

TASHIN HOLDINGS BERHAD (REG NO.: 201701028709 (1242878-H))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾

	Note	Individual Quarter		Cumulative Quarter	
		Current Year Quarter 01.04.2020 to 30.06.2020 RM'000	Preceding year Corresponding Quarter 01.04.2019 to 30.06.2019 RM'000	Current Year To-date 01.01.2020 to 30.06.2020 RM'000	Preceding year Corresponding Period 01.01.2019 to 30.06.2019 RM'000
Revenue	A9	34,240	55,835	95,593	118,614
Cost of sales		(32,464)	(50,790)	(89,950)	(108,959)
Gross profit ("GP")		1,776	5,045	5,643	9,655
Other operating income		582	445	851	3,114
Operating expenses		(2,418)	(2,799)	(5,339)	(5,169)
Profit/(Loss) from operation		(60)	2,691	1,155	7,600
Finance costs		(511)	(403)	(1,047)	(680)
Interest income		296	72	543	125
Profit/(Loss) before taxation ("PBT")	B12	(275)	2,360	651	7,045
Tax expenses	B6	52	(554)	(150)	(1,738)
Profit/(Loss) after taxation ("PAT")		(223)	1,806	501	5,307
Profit/(Loss) for the financial period attributable to:					
- Owners of the Company		(223)	1,806	501	5,307
Total Comprehensive income/(loss) for the financial period attributable to:					
- Owners of the Company		(223)	1,806	501	5,307
Earnings per share attributable to owners of the Company					
- Basic (sen) ⁽²⁾	B11	(0.06)	0.62	0.14	1.83
- Diluted (sen) ⁽³⁾	B11	(0.06)	0.62	0.14	1.83

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the period under review.
- (3) Diluted earnings per share of the Company for the individual quarter ended 30 June 2020 and cumulative quarter is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

TASHIN HOLDINGS BERHAD (REG NO.: 201701028709 (1242878-H))
UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020⁽¹⁾

	UNAUDITED AS AT 30.06.2020 RM'000	AUDITED AS AT 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	69,166	70,719
Total non-current assets	69,166	70,719
Current assets		
Inventories	76,724	85,878
Trade receivables	41,263	56,206
Other receivables	1,365	1,762
Current tax assets	488	747
Cash and bank balances	58,035	37,895
Total current assets	177,875	182,488
TOTAL ASSETS	247,041	253,207
EQUITY AND LIABILITIES		
Equity		
Share Capital	179,242	179,242
Reserves	9,349	8,848
Total Equity	188,591	188,090
Liabilities		
Non-current liabilities		
Lease liability	58	42
Deferred tax liabilities	10,158	10,475
Total non-current liabilities	10,216	10,517
Current liabilities		
Trade payables	9,535	14,354
Other payables	2,284	3,906
Derivate liabilities	2	77
Borrowings	36,302	36,125
Lease liabilities	111	138
Total current liabilities	48,234	54,600
TOTAL LIABILITIES	58,450	65,117
TOTAL EQUITY AND LIABILITIES	247,041	253,207
Weighted Average number of ordinary shares ('000)	348,991	348,991
NET ASSETS PER SHARE (RM)⁽²⁾	0.54	0.54

Notes:

- (1) The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Based on weighted average number of ordinary shares outstanding during the period under review.

TASHIN HOLDINGS BERHAD (REG NO.: 201701028709 (1242878-H))
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾

	Attributable to owners of the parent				Total Equity RM'000
	----- Non-distributable -----			Distributable	
	<u>Share Capital</u> RM'000	<u>Merger Reserve</u> RM'000	<u>Revaluation Reserve</u> RM'000	<u>Retained Earnings</u> RM'000	
As at 1.1.2019	20,000	-	20,494	115,289	155,783
Adjustments on initial application MFRS16	-	-	-	(2)	(2)
As at 1.1.2019 (Restatement)	20,000	-	20,494	115,287	155,781
Total comprehensive income	-	-	-	5,307	5,307
Transfer due to crystallisation of revaluation reserves	-	-	(323)	323	-
Transactions with owners					
Dividends paid	-	-	-	(2,500)	(2,500)
Issuance of shares by the Company pursuant to be acquisition of Tashin Steel Sdn Bhd	144,831	-	-	-	144,831
Adjustment on the acquisition of Tashin Steel Sdn Bhd	(20,000)	(124,831)	-	-	(144,831)
As at 30.06.2019	144,831	(124,831)	20,171	118,417	158,588
As at 1.1.2020	179,242	(124,831)	19,841	113,838	188,090
Total comprehensive income	-	-	-	501	501
Transfer due to crystallisation of revaluation reserves	-	-	(329)	329	-
As at 30.06.2020	179,242	(124,831)	19,512	114,668	188,591

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

TASHIN HOLDINGS BERHAD (REG NO.: 201701028709 (1242878-H))
UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SECOND (2ND) QUARTER ENDED 30 JUNE 2020⁽¹⁾

	Unaudited 30.06.2020 RM'000	Unaudited 30.06.2019 RM'000
Cash Flows From Operating Activities		
Profit before tax	651	7,045
Adjustments for:		
Non-cash items	2,220	555
Non-operating items	504	(113)
Operating profit before working capital changes	3,375	7,487
Net change in current assets	23,998	(23,665)
Net change in current liabilities	(6,441)	(2,436)
Tax paid	(209)	(1,216)
Net cash from/(used in) operating activities	20,723	(19,830)
Cash Flows From Investing Activities		
Interest received	543	125
Purchases of property, plant and equipment	(180)	(299)
Net cash from/(used in) investing activities	363	(174)
Cash Flows From Financing Activities		
Repayment of lease liabilities	(80)	(54)
Drawdown of borrowings	177	21,731
Interest paid	(1,043)	(680)
Dividend paid	-	(2,500)
Net cash (used in)/from financing activities	(946)	18,497
Net increase/(decrease) in cash and cash equivalents	20,140	(1,507)
Cash and cash equivalents at the beginning of the financial year	37,895	14,823
Cash and cash equivalents at the end of the financial period	58,035	13,316

Note:

- (1) The basis of preparation of the Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.

TASHIN HOLDINGS BERHAD (REG NO.: 201701028709 (1242878-H))

A. NOTES TO THE INTERIM FINANCIAL REPORT

A1. Basis of preparation

The interim financial report of Tashin Holdings Berhad (“TASHIN” or “the Company”) and its subsidiaries (“the Group”) are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”) No. 134: Interim Financial Reporting and Rule 9.22 of Listing Requirements.

This interim financial report should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying notes attached to this interim financial report.

A2. Summary of Significant Accounting Policies

- (a) The significant accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those adopted as disclosed in the audited financial statements for the financial year ended 31 December 2019, except for the adoption of the following MFRSs, Amendments to MFRSs and new Interpretations effective for the financial periods beginning on or after 1 January 2020.

<u>Title</u>	<u>Effective date</u>
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
Amendments to MFRS 9, MFRS 139 and MFRS 7 <i>Interest Rate Bench Mark Reform</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021
Amendments to MFRS 101 <i>Classification of liabilities as Current or Non-Current</i>	1 January 2022
Amendments to MFRS 10 and MFRS128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The above standards, amendments and annual improvements do not have significant impact on the financial reporting of the Group.

A3. Auditors’ report on preceding annual financial statements

The auditors’ report for the financial year ended 31 December 2019 of Tashin Group was not subject to any qualification.

A4. Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive seasons celebrations.

A5. Unusual items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group during the current financial quarter and financial period-to-date.

A6. Material changes in estimates

There were no material changes in the estimates in the current financial quarter under review.

A. NOTES TO THE INTERIM FINANCIAL REPORT (CONT'D)

A7. Debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayment of debts and equity securities during the financial quarter under review.

A8. Dividends paid

There was no dividend paid during the current financial quarter under review.

