

GRAND CENTRAL ENTERPRISES BHD (131696-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	← INDIVIDUAL PERIOD →		Changes %	← CUMULATIVE PERIOD →		Changes %
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Corresponding Quarter 30.06.2018 RM'000		Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000	
Revenue	5,374	5,768	(7)	9,950	10,458	(5)
Operating expenses	(8,469)	(7,973)		(16,318)	(15,585)	
Other operating income	575	613		1,140	1,231	
Finance cost	(2)	(1)		(3)	(2)	
Loss before taxation	(2,522)	(1,593)	58	(5,231)	(3,898)	34
Taxation	(17)	(121)		(21)	(186)	
Loss net of taxation	(2,539)	(1,714)	48	(5,252)	(4,084)	29
Other comprehensive profit	-	-		-	-	
Total comprehensive loss	(2,539)	(1,714)		(5,252)	(4,084)	
Loss attributable to:						
Equity holders of the Company	(2,501)	(1,713)	46	(5,210)	(4,071)	28
Non-controlling interests	(38)	(1)		(42)	(13)	
Loss for the period	(2,539)	(1,714)		(5,252)	(4,084)	
Loss per share (sen)	(1.27)	(0.87)		(2.64)	(2.07)	

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

GRAND CENTRAL ENTERPRISES BHD (131696-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	As At End Of Current Quarter 30.06.2019 RM'000	As At End Of Preceding Year End 31.12.2018 RM'000
ASSETS		
Non-current asset		
Property, plant and equipment	178,792	180,939
Current assets		
Inventories	572	364
Trade and other receivables	3,219	3,144
Cash and bank balances	54,694	58,588
	<u>58,485</u>	<u>62,096</u>
TOTAL ASSETS	<u>237,277</u>	<u>243,035</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the Company		
Share capital	199,397	199,397
Retained earnings	15,561	20,771
	<u>214,958</u>	<u>220,168</u>
Non-controlling interests	1,695	1,737
Total equity	<u>216,653</u>	<u>221,905</u>
Non-current liabilities		
Hire purchase payable	48	48
Deferred tax liabilities	15,754	15,754
	<u>15,802</u>	<u>15,802</u>
Current liabilities		
Hire purchase payable	16	34
Trade & other payables	4,416	4,794
Tax payable	390	500
	<u>4,822</u>	<u>5,328</u>
Total liabilities	<u>20,624</u>	<u>21,130</u>
TOTAL EQUITY AND LIABILITIES	<u>237,277</u>	<u>243,035</u>
Net assets per share (RM)	1.09	1.12

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	← Attributable to Owners of the Parent →			Non-controlling Interests	Total Equity
	Share Capital RM'000	Distributable Retained Earnings RM'000	Total RM'000		
6-month quarter ended <u>30 June 2019</u>					
At 1 January 2019	199,397	20,771	220,168	1,737	221,905
Loss for the period	-	(5,210)	(5,210)	(42)	(5,252)
At 30 June 2019	199,397	15,561	214,958	1,695	216,653
6-month quarter ended <u>30 June 2018</u>					
At 1 January 2018	199,397	31,060	230,457	1,854	232,311
Loss for the period	-	(4,071)	(4,071)	(13)	(4,084)
Dividends	-	(3,940)	(3,940)	-	(3,940)
At 30 June 2018	199,397	23,049	222,446	1,841	224,287

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

GRAND CENTRAL ENTERPRISES BHD (131696-V)
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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019

	<u>2019</u> 6 Months Ended 30.06.2019 RM'000	<u>2018</u> 6 Months Ended 30.06.2018 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(5,231)	(3,898)
Adjustments for:-		
Depreciation	3,611	3,332
Gain on disposal of property, plant and equipment	-	(25)
Inventories written off	1	-
Interest expense	3	2
Interest income	(1,052)	(1,121)
Property, plant and equipment written off	-	1
Operating loss before working capital changes	<u>(2,668)</u>	<u>(1,709)</u>
Net change in current receivables	(473)	(189)
Net change in current payables	<u>(378)</u>	<u>(763)</u>
Cash used in operating activities	(3,519)	(2,661)
Interest paid	(3)	(2)
Net taxes paid/refunded	<u>(73)</u>	<u>145</u>
Net cash used in operating activities	<u>(3,595)</u>	<u>(2,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,183	1,570
Withdrawal of deposits with licensed banks	1,864	1,439
Proceeds from disposal of property, plant and equipment	-	25
Purchase of property, plant and equipment	<u>(1,464)</u>	<u>(441)</u>
Net cash generated from investing activities	<u>1,583</u>	<u>2,593</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of hire purchase payable	(18)	(23)
Dividends paid to equity holders of the Company	-	(3,940)
Net cash used in financing activities	<u>(18)</u>	<u>(3,963)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,030)	(3,888)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>8,926</u>	<u>6,936</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>6,896</u>	<u>3,048</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2019 (CONT'D.)

