



# TSR CAPITAL BERHAD

(Company No : 541149-W)

(Incorporated in Malaysia)

## CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) for the third quarter ended 30 September 2017

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 30 September		9 months ended 30 September	
		2017 RM'000	2016 RM'000	2017 RM'000	2016 RM'000
<b>Revenue</b>	<b>A9</b>	68,552	31,343	172,481	105,999
Cost of sales		(60,578)	(26,798)	(148,795)	(90,513)
<b>Gross Profit</b>		7,974	4,545	23,686	15,486
Other income		69	8,730	274	10,607
Administration expenses		(5,360)	(6,954)	(13,490)	(14,674)
Finance costs		(1,605)	(1,323)	(4,899)	(2,962)
Share of result of an associate		11	-	11	-
<b>Profit before taxation</b>	<b>A9</b>	1,089	4,998	5,582	8,457
Income tax expenses	<b>B5</b>	(183)	(417)	(2,063)	(1,418)
<b>Profit for the period</b>		906	4,581	3,519	7,039
Attributable to:					
Owners of the Company		908	4,668	3,525	7,131
Non-controlling interests		(2)	(87)	(6)	(92)
<b>Profit for the period</b>		906	4,581	3,519	7,039
<b>Earnings per share (sen)</b>					
Basic	<b>B10</b>	0.5	2.7	2.0	4.1
Diluted	<b>B10</b>	0.5	2.7	2.0	4.1

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.



**TSR CAPITAL BERHAD**  
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**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
for the third quarter ended 30 September 2017

	<b>Individual Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>9 months ended</b>	
	<b>30 September</b>		<b>30 September</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Note	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period	906	4,581	3,519	7,039
Other Comprehensive Income	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>906</b>	<b>4,581</b>	<b>3,519</b>	<b>7,039</b>
Total comprehensive income / (loss) attributable to:				
Owners of the Company	908	4,668	3,525	7,131
Non-controlling interests	(2)	(87)	(6)	(92)
	<b>906</b>	<b>4,581</b>	<b>3,519</b>	<b>7,039</b>

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.



**TSR CAPITAL BERHAD**  
 (Company No : 541149-W)  
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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)**

As at 30 September 2017

	30 September 2017	31 December 2016
Note	(Unaudited) RM'000	(Audited) RM'000
<b>Non-Current Assets</b>		
Property, plant and equipment	64,438	63,741
Investment Properties	108,932	110,580
Investment in an associate	51	-
Deferred tax assets	1,765	1,765
Land held for future development	24,568	24,568
	<u>199,754</u>	<u>200,654</u>
<b>Current assets</b>		
Amount due from contract customers	9,795	15,653
Inventories	3,953	3,953
Property development costs	78,887	78,952
Trade receivables	103,867	93,268
Accrued billings	459	7,317
Other receivables, prepayments and deposits	25,913	28,750
Tax refundable	17	17
Fixed deposits with licensed banks	649	645
Cash and bank balances	14,302	10,363
	<u>237,842</u>	<u>238,918</u>
<b>TOTAL ASSETS</b>	<u>437,596</u>	<u>439,572</u>
<b>Equity</b>		
Share capital	87,225	87,225
Capital reserve	58,150	58,150
Share premium	26,074	26,074
Warrant Reserve	7,922	7,922
Accumulated losses	(968)	(4,493)
	<u>178,403</u>	<u>174,878</u>
Equity attributable to owners of the Company	178,403	174,878
Non-controlling interests	(1,457)	(1,451)
<b>Total equity</b>	<u>176,946</u>	<u>173,427</u>
<b>Non-current liabilities</b>		
Long-term borrowings	79,111	76,894
	<u>79,111</u>	<u>76,894</u>
<b>Current liabilities</b>		
Amount due to contract customers	19,905	21,138
Trade payables	82,647	84,579
Other payables and accruals	27,383	18,030
Provision for taxation	3,682	4,619
Short-term borrowings	47,922	60,885
	<u>181,539</u>	<u>189,251</u>
<b>Total liabilities</b>	<u>260,650</u>	<u>266,145</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>437,596</u>	<u>439,572</u>
Net assets per share (RM)	1.02	1.00

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 third quarter ended 30 September 2017

