



TSR CAPITAL BERHAD

(Company No : 541149-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) for the second quarter ended 30 June 2014

| | Note | Individual Quarter | | Cumulative Quarter | |
|---------------------------------|------------|---------------------------|----------------|---------------------------|----------------|
| | | 3 months ended 30 June | | 6 months ended 30 June | |
| | | 2014 RM'000 | 2013 RM'000 | 2014 RM'000 | 2013 RM'000 |
| Revenue | A9 | 27,225 | 27,718 | 43,792 | 42,024 |
| Cost of sales | | (23,478) | (24,866) | (35,768) | (36,067) |
| Gross Profit | | 3,747 | 2,852 | 8,024 | 5,957 |
| Other income | | 1,856 | 710 | 1,919 | 999 |
| Administration expenses | | (3,233) | (2,684) | (6,747) | (5,533) |
| Finance costs | | (608) | (213) | (857) | (441) |
| Profit before taxation | A9 | 1,762 | 665 | 2,339 | 982 |
| Income tax expenses | B5 | (752) | (49) | (1,113) | (161) |
| Profit for the period | | 1,010 | 616 | 1,226 | 821 |
| Attributable to: | | | | | |
| Equity holders of the Company | | 1,011 | 649 | 1,230 | 856 |
| Non-controlling interests | | (1) | (33) | (4) | (35) |
| Profit for the period | | 1,010 | 616 | 1,226 | 821 |
| Earnings per share (sen) | | | | | |
| Basic | B13 | 0.9 | 0.6 | 1.1 | 0.8 |
| Diluted | B13 | N/A | N/A | N/A | N/A |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD
(Company No : 541149-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
for the second quarter ended 30 June 2014

| | Individual Quarter | | Cumulative Quarter | |
|--|---------------------------|---------------|---------------------------|---------------|
| | 3 months ended | | 6 months ended | |
| | 30 June | | 30 June | |
| | 2014 | 2013 | 2014 | 2013 |
| Note | RM'000 | RM'000 | RM'000 | RM'000 |
| Profit for the period | 1,010 | 616 | 1,226 | 821 |
| Other Comprehensive Income | - | - | - | - |
| Total comprehensive income for the period | 1,010 | 616 | 1,226 | 821 |
| Total comprehensive income attributable to: | | | | |
| Equity holders of the parent | 1,011 | 649 | 1,230 | 856 |
| Non-controlling interests | (1) | (33) | (4) | (35) |
| | 1,010 | 616 | 1,226 | 821 |

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD
(Company No : 541149-W)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2014

| | Note | 30 June 2014 (Unaudited) RM'000 | 31 December 2013 (Audited) RM'000 |
|--|------|--|--|
| Non-Current Assets | | | |
| Property, plant and equipment | | 8,159 | 7,264 |
| Investment Properties | | 115,273 | 114,164 |
| Deferred tax assets | | 2,766 | 2,766 |
| Land held for future development | | 36,954 | 36,923 |
| Trade receivables | | 7,128 | 7,128 |
| | | <u>170,280</u> | <u>168,245</u> |
| Current assets | | | |
| Amount due from contract customers | | 25,615 | 21,869 |
| Inventories | | 3,558 | 6,559 |
| Property development costs | | 36,531 | 19,790 |
| Trade receivables | | 25,636 | 16,042 |
| Accrued billings | | - | 2,001 |
| Other receivables, prepayments and deposits | | 13,952 | 23,323 |
| Tax refundable | | 713 | 680 |
| Fixed deposits with licensed banks | | 4,642 | 4,818 |
| Cash and bank balances | | 8,593 | 28,877 |
| | | <u>119,240</u> | <u>123,959</u> |
| TOTAL ASSETS | | <u>289,520</u> | <u>292,204</u> |
| Equity | | | |
| Share capital | | 113,300 | 113,300 |
| Share premium | | 26,653 | 26,653 |
| Accumulated losses | | (10,057) | (11,287) |
| | | <u>129,896</u> | <u>128,666</u> |
| Equity attributable to equity holders of the Company | | 129,896 | 128,666 |
| Non-controlling interests | | (191) | (187) |
| Total equity | | <u>129,705</u> | <u>128,479</u> |
| Non-current liabilities | | | |
| Long-term bank borrowings | B9 | 39,854 | 41,882 |
| Trade payables | | 9,152 | 9,152 |
| | | <u>49,006</u> | <u>51,034</u> |
| Current liabilities | | | |
| Short-term bank borrowings | B9 | 8,829 | 8,479 |
| Amount due to contract customers | | 24,654 | 12,930 |
| Trade payables | | 54,630 | 65,515 |
| Progress billings | | 879 | 360 |
| Other payables and accruals | | 20,500 | 25,036 |
| Provision for taxation | | 1,317 | 371 |
| | | <u>110,809</u> | <u>112,691</u> |
| Total liabilities | | <u>159,815</u> | <u>163,725</u> |
| TOTAL EQUITY AND LIABILITIES | | <u>289,520</u> | <u>292,204</u> |
| Net assets per share (RM) | | 1.15 | 1.14 |

