

GRAND CENTRAL ENTERPRISES BHD
Registration No: 198401019138 (131696-V)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	← INDIVIDUAL PERIOD →		Changes %	← CUMULATIVE PERIOD →		Changes %
	Current Year Quarter 30.09.2020 RM'000	Preceding Year Corresponding Quarter 30.09.2019 RM'000		Current Year To Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000	
Revenue	3,871	6,761	(43)	8,370	16,711	(50)
Operating expenses	(6,922)	(8,106)		(20,340)	(24,424)	
Other operating income	833	590		2,487	1,730	
Finance cost	-	-		(2)	(3)	
Loss before taxation	(2,218)	(755)	194	(9,485)	(5,986)	58
Taxation	-	(44)		-	(65)	
Loss net of taxation	(2,218)	(799)	178	(9,485)	(6,051)	57
Other comprehensive profit	-	-		-	-	
Total comprehensive loss	(2,218)	(799)		(9,485)	(6,051)	
Loss attributable to:						
Equity holders of the Company	(2,170)	(773)	181	(9,332)	(5,983)	56
Non-controlling interests	(48)	(26)		(153)	(68)	
Loss for the period	(2,218)	(799)		(9,485)	(6,051)	
Loss per share (sen)	(1.10)	(0.39)		(4.74)	(3.04)	

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2020

	As At End Of Current Quarter 30.09.2020 RM'000	As At End Of Preceding Year End 31.12.2019 RM'000
Assets		
Non-current asset		
Property, plant and equipment	171,462	176,239
Current assets		
Inventories	518	501
Trade and other receivables	2,312	3,597
Cash and bank balances	49,403	54,857
	<u>52,233</u>	<u>58,955</u>
Total assets	<u>223,695</u>	<u>235,194</u>
Equity and liabilities		
Equity attributable to equity holders of the Company		
Share capital	199,397	199,397
Retained earnings	4,739	14,071
Shareholders' equity	<u>204,136</u>	<u>213,468</u>
Non-controlling interests	<u>1,532</u>	<u>1,685</u>
Total equity	<u>205,668</u>	<u>215,153</u>
Non-current liabilities		
Hire purchase payable	17	17
Deferred tax liabilities	14,663	14,663
	<u>14,680</u>	<u>14,680</u>
Current liabilities		
Hire purchase payable	6	33
Trade & other payables	3,016	4,966
Tax payable	325	362
	<u>3,347</u>	<u>5,361</u>
Total liabilities	<u>18,027</u>	<u>20,041</u>
Total equity and liabilities	<u>223,695</u>	<u>235,194</u>
Net assets per share (RM)	1.04	1.08

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	← Attributable to Owners of the Parent →			Non-controlling Interests	Total Equity
	Share Capital	Distributable Retained Earnings	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000
9-month quarter ended 30 September 2020					
At 1 January 2020	199,397	14,071	213,468	1,685	215,153
Loss for the period	-	(9,332)	(9,332)	(153)	(9,485)
At 30 September 2020	199,397	4,739	204,136	1,532	205,668
9-month quarter ended 30 September 2019					
At 1 January 2019	199,397	20,771	220,168	1,737	221,905
Loss for the period	-	(5,983)	(5,983)	(68)	(6,051)
At 30 September 2019	199,397	14,788	214,185	1,669	215,854

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2019 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020

	<u>2020</u> 9 Months Ended 30.09.2020 RM'000	<u>2019</u> 9 Months Ended 30.09.2019 RM'000
Cash flows from operating activities		
Loss before taxation	(9,485)	(5,986)
Adjustments for:		
Depreciation	5,103	5,367
Gain on disposal of property, plant and equipment	(1)	-
Inventories written off	2	2
Interest expense	2	3
Interest income	(1,022)	(1,565)
Property, plant and equipment written off	2	3
Allowance for impairment of other receivable	-	20
Reversal of allowance for impairment of trade receivable	-	(9)
Operating loss before working capital changes	<u>(5,399)</u>	<u>(2,165)</u>
Net change in current receivables	299	(1,691)
Net change in current payables	<u>(1,950)</u>	<u>(780)</u>
Cash used in operations	(7,050)	(4,636)
Interest paid	(2)	(3)
Net income taxes paid	<u>(37)</u>	<u>(139)</u>
Net cash used in operating activities	<u>(7,089)</u>	<u>(4,778)</u>
Cash flows from investing activities		
Interest received	1,989	1,771
Withdrawal of deposits with licensed banks	48,328	1,335
Proceeds from disposal of property, plant and equipment	1	-
Purchase of property, plant and equipment	<u>(328)</u>	<u>(1,644)</u>
Net cash generated from investing activities	<u>49,990</u>	<u>1,462</u>
Cash flows from financing activity		
Repayment of hire purchase payable representing net cash used in financing activity	<u>(27)</u>	<u>(24)</u>
Net increase/(decrease) in cash and cash equivalents	42,874	(3,340)
Cash and cash equivalents at beginning of year	<u>6,529</u>	<u>8,926</u>
Cash and cash equivalents at end of financial period	<u>49,403</u>	<u>5,586</u>

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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020 (CONT'D.)

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Cash and bank balances		
Cash on hand and at banks	3,679	3,624
Deposits with licensed banks	<u>45,724</u>	<u>50,290</u>
Cash and bank balances	<u>49,403</u>	<u>53,914</u>

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

Cash and bank balances	49,403	53,914
Less: Short-term deposits with licensed banks	<u>-</u>	<u>(48,328)</u>
Total cash and cash equivalents	<u>49,403</u>	<u>5,586</u>

These short-term deposits have maturity periods of more than 3 months but not more than one year. Included in prior year's short-term deposits with licensed banks are deposits of 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 2019 and the accompanying explanatory notes attached to the interim financial statements.