Note	<----- Attributable to Equity Holders of the Company ----->						Non-controlling interests	Total Equity
	<----- Non-Distributable ----->							
	Share Capital	Capital Reserve	Share Premium	Warrant Reserve	Accumulated losses	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2017</b>	87,225	58,150	26,074	7,922	(4,493)	174,878	(1,451)	173,427
Total comprehensive income for the period	-	-	-	-	3,525	3,525	(6)	3,519
<b>At 30 September 2017</b>	87,225	58,150	26,074	7,922	(968)	178,403	(1,457)	176,946
	<----- Attributable to Equity Holders of the Company ----->							
	<----- Non-Distributable ----->							
	Share Capital	Capital Reserve	Share Premium	Warrant Reserve	Accumulated losses	Total	Non-controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>At 1 January 2016</b>	87,225	58,150	26,074	7,922	(14,893)	164,478	(244)	164,234
Total comprehensive income for the period	-	-	-	-	7,131	7,131	(92)	7,039
<b>At 30 September 2016</b>	87,225	58,150	26,074	7,922	(7,762)	171,609	(336)	171,273

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements.



# TSR CAPITAL BERHAD

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## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED) for the third quarter ended 30 September 2017

	9 months ended 30 September 2017	30 September 2016
	RM'000	RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	5,582	8,457
<b>Adjustments for:</b>		
Non-cash / non-operating items	10,012	1,277
Operating profit before working capital changes	15,594	9,734
Change in property development costs	65	(6,560)
Change in amount due from / to contract customers	4,625	(10,011)
Change in trade and other receivables	(3,205)	(24,741)
Change in trade and other payables	8,073	6,927
Cash from / (for) operations	25,152	(24,651)
Interest paid	(4,899)	(2,962)
Tax paid	(3,000)	(1,730)
Net cash from / (for) operating activities	17,253	(29,343)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	38	636
Investment in an associate	(40)	-
Purchase of plant and equipment	(1,899)	(3,204)
Proceeds from disposal of plant and equipment	16	-
Proceed from disposal of land held for future development	-	10,640
Acquisition of subsidiary	-	(48,100)
Increase in fixed deposits pledged	(3)	(4)
Net cash for investing activities	(1,888)	(40,032)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Grant received	2,301	1,179
Net (repayment) / drawdown of borrowings	(11,862)	38,523
Net cash (for) / from financing activities	(9,561)	39,702
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>5,804</b>	<b>(29,673)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>8,498</b>	<b>39,383</b>
<b>Cash and cash equivalents at 30 September</b>	<b>14,302</b>	<b>9,710</b>
Cash and cash equivalents comprise the following:		
Cash and bank balances	14,302	11,076
Fixed Deposits with licensed banks	649	191
Bank Overdraft	-	(1,366)
	14,951	9,901
Less: Fixed deposits pledged to licensed banks	(649)	(191)
	14,302	9,710

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to this interim financial statements.



## 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 2016.

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 2016. 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 2016.

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"). Transitioning Entities are allowed to continue to use the existing FRS Framework and defer adoption of MFRS to annual periods beginning on or after 1 January 2018.

The Group falls within the definition of Transitioning Entities and has opted to defer adoption of the new MFRS framework. Accordingly, the Group will be required to prepare its first set of MFRS financial statement for the financial year ended 31 December 2018.

#### 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 2016, except for the adoption of the following new/revised Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2017:-

Amendments to FRS 107 : Disclosure Initiative

Amendments to FRS 112 : Recognition of Deferred Tax Assets for Unrealised Losses

Annual improvements to FRS 2014 - 2016 Cycle :

- Amendments to FRS 12 : Clarification of the Scope of Standard

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 2016.

#### A4 Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factors during the current quarter.

#### 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.

#### A6 Changes in Estimates

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



**Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134**

**Notes to the Interim Financial Report**

**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.

**A8 Dividends Paid**

There were no dividend paid in the current quarter ended 30 September 2017.