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



TSR CAPITAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
for the second quarter ended 30 June 2014

| <----- Attributable to Equity Holders of the Company -----> | | | | | | |
|---|------------------|---------------|--------------------|---------|----------------------------------|-----------------|
| <- Non-Distributable -> | | | | | | |
| Note | Share Capital | Share Premium | Accumulated losses | Total | Non- controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2014 | 113,300 | 26,653 | (11,287) | 128,666 | (187) | 128,479 |
| Total comprehensive income for the period | - | - | 1,230 | 1,230 | (4) | 1,226 |
| At 30 June 2014 | 113,300 | 26,653 | (10,057) | 129,896 | (191) | 129,705 |
| <----- Attributable to Equity Holders of the Company -----> | | | | | | |
| <- Non-Distributable -> | | | | | | |
| Note | Share Capital | Share Premium | Accumulated losses | Total | Non- controlling interests | Total Equity |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| At 1 January 2013 | 113,300 | 26,653 | (16,049) | 123,904 | (142) | 123,762 |
| Total comprehensive income for the period | - | - | 856 | 856 | (35) | 821 |
| At 30 June 2013 | 113,300 | 26,653 | (15,193) | 124,760 | (177) | 124,583 |

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to the interim financial statements.



TSR CAPITAL BERHAD
 (Company No : 541149-W)
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the second quarter ended 30 June 2014

| | 6 months ended 30 June | |
|---|-------------------------------|---------------|
| | 2014 | 2013 |
| | RM'000 | RM'000 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 2,339 | 982 |
| Adjustments for: | | |
| Non-cash / non-operating items | 835 | 1,359 |
| Operating profit before working capital changes | 3,174 | 2,341 |
| Change in inventories | 3,001 | - |
| Change in property development costs | (16,741) | (703) |
| Change in amount due from / to contract customers | 7,978 | (10,778) |
| Change in trade and other receivables | 3,717 | 13,385 |
| Change in trade and other payables | (15,961) | 2,416 |
| Cash (used in)/generated from operations | (14,832) | 6,661 |
| Interest paid | (857) | (441) |
| Tax paid | (200) | (237) |
| Net cash (used in)/generated from operating activities | (15,889) | 5,983 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Payment for land held for future development | (31) | (8,396) |
| Interest received | 96 | 212 |
| Purchase of plant and equipment | (309) | (493) |
| Proceeds from disposal of plant and equipment | - | 798 |
| Addition to investment properties | (1,650) | (11,751) |
| Withdrawal/(addition) of fixed deposits pledged to licensed banks | 176 | (6) |
| Net cash used in investing activities | (1,718) | (19,636) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Repayment of hire purchase obligations | (270) | (496) |
| Repayment of term loans | (2,407) | (19,980) |
| Drawdown of revolving loan | - | 5,000 |
| Drawdown of term loan | - | 18,479 |
| Net cash (used in)/generated from financing activities | (2,677) | 3,003 |
| Net Decrease in cash and cash equivalents | (20,284) | (10,650) |
| Cash and cash equivalents at 1 January | 28,877 | 30,440 |
| Cash and cash equivalents at 30 June | 8,593 | 19,790 |



TSR CAPITAL BERHAD
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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)
for the second quarter ended 30 June 2014

| | 6 months ended 30 June | |
|---|------------------------|----------------|
| | <u>2014</u> | <u>2013</u> |
| | <u>RM'000</u> | <u>RM'000</u> |
| Cash and cash equivalents comprise the following: | | |
| Cash and bank balances | 8,593 | 11,117 |
| Fixed Deposits with licensed banks | 4,642 | 9,913 |
| Less: Fixed Deposits pledged to licensed banks | <u>(4,642)</u> | <u>(1,240)</u> |
| | <u>8,593</u> | <u>19,790</u> |

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD
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Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

Notes to the Interim Financial Report

A1 Basis of preparation

The interim financial report has been prepared under the historical cost convention.