	As at 30.06.2019 RM'000	As at 30.06.2018 RM'000
CASH AND BANK BALANCES		
Cash on hand and at banks	3,805	3,048
Deposits with licensed banks	<u>50,889</u>	<u>54,611</u>
Cash and bank balances	<u>54,694</u>	<u>57,659</u>

For the purpose of the statements of cash flows of the Group, cash and cash equivalents comprise the following as at the reporting date:

Cash and bank balances	54,694	57,659
Less: Short-term deposits with licensed banks	<u>(47,798)</u>	<u>(54,611)</u>
Total cash and cash equivalents	<u>6,896</u>	<u>3,048</u>

Short-term deposits have maturity periods of more than 3 months but not more than one year. Included in short-term deposits with licensed banks are deposits of RM1,185,000 (2018: RM1,185,000) pledged as bank guarantees for credit facilities granted to the Group.

The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2018 and the accompanying explanatory notes attached to the interim financial statements.

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PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

1 BASIS OF PREPARATION

The condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards ("MFRSs") 134: Interim Financial Reporting issued by the Malaysian Accounting Standard Board ("MASB") and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2018. These explanatory notes attached to the 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 2018.

2 CHANGES IN ACCOUNTING POLICIES

The accounting policies applied by the Group in the interim financial statements are consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2018 except for the adoption of the new and amended MFRSs and IC Interpretations effective for annual financial periods beginning on or after 1 January 2019. The initial application of these new and amended MFRSs and IC Interpretations have no material impact on this interim financial reporting.

3 AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

4 SEGMENTAL REPORTING

The Board of Directors reviews the Group's internal reporting in order to assess performance and allocation of resources. The Group's principal activities are principally in the hotel business conducted within Malaysia.

	Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000
Revenue from external customers	9,950	10,458
Reportable segment loss	(2,760)	(1,797)
Reportable segment assets	237,272	244,872
Reportable segment liabilities	4,416	3,671
Reportable segment loss is reconciled as follows:		
Total loss for reportable segment	(2,760)	(1,797)
Interest income	1,052	1,121
Other income	88	110
Depreciation	(3,611)	(3,332)
Loss before taxation	(5,231)	(3,898)

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4 SEGMENTAL REPORTING (Cont'd.)

	Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000
Reportable segment assets are reconciled as follows:		
Total assets for reportable segment	237,272	244,872
Tax recoverable	5	112
Total assets	<u>237,277</u>	<u>244,984</u>
Reportable segment liabilities are reconciled as follows:		
Total liabilities for reportable segment	4,416	3,671
Tax payable	390	257
Deferred tax liabilities	15,754	16,656
Hire purchase payable	64	113
Total liabilities	<u>20,624</u>	<u>20,697</u>

The Group has no significant concentration of revenue generated from a single external customer during the financial year.

5 UNUSUAL ITEMS

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the financial period under review because of their nature, size or incidence.

6 CHANGES IN ESTIMATES

There were no changes in estimates that have had a material effect in the current quarter results.

7 SEASONAL OR CYCLICAL FACTORS

The operations of the Group are not subject to seasonality/cyclicality of operations.

8 DIVIDENDS PAID

	2019 RM'000	2018 RM'000
Ordinary		
Interim paid		
2018 - 2% single tier	-	3,940
		<u>3,940</u>

There were no dividends paid during the current quarter.

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9 CARRYING AMOUNT OF REVALUED ASSETS

There was no valuation of property, plant and equipment for the period under review.

10 DEBT AND EQUITY SECURITIES

There were no issuances and repayment of debts and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares during the current quarter under review.

11 CHANGES IN COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current financial period to date except for the following dormant subsidiary company which has commenced member's voluntary winding up on 4 December 2015:

- Hotel Grand Olympic (M) Sdn. Bhd.

12 CAPITAL COMMITMENTS

Capital expenditures as at the reporting date are as follows:

	As At End Of Current Quarter 30.06.2019 RM'000	As At End Of Preceding Year End 31.12.2018 RM'000
Approved but not contracted for: Property, plant and equipment	-	857

13 CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 30 June 2019.

14 SUBSEQUENT EVENTS

There are no material events subsequent to the end of the period under review that have not been reflected in the quarterly financial statements.

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**PART B - EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF
BURSA MALAYSIA SECURITIES BERHAD**

15 PERFORMANCE REVIEW

For the period ended 30 June 2019, the Group recorded a revenue of RM9.95 million (2018: RM10.46 million) and loss before taxation of RM5.23 million (2018: RM3.90 million).