**A9 Segmental Information**

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

**Segmental Results for 9 Months Ended 30 September 2017**

	<b>Construction</b>	<b>Property Development</b>	<b>Investment and others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sales</b>				
Total Sales	161,242	24,057	15	185,314
Elimination of Intersegment Sales	(12,833)	-	-	(12,833)
External Sales	148,409	24,057	15	172,481
<b>Results</b>				
Segment Results	12,991	(305)	(318)	12,368
Elimination of intersegment Results	(1,925)	-	-	(1,925)
	11,066	(305)	(318)	10,443
Financing Costs	(1,317)	(3,582)	-	(4,899)
Interest Income	18	20	-	38
Profit/(Loss) before Taxation	9,767	(3,867)	(318)	5,582

**Segmental Results for 9 Months Ended 30 September 2016**

	<b>Construction</b>	<b>Property Development</b>	<b>Investment and others</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Sales</b>				
Total Sales	104,553	16,477	39	121,069
Elimination of Intersegment Sales	(15,070)	-	-	(15,070)
External Sales	89,483	16,477	39	105,999
<b>Results</b>				
Segment Results	12,605	(407)	(738)	11,460
Elimination of intersegment Results	(677)	-	-	(677)
	11,928	(407)	(738)	10,783
Financing Costs	(1,137)	(1,825)	-	(2,962)
Interest Income	613	21	2	636
Profit/(Loss) before Taxation	11,404	(2,211)	(736)	8,457

**A10 Property, plant and equipment**

There were no revalued property, plant and equipment as at 30 September 2017.



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## Part A - Explanatory Notes Pursuant to Financial Reporting Standards ("FRS") 134

### Notes to the Interim Financial Report

#### A11 Material Subsequent Events

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 current quarter except for the following:-

On 24 August 2017, TSR Ocean Park Sdn Bhd, a wholly owned subsidiary of the Company acquired and subscribed 40,000 ordinary shares in Pearl Boulevard Sdn Bhd ("PBSB") for a cash consideration of RM40,000.00 representing 40% of the total paid up share capital of PBSB. As a result, PBSB became a 40% associate of the Group.

#### A13 Changes in Contingent Liabilities

Contingent liabilities of the Group as at 30 September 2017 are as follows:

	<b>RM'000</b>
Corporate guarantees given to licensed financial institutions in respect of the following facilities granted to subsidiaries	
- Bank guarantee and trade lines	198,497
- Overdraft, revolving loan and hire purchase facilities	42,800
- Term loan	96,800
Corporate guarantees given to suppliers in respect of goods supply to its wholly owned subsidiary companies	16,858
	<u>354,955</u>

#### A14 Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment as at 30 September 2017 except as disclosed as follow:

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





**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**

**a) Individual quarter ended 30 September 2017**

For the current quarter, the Group recorded revenue of RM68.5 million, 119% higher than previous corresponding quarter of RM31.3 million. The increase in revenue was mainly contributed by the Construction and Property Division.

Despite the Profit Before Taxation ("PBT") for the current quarter decreased to RM1.0 million as compared to previous corresponding quarter of RM4.9 million, the PBT for the current quarter has actually improved as compared to previous corresponding quarter as the latter has included a one-off gain of RM7 million from disposal of joint venture land.

**b) Cumulative quarter ended 30 September 2017**

For the current cumulative quarter, the Group recorded revenue of RM172.4 million, 63% higher than previous corresponding quarter of RM106.0 million. The increase in revenue was mainly contributed by the Construction and Property Division.

Despite the PBT for the current cumulative quarter decreased to RM5.5 million as compared to previous corresponding quarter of RM8.4 million, the PBT for the current cumulative quarter has actually improved as compared to previous corresponding quarter as the latter has included a one-off gain of RM7 million from disposal of joint venture land.

The Construction Division revenue achieved RM148 million for the current period as compared to RM89 million in the previous corresponding period. The higher revenue by 66% as compared to last year was the result of higher construction billings in tandem with higher construction activities.

The Property Division revenue increased to RM24 million as compared to previous corresponding period of RM16 million. The higher revenue was mainly due to the completion of the development project, D'Wharf Residence.

**B2 Comparison With Immediate Preceding Quarter's Results**

For the current quarter under review, the Group recorded revenue and Profit Before Taxation of RM68.5 million and RM1.0 million as compared to RM60.1 million and RM1.6 million reported in the immediate preceding quarter.

The Group registered a lower Profit Before Taxation of 1.6% in the current quarter as compared to the Profit Before Taxation of 2.8% reported in the immediate preceding quarter. The lower Profit Before Taxation in the current quarter was mainly attributable to lower project margin achieved for certain projects.