The interim financial statements are unaudited and have been prepared in accordance with FRS 134, "Interim Financial Reporting" and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2013.

The accounting policies and presentation adopted in the interim financial report are consistent with those adopted in the audited financial statements for the financial year ended 31 December 2013. 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 financial year ended 31 December 2013.

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRSs Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 (Agriculture) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein referred to as "Transitioning Entities").

The Group falls within the definition of Transitioning Entities and has elected to present its first MFRSs financial statements when the MFRS framework become mandatory. Currently, the MASB has not announced as to when the Transitioning Entities are mandated to comply with the MFRS framework. This is because of the revision in the project timeline on the issuance of new IFRS on Revenue and the proposed limited amendments to IAS 41 (Agriculture) by the International Accounting Standards Board. Accordingly, the Group is unable to assess the potential financial effects of the differences between the accounting standards under FRSs and MFRSs.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the year ended 31 December 2013, except for the adoption of the following new/revised Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2014.

| | |
|--|--|
| Amendments to FRS 10, FRS 12 and FRS 127 (2011) | Investment Entities |
| Amendments to FRS 132 | Offsetting Financial Assets and Financial Liabilities |
| Amendments to FRS 136 | Recoverable Amount Disclosures for Non-financial Assets |
| Amendments to FRS 139 | Novation of Derivatives and Continuation of Hedge Accounting |
| IC Interpretation 21 | Levies |

The initial application of the above new/revised FRSs and Amendments to FRSs are not expected to have any significant impact on the financial statements of the Group.

A3 Auditor's Report on Preceding Annual Financial Statements

There were no qualification in the auditors' report of the Company's previous financial statements for the year ended 31 December 2013.

A4 Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors during the financial periods under review.

A5 Unusual items due to their Nature, Size or Incidence

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.



TSR CAPITAL BERHAD
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Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

Notes to the Interim Financial Report

A6 Changes in Estimates

There were no changes in the estimates of amounts, which give a material effect in the current quarter.

A7 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-back, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter ended 30 June 2014.

A8 Dividends Paid

There were no dividend paid in the current quarter ended 30 June 2014.

A9 Segmental Information

Segmental information is presented in respect of the Group's business segments were as follows:-

Segmental Results for 6 Months Ended 30 June 2014

| | Construction | Manufacturing | Property Development | Investment | Total |
|-------------------------------------|--------------|---------------|-------------------------|------------|----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales | | | | | |
| Total Sales | 52,255 | - | 7,707 | - | 59,962 |
| Elimination of Intersegment Sales | (16,170) | - | - | - | (16,170) |
| External Sales | 36,085 | - | 7,707 | - | 43,792 |
| Results | | | | | |
| Segment Results | 3,788 | (115) | 1,462 | (169) | 4,966 |
| Elimination of intersegment Results | (2,032) | - | - | - | (2,032) |
| | 1,756 | (115) | 1,462 | (169) | 2,934 |
| Financing Costs | (158) | - | (699) | - | (857) |
| Interest Income | 172 | 2 | 36 | 52 | 262 |
| Profit/(Loss) before Taxation | 1,770 | (113) | 799 | (117) | 2,339 |

Segmental Results for 6 Months Ended 30 June 2013

| | Construction | Manufacturing | Property Development | Investment | Total |
|-------------------------------------|--------------|---------------|-------------------------|------------|----------|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Sales | | | | | |
| Total Sales | 48,512 | - | 11,935 | - | 60,447 |
| Elimination of Intersegment Sales | (18,423) | - | - | - | (18,423) |
| External Sales | 30,089 | - | 11,935 | - | 42,024 |
| Results | | | | | |
| Segment Results | 2,002 | (213) | 558 | (211) | 2,136 |
| Elimination of intersegment Results | (948) | - | - | - | (948) |
| | 1,054 | (213) | 558 | (211) | 1,188 |
| Financing Costs | (42) | - | (399) | - | (441) |
| Interest Income | 45 | 4 | 114 | 72 | 235 |
| Profit/(Loss) before Taxation | 1,057 | (209) | 273 | (139) | 982 |

A10 Property, plant and equipment

There were no revalued property, plant and equipment as at 30 June 2014.