The Group's increased in loss before taxation as compared to the preceding year corresponding period was mainly due to lower interest income and higher depreciation and operating expenses for the current period as compared to the preceding year corresponding period.

In the opinion of the Directors, the results for the financial year under review have not been affected by any transaction or event of a material or unusual nature.

16 COMMENTS ON MATERIAL CHANGES IN LOSS BEFORE TAXATION AS COMPARED WITH IMMEDIATE PRECEDING QUARTER

	Current Quarter 30.06.2019 RM'000	Immediate Preceding Quarter 31.03.2019 RM'000	Changes %
Revenue	5,374	4,576	17
Loss before interest and tax	(2,520)	(2,708)	(7)
Loss before tax	(2,522)	(2,709)	(7)
Loss after tax	(2,539)	(2,713)	(6)
Loss attributable to the ordinary equity holders of the parent	(2,501)	(2,709)	(8)

The Group's performance for this quarter improved as compared to the immediate preceding quarter. This is mainly due to a 2% increase of overall average room occupancy rates despite a 15% decrease in average room rates.

17 PROSPECTS

Barring any unforeseen circumstances, the Directors anticipate the performance of the Group for the next quarter to remain challenging.

18 PROFIT FORECAST

The Group has not provided any profit forecast in a public document.

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19 INCOME TAX EXPENSE

Taxation includes:

	<---- INDIVIDUAL PERIOD ---->		<--- CUMULATIVE PERIOD --->	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000
Current period's provision	17	121	21	121
Underprovision in respect of previous year	-	-	-	65
	<u>17</u>	<u>121</u>	<u>21</u>	<u>186</u>

The effective tax rate of the Group for the current quarter is higher than the statutory tax rate of 24%. This is mainly due to tax charged on profits from certain companies in the Group and non-deductible expenses for tax purposes.

20 CORPORATE PROPOSALS

There were no corporate proposals announced during the financial period to date.

21 BORROWINGS

	As At End Of Current Quarter 30.06.2019 RM'000	As At End Of Preceding Year End 31.12.2018 RM'000
Short Term Borrowings		
Hire purchase creditors	16	34
Long Term Borrowings		
Hire purchase creditors	48	48
	<u>64</u>	<u>82</u>

The hire purchase payable bears interest rate at 7.15% (2018: 5.51 to 7.15%) per annum.

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22 CHANGES IN MATERIAL LITIGATION

There are no changes in material litigation, including the status of pending material litigation as at the date of this report.

23 DIVIDEND

No interim ordinary dividend has been declared for the current quarter.

An interim single tier dividend of 2 sen per ordinary share was declared on 26 February 2018 and the amount RM3,940,040 was paid on 25 May 2018.

24 LOSS PER SHARE

Loss per share is calculated by dividing loss for the period attributable to ordinary equity holders of the Company by the number of ordinary shares in issue during the financial period.

	<--- INDIVIDUAL PERIOD --->		<--- CUMULATIVE PERIOD --->	
	Current Year Quarter 30.06.2019	Preceding Year Quarter 30.06.2018	Current Year To Date 30.06.2019	Preceding Year Corresponding Period 30.06.2018
Loss attributable to ordinary equity holders of the Company (RM'000)	(2,501)	(1,713)	(5,210)	(4,071)
Weighted average number of ordinary shares in issue ('000)	197,002	197,002	197,002	197,002
Loss per share (sen)	(1.27)	(0.87)	(2.64)	(2.07)

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25 NOTES TO THE CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Loss for the period is arrived at after crediting/(charging):

	<--- INDIVIDUAL PERIOD --->		<--- CUMULATIVE PERIOD --->	
	Current Year Quarter 30.06.2019 RM'000	Preceding Year Quarter 30.06.2018 RM'000	Current Year To Date 30.06.2019 RM'000	Preceding Year Corresponding Period 30.06.2018 RM'000
Interest income	524	560	1,052	1,121
Sundry revenue	51	51	88	83
Interest expense	(2)	(1)	(3)	(2)
Depreciation	(1,768)	(1,667)	(3,611)	(3,332)
Reversal of impairment loss on receivables	-	-	-	-
Bad debts written off	-	-	-	-
Provision for doubtful debts	-	-	-	-
Inventories written down	(1)	-	(1)	-
Gain on disposal of investments	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	-	25
Loss on disposal of property, plant and equipment	-	-	-	-
Property, plant and equipment written off	-	-	-	(1)
Impairment of assets	-	-	-	-
Foreign exchange gain	-	2	-	2

26 AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 7 August 2019.