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 2019. 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 2019.

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 2019 except for the adoption of the new and amended MFRSs and IC Interpretations effective for annual financial periods beginning on or after 1 January 2020. 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 2019 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 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Revenue from external customers	8,370	16,711
Reportable segment loss	(6,869)	(2,349)
Reportable segment assets	223,695	236,043
Reportable segment liabilities	3,016	4,014
Reportable segment loss is reconciled as follows:		
Total loss for reportable segment	(6,869)	(2,349)
Interest income	1,022	1,565
Other income	1,465	165
Depreciation	(5,103)	(5,367)
Loss before taxation	(9,485)	(5,986)

4 SEGMENTAL REPORTING (Cont'd.)

	Current Year To Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Reportable segment assets are reconciled as follows:		
Total assets for reportable segment	223,695	236,043
Tax recoverable	-	15
Total assets	<u>223,695</u>	<u>236,058</u>
Reportable segment liabilities are reconciled as follows:		
Total liabilities for reportable segment	3,016	4,014
Tax payable	325	378
Deferred tax liabilities	14,663	15,754
Hire purchase payable	23	58
Total liabilities	<u>18,027</u>	<u>20,204</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

There were no dividends paid during the current quarter.

9 CARRYING AMOUNT OF REVALUED ASSETS

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

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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 30.09.2020 RM'000	As At End Of Preceding Year End 31.12.2019 RM'000
Approved and contracted for: Property, plant and equipment	-	78

13 CONTINGENT LIABILITIES

The Group does not have any contingent liabilities as at 30 September 2020.

14 SUBSEQUENT EVENTS

There were no material events subsequent to the end of the period under review other than the "COVID-19" pandemic which has significant financial impact to the Group.

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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 cumulative period ended 30 September 2020, the Group recorded a revenue of RM8.37 million (2019: RM16.71 million) and loss before taxation of RM9.49 million (2019: RM5.99 million).

The Group's results were adversely impacted by the movement control order ("MCO") imposed by the Malaysian government effective 18 March 2020 in response to the COVID-19 pandemic.

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

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

	Current Quarter 30.09.2020 RM'000	Immediate Preceding Quarter 30.06.2020 RM'000	Changes %
Revenue	3,871	738	425
Loss before interest and taxation	(2,218)	(3,974)	(44)
Loss before taxation	(2,218)	(3,975)	(44)
Loss after taxation	(2,218)	(3,975)	(44)
Loss attributable to the equity holders of the Company	(2,170)	(3,923)	(45)

The Group's revenue for this quarter increased as compared to the immediate preceding quarter upon lifting of Conditional MCO ("CMCO") on 9 June 2020. This is mainly due to a 16% increase of overall average room occupancy rates and a 13% increase in average room rates.

17 PROSPECTS

The Coronavirus 2019 "COVID-19" pandemic, the MCO and CMCO since 18 March 2020 have caused significant disruptions and financial impact to the Group. Despite the Recovery MCO ("RMCO") effective 10 June 2020, the Directors anticipate the performance of the Group for the next quarter will continue to suffer significant losses as CMCO has been re-enforced in the country except for the states of Perlis, Kelantan and Pahang due to the increase in the number of new COVID-19 cases.

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 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Current period's provision	-	95	-	116
Underprovision in respect of previous year	-	(51)	-	(51)
	-	44	-	65

The effective tax rate of the Group for the preceding 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 30.09.2020 RM'000	As At End Of Preceding Year End 31.12.2019 RM'000
Short Term Borrowings		
Hire purchase creditors	6	33
Long Term Borrowings		
Hire purchase creditors	17	17
	23	50

The hire purchase payable bears interest rate at 7.15% (2019: 7.15%) per annum.

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.

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23 DIVIDEND

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

24 LOSS PER SHARE

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

	<--- INDIVIDUAL PERIOD --->		<--- CUMULATIVE PERIOD --->	
	Current Year Quarter 30.09.2020	Preceding Year Quarter 30.09.2019	Current Year To Date 30.09.2020	Preceding Year Corresponding Period 30.09.2019
Loss attributable to equity holders of the Company (RM'000)	(2,170)	(773)	(9,332)	(5,983)
Weighted average number of ordinary shares in issue ('000)	197,002	197,002	197,002	197,002
Loss per share (sen)	<u>(1.10)</u>	<u>(0.39)</u>	<u>(4.74)</u>	<u>(3.04)</u>

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 30.09.2020 RM'000	Preceding Year Quarter 30.09.2019 RM'000	Current Year To Date 30.09.2020 RM'000	Preceding Year Corresponding Period 30.09.2019 RM'000
Interest income	250	513	1,022	1,565
Sundry revenue	583	77	1,464	165
Interest expense	-	-	(2)	(3)
Depreciation	(1,682)	(1,756)	(5,103)	(5,367)
Bad debts written off	-	-	-	-
Allowance for impairment of other receivable	-	(20)	-	(20)
Reversal of allowance for impairment of trade receivable	-	9	-	9
Inventories written off	(1)	(1)	(2)	(2)
Gain on disposal of investments	-	-	-	-
Gain on disposal of property, plant and equipment	-	-	1	-
Loss on disposal of property, plant and equipment	-	-	-	-
Property, plant and equipment written off	(1)	(3)	(2)	(3)
Impairment of assets	-	-	-	-
Foreign exchange gain	-	-	-	-

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 9 November 2020.