TSR CAPITAL BERHAD
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Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

Notes to the Interim Financial Report

A11 Material Events Subsequent to the End of Interim Period

There were no material events subsequent to the end of the financial period.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the financial period except for the following:-

On 15 April 2014, the Company acquired the entire issued and paid up share capital comprising ordinary shares of RM1.00 each in LTP Wibawa Sdn Bhd ("LWSB"). Consequently, LWSB became a wholly-owned subsidiary of the Company.

A13 Changes in Contingent Liabilities

Contingent liabilities of the Group as at 30 June 2014 are as follows:

| | RM'000 |
|--|----------------|
| Corporate guarantees given to licensed financial institutions in respect of the following facilities granted to subsidiaries | |
| - Bank guarantee and trade lines | 112,496 |
| - Overdraft, revolving loan and hire purchase facilities | 15,000 |
| - Term loan | 47,000 |
| Corporate guarantees given to suppliers in respect of goods supply to its wholly owned subsidiary companies | 4,358 |
| | <u>178,854</u> |

A14 Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment in the interim financial statements as at 30 June 2014 except as disclosed as follow:

| | RM'000 |
|------------------------------------|---------------|
| <i>Contracted and provided for</i> | |
| - Leasehold Land | <u>4,888</u> |



TSR CAPITAL BERHAD
(Company No : 541149-W)
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

Notes to the Interim Financial Report

B1 Review of Performance of the Company and Its Principal Subsidiaries

The Group registered a Profit Before Taxation of RM1.8 million in the current quarter against a Profit Before Taxation of RM0.7 million in the last year corresponding period on the back of revenue of RM27.2 million and RM27.7 million respectively.

The Construction Division achieved RM36.0 million revenue for the financial period to-date as compared to RM30.0 million in the previous corresponding period. The higher turnover was result of higher construction billings in tandem with higher on-going construction activities.

The Property Division recorded RM7.7 million revenue for the financial period to-date as compared to previous corresponding period of RM11.9 million. The lower turnover was mainly due to lower progress billings recorded.

B2 Material Changes in the Profit Before Taxation for the Current Quarter as compared with the Immediate Preceding Quarter

The Group registered a Profit Before Taxation of 6.5% in the current quarter which is higher than the Profit Before Taxation of 3.5% reported in the immediate preceding quarter. The better performance of the current quarter was mainly attributable to the writeback of impairment loss on receivables and the contribution from the Government Grant.

B3 Prospects for the Current Financial Year

The Board cautiously optimistic that the Group's Construction Division and Property Division will contribute satisfactory to the Group's profitability in the current financial year.

B4 Profit Forecast and Profit Guarantee

Not applicable.

B5 Income Tax Expense

| | Individual Quarter | | Cumulative Quarter | |
|----------------------|------------------------|--------|------------------------|--------|
| | 3 months ended 30 June | | 6 months ended 30 June | |
| | 2014 | 2013 | 2014 | 2013 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| - Current income tax | 752 | 49 | 1,113 | 161 |
| - Deferred tax | - | - | - | - |
| | 752 | 49 | 1,113 | 161 |

The effective tax rate for the Group in the current quarter is higher than the statutory tax rate mainly due to certain expenses are not allowable as deduction of expenses.

B6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no profit on sale of unquoted investments and/or properties outside the ordinary course of the Group's business of the current quarter ended 30 June 2014.

B7 Quoted Securities

- There were no purchases and disposals of quoted securities for the current quarter and financial period and profit / loss arising therefrom.
- There were no investments in quoted securities for the current quarter and financial period.



TSR CAPITAL BERHAD

(Company No : 541149-W)

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Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

Notes to the Interim Financial Report

B8 Status of Corporate Proposal

There were no corporate proposals announced but not completed at the latest practicable date ("LPD") except the followings:-