A9. Segmental information

a) Operating Segments

Information about operating segments has not been reported separately as the Group's revenue, profit or loss, assets and liabilities are mainly confined to a single operating segment.

b) Geographical Segment

No segmental information is provided on a geographical basis as the Group's activities are conducted primarily in Malaysia.

A10. Valuation of property, plant and equipment

There was no valuation of the property, plant and equipment in the current financial quarter under review.

A11. Material events subsequent to the end of the current financial quarter

There were no other material events subsequent to the end of the current financial quarter that have not been reflected in this interim financial report.

A12. Changes in the composition of the Group

There were no material changes in the composition of the Group for the current financial period-to-date under review.

A13. Contingent liabilities

There were no material changes to the contingent liabilities since the date of last annual financial statements.

A14. Capital commitments

Save as disclosed below, as at 30 June 2020, the Group does not have any other material capital commitment:

	RM'000
Capital expenditure in respect of purchase of property, plant & equipment	
- Approved and contracted for	33
- Approved but not contracted for	24,788
	24,821

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance of the company and its principal subsidiaries for the current quarter and financial year-to-date

	Individual Quarter (2 nd quarter)		Increase/ (Decrease)		Cumulative Quarter		Increase/ (Decrease)	
	Current Year Quarter 01.04.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Quarter 01.04.2019 to 30.06.2019 RM'000	RM'000	%	Current Year To-Date 01.01.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 30.06.2019 RM'000	RM'000	%
Revenue	34,240	55,835	(21,595)	(38.68)	95,593	118,614	(23,021)	(19.41)
Profit/(Loss) from operation	(60)	2,691	(2,751)	(102.23)	1,155	7,600	(6,445)	(84.80)
Profit/(Loss) before tax	(275)	2,360	(2,635)	(111.65)	651	7,045	(6,394)	(90.76)
Profit/(Loss) for the period	(223)	1,806	(2,029)	(112.35)	501	5,307	(4,806)	(90.56)

For the quarter under review, the Group's revenue and loss before tax were RM34.24 million and RM0.28 million respectively. The revenue reduced by 38.7% over the same quarter last year and PBT decreased 112% from RM2.36 million to loss of RM0.28 million over same quarter last year mainly attributable to impact of Covid-19 and halt of business operations during Movement Control Order announced by Malaysian Government has affected the overall sales and profit margin.

The Group recorded year to date (6 months period) revenue and profit before tax of RM95.59 million and RM0.65 million, 19% and 91% lower from previous year to date revenue and profit before tax respectively. The overall decrease in revenue and profit were similarly impacted by the same event with the halt of business operations for the period from 18 March 2020 to 27 April 2020.

B2. Comparison with immediate preceding quarter's results

	Current Quarter 01.04.2020 to 30.06.2020	Immediate Preceding Quarter 01.01.2020 to 31.03.2020	Increase/(Decrease)	
	RM'000	RM'000	RM'000	%
Revenue	34,240	61,353	(27,113)	(44.19)
Profit/(Loss) from Operation	(60)	1,215	(1,275)	(104.94)
Profit/(Loss) before tax	(275)	926	(1,201)	(129.70)
Profit/(Loss) for the Period	(223)	724	(947)	(130.80)

Compared with the immediate preceding quarter, the Group's revenue for the quarter under review decreased 44.19% from RM61.35 million to RM34.24 million. The profit before tax for the quarter under review decreased 129.70% from preceding quarter profit of RM0.93 million to quarter loss of RM0.28 million. The loss for the period mainly due to lower sales volume and profit margin mainly attributable to Covid-19 impact on business and halt of business operation for the period from 18 March 2020 to 27 April 2020.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B3. Prospects and outlook

The remaining financial year will be challenging due largely to the Covid-19 pandemic that has adversely impacted the economy and interrupted supply chain for all industries. The Group has taken initiative and steps to mitigate the interruption in the business operation caused by Covid-19 pandemic.

The Group will continue to remain focused in their core business of steel processing and product manufacturing, continuing with concerted efforts to improve operations efficiencies, cost reduction measures and strive to fulfil customer orders in this challenging period.