**B3 Prospects for the Current Financial Year**

The Board expects that the construction and property sector to remain competitive in 2017. While the Group will selectively participate in tender for construction projects, the Group will continue to expand in property development.

Barring any unforeseen circumstances, the Board cautiously expects that the performance of the Group for 2017 will be satisfactory.

**B4 Profit Forecast and Profit Guarantee**

Not applicable.

**B5 Income Tax Expenses**

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September 2017	30 September 2016	9 months ended 30 September 2017	30 September 2016
	RM'000	RM'000	RM'000	RM'000
- Current income tax	183	417	2,063	1,418
- Deferred tax	-	-	-	-
	183	417	2,063	1,418

The effective tax rate for the Group in the current quarter is lower than the statutory tax rate mainly due to reversal of provision of taxation.



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

**Notes to the Interim Financial Report**

**B6 Status of Corporate Proposal**

There were no corporate proposals announced but not completed as 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.

**B7 Group Borrowings and Debt Securities**

Total group borrowings as at 30 September 2017 are as follows:

	RM'000
(a) <u>Short term borrowings:</u>	
<b>Short term borrowings (Secured)</b>	
Portion of term loans payable within one year	8,981
Revolving loans payable within one year	22,000
Bills payable within one year	11,561
Bank overdraft	-
Portion of hire purchase payable within one year	5,380
	<u>47,922</u>
(b) <u>Long term borrowings:</u>	
<b>Long term borrowings (Secured)</b>	
Portion of term loans payable after one year	74,589
Portion of hire purchase payable after one year	4,522
	<u>79,111</u>

**B8 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 TSR Bina Sdn Bhd, a wholly owned subsidiary of the Company:-

a) **Josu Engineering Construction Sdn Bhd ("Plaintiff") Vs TSR Bina Sdn Bhd ("Defendant")**

The Plaintiff had commenced an action against the Defendant for unlawful termination of the letter of award. On 6 February 2007, the Plaintiff obtained a judgement in default against the Defendant. The Plaintiff had on 30 August 2012 filed a notice of appointment for assessment of damages after the Defendant lost various appeals and applications to set aside the judgement in default. The Plaintiff is claiming a sum of approximately RM6 million being the damages against the Defendant.

The Court has fixed the hearing date on 19 December 2017 for assessment proceedings.

**B9 Dividend Payables**

The Board of Directors did not recommend the payment of dividend for the quarter ended 30 September 2017.



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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**

**B10 Earnings per Share**

**i) Basic earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 months ended	30 September	9 months ended	30 September
	2017	2016	2017	2016
a Net Profit for the period attributable to equity holders (RM'000)	908	4,668	3,525	7,131
b Weighted average number of shares issue ('000)	174,450	174,450	174,450	174,450
a/b Basic earnings per share (sen)	0.5	2.7	2.0	4.1

**ii) Diluted earnings per share**

	Individual Quarter		Cumulative Quarter	
	3 months ended	30 September	9 months ended	30 September
	2017	2016	2017	2016
	RM'000	RM'000	RM'000	RM'000
c <b>Earnings</b>				
Net Profit for the period (RM'000)	908	4,668	3,525	7,131
d Weighted average number of ordinary shares for basic earnings per share in i) above ('000)	174,450	174,450	174,450	174,450
Potential dilutive ordinary shares for weighted average number of unexercised warrant issued ('000)	-	-	-	-
	174,450	174,450	174,450	174,450
c/d Diluted Earnings per Share (Sen)	0.5	2.7	2.0	4.1

**B11 Disclosure of Realised and Unrealised Profits or Losses**

	As at 30.09.2017	As at 31.12.2016
	RM'000	RM'000
Total (accumulated losses)/retained profits:		
- Realised	38,857	36,522
- Unrealised	(260)	(260)
	38,597	36,262
Less: Consolidation adjustments	(39,565)	(40,755)
	(968)	(4,493)



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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

#### B12 Profit Before Taxation

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

	Current quarter ended 30.09.17	Cumulative quarter ended 30.09.17
	RM'000	RM'000
(a) Interest income	10	38
(b) Interest expenses	(1,605)	(4,899)
(c) Depreciation and amortisation	(1,011)	(2,657)

#### B13 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 30 November 2017.

TSR CAPITAL BERHAD  
BY ORDER OF THE BOARD  
Petaling Jaya  
Date: 30 November 2017