- (a) The Company had on 28 June 2011 and 9 January 2013 announced that TSR Ocean Park Sdn Bhd, a wholly owned subsidiary of the Company, had entered into a sale and purchase agreement dated 28 June 2011 and a supplemental agreement dated 8 January 2013 with Best Reap Sdn Bhd for the proposed acquisition of a parcel of leasehold commercial land held under H.S.(D) 8376, PT 74, Bandar and Daerah Port Dickson, Negeri Sembilan measuring approximately 11.52 acres for a purchase price of RM9,032,599. As at LPD, the Proposed Acquisition is pending completion; and
- (b) The Company had on 24 July 2014 and 13 August 2014 announced that the Company proposes to undertake the following:-
- (i) private placement of up to 11,330,000 new ordinary shares of RM1.00 each in TSR, representing up to 10% of the issued and paid-up share capital of TSR, to investors to be identified at an issue price to be determined ("Proposed Private Placement");
 - (ii) share capital reduction via the cancellation of RM0.50 of the par value of every existing ordinary share of RM1.00 each in TSR ("Existing TSR Share(s)") pursuant to Section 64(1) of the Companies Act, 1965 ("Act") ("Proposed Share Capital Reduction");
 - (iii) renounceable rights issue of up to 62,315,000 new ordinary shares of RM0.50 each in TSR ("Rights Share(s)") together with up to 62,315,000 free detachable new warrants ("Warrant(s)"), on the basis of one (1) Rights Share and one (1) free Warrant for every two (2) ordinary shares of RM0.50 each in TSR ("TSR Share(s)" or "Share(s)") held after the Proposed Share Capital Reduction on an entitlement date to be determined and announced later;
 - (iv) increase in the authorised share capital of TSR from RM200,000,000 comprising 200,000,000 ordinary shares of RM1.00 each to RM500,000,000 comprising 1,000,000,000 ordinary shares of RM0.50 each ("Proposed Increase in Authorised Share Capital"); and
 - (v) amendments to the Memorandum and Articles of Association of TSR to facilitate the implementation of the Proposed Share Capital Reduction as well as the Proposed Increase in Authorised Share Capital.
- (Collectively referred to as the "**Proposals**").

The Proposals are subject to the following approvals being obtained:

- (i) the approval of the shareholders of TSR for the Proposed Share Capital Reduction, Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and Proposed Amendments at an extraordinary general meeting ("EGM") to be convened;
- (ii) the approval of Bursa Securities for the following:
 - (a) the listing of and quotation for the Placement Shares to be issued pursuant to the Proposed Private Placement;
 - (b) the admission of the Warrants to the Official List of Bursa Securities pursuant to the Proposed Rights Issue with Warrants; and
 - (c) the listing of and quotation for Rights Shares, Warrants as well as new Shares to be issued arising from the exercise of Warrants on the Main Market of Bursa Securities pursuant to the Proposed Rights Issue with Warrants; Warrants;
- (iii) the approval of the High Court of Malaya for the Proposed Share Capital Reduction; and
- (iv) any other relevant authorities or persons, if necessary.

The Proposed Rights Issue with Warrants, Proposed Increase in Authorised Share Capital and the Proposed Amendments are conditional upon completion of the Proposed Share Capital Reduction. The Proposed Private Placement is not conditional upon any proposals. For practical purposes, notwithstanding that certain proposals may be conditional upon other proposals, the Proposals may be implemented concurrently, consecutively or otherwise.

Save as provided above, the Proposals are not conditional upon any other corporate exercises being undertaken by TSR.



TSR CAPITAL BERHAD
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

Notes to the Interim Financial Report

B9 Group Borrowings and Debt Securities

Total group borrowings as at 30 June 2014 are as follows:

(a) Short term borrowings

| Short term borrowings (Secured) | RM'000 |
|--|---------------|
| Portion of term loans payable within one year | 3,166 |
| Revolving loan payable within 1 year | 5,000 |
| Portion of hire purchase payable within one year | 663 |
| | <u>8,829</u> |

(b) Long term borrowings :

| Long term borrowings (Secured) | |
|---|---------------|
| Portion of term loans payable after one year | 39,081 |
| Portion of hire purchase payable after one year | 773 |
| | <u>39,854</u> |

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risks as at the date of this announcement.

B11 Material Litigation

There were no material litigations involving the Group as at the last annual balance sheet date and the latest practicable date except as disclosed in the following which involve subsidiaries of the Company:-

a) Josu Engineering Construction Sdn Bhd ("JEC") Vs TSR Bina Sdn Bhd ("TSRB")

The Plaintiff (JEC) filed a Writ of Summons and a Statement of Claim sometime on the 5th January 2004, alleging, inter alia, that their termination by the Defendant was unlawful, irregular, invalid and/or improper. The Plaintiff was claiming the sum of RM6,066,653.00 with interest and costs.

The Defendant (TSRB) had instituted a counter-claim against the Plaintiff in the amount of RM3,422,611.95 as well as for general damages, interest and costs. Our solicitors were of the opinion that the Defendant had a defense against the claim initiated by the Plaintiff.

