(767)	341	8,602	(1,479)	682
Profit/(Loss) Before Tax	53	(2,520)	102	2,493	(6,303)	140
Loss After Tax	(428)	(792)	46	(367)	(5,916)	94
Loss Attributable to Ordinary Equity Holders of the Company	(242)	(529)	54	206	(5,116)	104

9 months ended 30 September 2023

The Group recorded lower revenue of RM328.9 million compared to revenue of RM373.2 million registered for the corresponding period prior year, marking a 12% decline mainly attributed to lower sales in the Machinery and Automotive divisions. On a positive note, the Travel division experienced an increase in revenue, driven by robust growth in passenger traffic. The Group had turned around from loss before tax of RM6.3 million in the corresponding period prior year to profit before tax of RM2.5 million; contributed by better performance from Travel Division, lower loss from MUVVM and share of higher profit from jointly controlled entities of RM7.0 million.

Machinery Division

Revenue from the Machinery Division reduced to RM122.9 million from RM160.4 million for the first nine months of prior year, marking a reduction of 23%. Despite the decline in revenue, profit was marginally lower at RM16.2 million as compared to RM16.8 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 RM78.8 million as compared to RM54.3 million registered in the first nine months of prior year attributed to strong demand growth in air travel. The International Air Transport Association (IATA) announced that the strong post-pandemic passenger traffic trend continued in September. Across the industry, revenue passenger-kilometers (RPKs) grew 30.1% year-on-year (YoY) in September, reaching 97.3% of 2019 levels. Global RPKs are now within 2.7% of 2019 levels, marking substantial progress towards full recovery. (Source : International Air Transport Association)

As a result, performance of the division improved with higher segment profit of RM21.1 million as compared to RM18.2 million recorded in corresponding period prior year.

Automotive Division

The Automotive Division recorded lower revenue of RM121.6 million compared to RM153.4 million registered in the first nine months of prior year. Despite lower revenue, the division managed to record lower loss at RM2.3 million compared to RM4.7 million in prior year; contributed by higher profit margin on the vehicles sold by ATM following the price adjustment and lower operating expenses which 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 RM7.0 million as compared to RM2.9 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 September 2023

The Group recorded lower revenue of RM101.6 million in the third quarter of 2023 compared to RM120.4 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 RM0.1 million compared to loss before tax of RM2.5 million in corresponding quarter prior year. The recovery from a loss position to profit was attributed to 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 (%)
	30.09.2023	30.06.2023	
	RM'000	RM'000	
Revenue	101,587	111,604	(9)
Operating Profit	862	1,406	(39)
Profit Before Interest and Tax	1,850	2,666	(31)
Profit Before Tax	53	522	(90)
Loss After Tax	(428)	(480)	11
Loss Attributable to Ordinary Equity Holders of the Company	(242)	(289)	16

Group revenue declined by 9% to RM101.6 million as compared to RM111.6 million in the preceding quarter mainly due to lower revenue from Machinery and Automotive Divisions. In line with the drop in revenue, the Group posted lower operating profit of RM0.9 million as compared to RM1.4 million in the preceding quarter.

3. Group's Prospects

The Monetary Policy Statement issued by Bank Negara Malaysia on 2 November 2023 indicated that GDP estimate points to an improvement in the economic activity in the third quarter; emanating from the growth in domestic consumption. Continued employment and wage growth remain supportive of household spending.

Global growth is forecast to slow from 3.5% in 2022 to 3.0% in 2023 and 2.9% in 2024. The projections remain below the historical (2000–19) average of 3.8%, and the forecast for 2024 is down by 0.1 percentage point from the July 2023 Update to the World Economic Outlook. (Source: *International Monetary Fund*)

After a strong initial rebound from the depths of the COVID-19 pandemic, the pace of recovery has moderated. Several forces are holding back the recovery. Some reflect the long-term consequences of the pandemic, Russia's war in Ukraine, and increasing geo-economic fragmentation. Others are more cyclical, including the effects of monetary policy tightening necessary to reduce inflation, withdrawal of fiscal support amid high debt, and extreme weather events. (Source: *International Monetary Fund*)

International Air Transport Association (IATA) has indicated that ticket sales continued to signal weakening global demand for air travel. Despite the elevated risks posed by high consumer prices and a slowdown in China, air travel demand could remain resilient to these headwinds in the coming months.