Barring unforeseen circumstances, the Board is cautiously optimistic that the Group's prospects for the financial year ending 31 December 2020 would remain positive.

B4. Profit Forecast or Profit Guarantee

The Group did not issue any profit forecast or profit guarantee during the current financial quarter under review.

B5. Status of corporate proposals

There were no corporate proposals announced but not completed as at the date of this interim report.

B6. Income tax expenses

	Individual Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Current tax expenses	138	635	467	1,120
Deferred tax expenses	(190)	(81)	(317)	618
Total tax expenses	(52)	554	150	1,738

Note:

- (1) Income tax expense is recognised based on management's best estimate.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B7. Utilisation of proceeds from the IPO

The gross proceeds raised from the public issue and status of utilisation as at 30 June 2020 is disclosed in the following manner:

Utilisation of proceeds	Revised Deadline	Proposed Utilisation RM'000	Actual utilisation RM'000	Percentage utilised %
Land acquisition and construction of new factory				
- Land acquisition	30 April 2021	7,200	-	-
- Construction of new factory to commence manufacturing of wire mesh, flat and square bars in this new factory	31 July 2022	10,350	-	-
Purchase of machinery and equipment for:				
- 5 wire mesh manufacturing lines	31 March 2022	4,100	-	-
- 1 slitting line	30 June 2021	1,800	-	-
- 5 packing machines	30 June 2021	1,800	627	35%
General working capital	31 July 2020	5,961	5,000	84%
Estimated listing expenses ⁽¹⁾	31 August 2019	3,200	3,200	100%
		34,411	8,827	25.7%

Notes:

(1) The total actual listing expenses incurred up to 30 June 2020 was approximately RM3.34 million.

(2) The utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 25 June 2019.

B8. Group bank borrowings

	As at 30.06.2020 RM'000	Audited as at 31.12.2019 RM'000
Current:		
Bankers' acceptances	36,302	36,125
Total bank borrowings	36,302	36,125
Secured	14,154	13,755
Unsecured	22,148	22,370
Total bank borrowings	36,302	36,125

All the Groups borrowings are denominated in Ringgit Malaysia.

B. EXPLANATORY NOTES PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)

B9. Material litigation

There were no material litigation involving the Group as at 30 June 2020.

B10. Dividend

The Board of Directors does not recommend any dividend for the current financial quarter under review.

B11. Earnings per share

The basic earnings per share ("EPS") are calculated by dividing the profit for the period attributable to owners of the Company by weighted average number of ordinary shares of the Company during the financial period as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
Profit attributable to ordinary owners of the Company (RM'000)	(223)	1,806	501	5,307
Number of ordinary shares ('000)	348,991	289,662	348,991	289,662
Basic EPS (sen)	(0.06)	0.62	0.14	1.83
Diluted EPS (sen) ⁽¹⁾	(0.06)	0.62	0.14	1.83

Note:

(1) Diluted EPS of the Company for the individual quarter and period-to-date ended 30 June 2020 and 30 June 2019 is equivalent to the basic earnings per share as the Company does not have any convertible options as at the end of the reporting period.

B12. Disclosure on selected expense/income items as required by the Listing Requirements

Profit/(Loss) before tax is arrived after charging/(crediting):

	Individual Quarter		Cumulative Quarter	
	30.06.2020	30.06.2019	30.06.2020	30.06.2019
	RM'000	RM'000	RM'000	RM'000
Interest Income	(296)	(72)	(543)	(125)
Interest Expenses	511	403	1,047	680
Depreciation	901	935	1,799	1,851
Foreign exchange (gain)/loss				
- Realised and unrealised	-	(1)	-	(1)
Gain on derivatives	(74)	81	(74)	(67)
Provison/(reversal) of impairment losses on trade receivables	(53)	14	88	(329)
Provision/(Reversal) of inventories written down	138	(193)	408	(1,568)
Scrap income	(277)	(334)	(546)	(910)
Miscellaneous income	(231)	(4)	(231)	(231)

Note:

Other disclosure items pursuant to Appendix 9B, Note 16 of the Listing Requirements are not applicable.