On 1 March 2010, the Learned Judge had heard the application of plaintiff to amend the High Court's note of proceedings and had ordered that the note be amended to reflect a judgement granted in terms as per the prayers listed in paragraphs 9.1 (a) to (l)(iii) of the Plaintiff's Statement of Claim subject to such damages being assessed by the Registrar on a date to be fixed.

TSRB ("Appellant") had filed a Notice of Appeal to the Court of Appeal against the decision of the High Court. On 16 August 2011, the Court of Appeal dismissed the Appellant's appeal. TSRB then filed an application for leave to appeal against the Court of Appeal's decision in Federal Court on 14 September 2011. The Federal Court had dismissed the TSRB's application on 14 February 2012 and there was no order received by the parties as of then. TSRB was thus expecting a date to be fixed for assessment of damages for JEC in the High Court.

On 5 February 2013, TSRB filed an application for discovery of documents ("1st Discovery") before the commencement of assessment proceedings. On 16 July 2013, the Registrar had rejected the application of 1st Discovery. TSRB then filed an application to appeal against the decision of the Registrar ("the Appeal for 1st Discovery"). On 23 May 2014, the court had dismissed the Appeal for 1st Discovery.

On 27 June 2013 TSRB filed another application for discovery of documents ("2nd Discovery"). The Court had on 14 August 2014 dismissed TSRB's 2nd Discovery with cost.

JEC had on 28 May 2013 filed an interim payment application in Court against TSRB. The Court had on 23 May 2014 dismissed JEC's application for interim payment. JEC had on 5 June 2014 filed an appeal in the Court of Appeal against the decision of the Seremban High Court on the interim payment dated 23 May 2014. The Court has fixed 24 September 2014 for hearing of this appeal of interim payment filed by JEC. The Court has fixed further case management on 25 September 2014 for assessment of damages.



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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

Notes to the Interim Financial Report

B11 Material Litigation (Cont'd)

b) Jalur Canggih Sdn Bhd ("JCSB" or "first Plaintiff") & TSR Bina Sdn Bhd ("TSRB" or "second Plaintiff") (collectively known as "the Plaintiffs") vs Permodalan Kedah Berhad ("Defendant")

The Plaintiffs have filed a civil suit against the Defendant seeking for damages to be assessed in respect of Defendant's breach of contract. No value of claim could be determined at that time as the claim was mainly for the share of proceeds obtained by the Defendant.

After the trial which concluded on 16 May 2012, the Court delivered its judgement on 14 September 2012 and ordered that there be Specific Performance of the Iron Ore Extraction Agreement on the terms pleaded, and the Defendant to pay second Plaintiff the sum of RM3,666,055.23 and interest as damages for breach of the Iron Ore Extraction Agreement.

On 20 September 2012, the Defendant filed Notice of Appeal to the Court of Appeal against the Judgement dated 14 September 2012. On 4 February 2013, the Court of Appeal had allowed the Defendant's appeal to set aside the Judgement of High Court and ordered that the sum of RM1,846,838.12 previously deposited with the Plaintiff's Solicitors be returned back to the Defendant.

The Plaintiffs then filed an application for leave to appeal to the Federal Court. Matter came up for hearing on 20 January 2014. The Federal Court granted leave for the Plaintiffs to appeal to the Federal Court against the decision of the Court of Appeal obtained on 4 February 2013. The Federal Court has fixed 18 September 2014 for hearing of the appeal.

c) TSR Bina Sdn Bhd ("TSRB" or "Plaintiff") v Kontena Nasional Berhad ("Defendant")

TSRB brought a claim against the defendant on 10 March 2005 for monies wrongfully deducted in connection with the final certificate, namely in connection with the imposition of Liquidated and Ascertained Damages amounting to RM1,060,000.00, the deductions amounting to RM233,494.46, as well as the amount certified as payable to TSRB amounting to RM847,001.55.

The High Court had entered a summary judgement on 27 August 2007 in TSRB's favour for the claimed sum amounting to RM847,001.55 together with interest. The Defendant then filed an appeal to the High Court. On 26 August 2009, the Judge had allowed the Defendant's appeal with costs. On 17 September 2009 TSRB had filed a Notice of Appeal to the Court of Appeal against the decision of the High Court. On 24 May 2011 the Court of Appeal had allowed TSRB's appeal, and TSRB succeeded in obtaining the claimed sum, namely RM847,001.55 together with interest in March 2012.