Going forward, on the local front, domestic demand remains the key driver of growth amid challenging global environment; underpinned by continued recovery in labour market, continued progress of multi-years projects and higher tourism activity.

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/(income)

	Individual Quarter		Cumulative Quarter	
	30.09.23 RM'000	30.09.22 RM'000	30.09.23 RM'000	30.09.22 RM'000
Tax expense/(income)				
Current year	852	465	3,412	1,708
Prior year	(359)	(2,048)	(375)	(2,048)
Deferred tax expense/(income)				
Current year	270	86	(305)	83
Prior year	(282)	(231)	128	(130)
	<u>481</u>	<u>(1,728)</u>	<u>2,860</u>	<u>(387)</u>

The Group's effective tax rate for the financial period ended 30 September 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 30.09.2023		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	2,899	3,372	6,271
Unsecured			
- Term loan	489	816	1,305
- Revolving credits	-	170,983	170,983
- Bankers' acceptances	-	65,463	65,463
- Bank overdrafts	-	1,201	1,201
	489	238,463	238,952
Total borrowings	3,388	241,835	245,223
Breakdown by currencies:			
RM (Ringgit Malaysia)	2,899	241,019	243,918
MMK (Burmese Kyat)	489	816	1,305
	3,388	241,835	245,223

	As at 30.09.2022		
	Long Term	Short Term	Total borrowings
	RM'000	RM'000	RM'000
Secured			
- Hire purchase	2,687	3,812	6,499
Unsecured			
- Term loan	1,289	864	2,153
- Revolving credits	-	168,933	168,933
- Bankers' acceptances	-	40,142	40,142
- Bank overdrafts	-	877	877
	1,289	210,816	212,105
Total borrowings	3,976	214,628	218,604
Breakdown by currencies:			
RM (Ringgit Malaysia)	2,687	213,764	216,451
MMK (Burmese Kyat)	1,289	864	2,153
	3,976	214,628	218,604



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 September 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	
	30.09.23	30.09.22	30.09.23	30.09.22
Profit/(Loss) attributable to owners of the Company (RM'000)	(242)	(529)	206	(5,116)
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 profit/(loss) per share (sen)	(0.37)	(0.81)	0.32	(7.86)

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	
	30.09.23 RM'000	30.09.22 RM'000	30.09.23 RM'000	30.09.22 RM'000
Interest Income	(902)	(296)	(1,688)	(729)
Interest expenses	2,699	2,049	7,797	5,553
Allowance for doubtful debts	-	58	95	411
Bad debts written off	-	62	-	126
Depreciation and amortization	10,124	10,516	30,621	31,819
Gain on disposal of property, plant and equipment	(38)	(25)	(121)	(175)
Gain on disposal of assets held for rental	(2,326)	(1,571)	(5,115)	(5,376)
Inventories written down	2	216	2	131
Impairment of intangible assets	-	283	-	283
Net unrealized (gain)/loss on foreign exchange	(332)	(159)	(64)	(198)
Property, plant and equipment written off	51	0	94	0
Retirement benefits expense	223	307	677	921
Reversal of allowance for doubtful debts	(582)	(76)	(1,446)	(344)
Reversal of impairment of inventories	(7)	(10)	(54)	(34)

12. Derivative financial instruments

Forward foreign currency contracts are entered into by the Group in currencies other than the functional currency to manage exposure to the fluctuation in foreign currency exchange rates.

As at 30 September 2023, the notional amount, fair value and maturity period of the forward foreign currency contracts are as follows:

	Quarter Ended 30.09.23		Quarter Ended 30.09.22	
	Notional amount RM'000	Fair value assets/ (liabilities) RM'000	Notional amount RM'000	Fair value assets/ (liabilities) RM'000
Less than 1 year	100,345	1,680	53,007	1,095

BY ORDER OF THE BOARD
 LEE POH YEAN
 LEE KOON SENG
 Company Secretaries
 Kuala Lumpur
 22 NOVEMBER 2023