The trial for the balance of TSRB's claim amounting to RM1,293,494.46 was held on 10 May 2014, 11 May 2014, 15 May 2014 and 19 May 2014 respectively. The matter is now fixed for decision on 26 August 2014.

d) TSR Bina Sdn Bhd ("Plaintiff") v Devan & Associates ("Defendant")

The Plaintiff had filed an action against Messrs Devan & Associates on 4 February 2013 in the Kuala Lumpur High Court for professional negligence in handling the Seremban High Court Civil Suit No.: MTI-22-2-2004 (Josu Engineering Construction Sdn Bhd v TSR Bina Sdn Bhd) by allowing a judgement dated 6 February 2007 to be entered against the Plaintiff.

On 30 August 2013, the High Court Judge had allowed the Plaintiff's claim against the Defendant for the estimated sum of RM9,710,070 with costs of RM40,000. The High Court Judge had also allowed the counter-claim by the Defendant for the sum of RM51,102 with costs of RM40,000.

Subsequently, the Defendant appealed to the Court of Appeal on 3 September 2013 whereby the Court of Appeal allowed the appeal by disallowing the Plaintiff's claim against the Defendant. The Plaintiff is currently seeking leave to appeal in the Federal Court against the decision by the Court of Appeal. The Federal Court has yet to fix a date for the hearing of the leave to appeal.



TSR CAPITAL BERHAD
 (Company No : 541149-W)
 (Incorporated in Malaysia)

Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

Notes to the Interim Financial Report

B11 Material Litigation (Cont'd)

e) TSR Bina Sdn Bhd (“Plaintiff”) v Josu Engineering Construction Sdn Bhd & Messrs GH Tee & Co (“Defendant”)

The Plaintiff had filed an action against the Defendant to impeach the judgement entered on 6 February 2007 in the Seremban High Court Civil Suit No.: MTI-22-2-2004 (Josu Engineering Construction Sdn Bhd v TSR Bina Sdn Bhd) (“Judgement”) for a declaration that the Judgement is null and void and is to be set aside on the basis that the Defendant had wrongfully and/or fraudulently misled the High Court Judge in granting the Judgement. The court has fixed 28 August 2014 for further case management.

B12 Dividend Payables

The Board of Directors does not recommend the payment of any dividend for the quarter ended 30 June 2014.

B13 Earnings per Share

i) Basic earnings per share

| | Individual Quarter | | Cumulative Quarter | |
|---|------------------------|---------|------------------------|---------|
| | 3 months ended 30 June | | 6 months ended 30 June | |
| | 2014 | 2013 | 2014 | 2013 |
| a Net Profit for the period attributable to equity holders (RM'000) | 1,011 | 649 | 1,230 | 856 |
| b Weighted average number of shares issue ('000) | 113,300 | 113,300 | 113,300 | 113,300 |
| a/b Basic earnings per share (sen) | 0.9 | 0.6 | 1.1 | 0.8 |

B13 Earnings per Share (Cont'd)

ii) Diluted earnings per share

The Company does not have any convertible shares or financial instruments for the current quarter and financial period to-date.

B14 Realised and Unrealised (Losses)/Profits Disclosure

| | As at 30.06.2014 | As at 31.12.2013 |
|---|------------------|------------------|
| | RM'000 | RM'000 |
| Total accumulated losses of the Group:- | | |
| - Realised | (12,823) | (14,053) |
| - Unrealised | 2,766 | 2,766 |
| | <u>(10,057)</u> | <u>(11,287)</u> |



TSR CAPITAL BERHAD
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**Part B - Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of Bursa
Malaysia Securities Berhad**

Notes to the Interim Financial Report

B15 Profit Before Taxation

The following items have been included in arriving at profit before tax:

| | Current quarter ended 30.6.14 RM'000 | Cumulative quarter ended 30.6.14 RM'000 |
|--|---|--|
| (a) Interest income | 202 | 262 |
| (b) Government Grant | 333 | 333 |
| (c) Writeback of impairment loss on receivable | 1,254 | 1,254 |
| (d) Interest expenses | (608) | (857) |
| (e) Depreciation and amortisation | (373) | (954) |

B16 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 28 August 2014.

TSR CAPITAL BERHAD
BY ORDER OF THE BOARD
Kuala Lumpur
Date: 28 August 2014