



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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
 for the second quarter ended 31 December 2019

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended 31 December		6 months ended 31 December	
		2019	2018	2019	2018
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	37,096	51,917	74,624	113,191
Cost of sales		(35,426)	(44,403)	(69,811)	(98,563)
Gross Profit		1,670	7,514	4,813	14,628
Other income		4,605	244	6,495	547
Administration expenses		(4,044)	(4,451)	(6,704)	(9,404)
Finance costs		(1,248)	(1,627)	(2,603)	(3,099)
Share of profit of joint venture		36	-	190	-
Profit before taxation	A9	1,019	1,680	2,191	2,672
Income tax expenses	B5	-	(438)	-	(799)
Profit for the period		1,019	1,242	2,191	1,873
Attributable to:					
Owners of the Company		1,020	1,243	2,192	1,876
Non-controlling interests		(1)	(1)	(1)	(3)
Profit for the period		1,019	1,242	2,191	1,873
Earnings per share (sen)					
Basic	B10	0.6	0.7	1.3	1.1
Diluted	B10	0.6	0.7	1.3	1.1

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) for the second quarter ended 31 December 2019

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December		6 months ended 31 December	
Note	2019 RM'000	2018 RM'000	2019 RM'000	2018 RM'000
Profit for the period	1,019	1,242	2,191	1,873
Other Comprehensive Income / (Expenses)	-	-	-	-
Total comprehensive expenses for the period	1,019	1,242	2,191	1,873
Total comprehensive expenses attributable to:				
Owners of the Company	1,020	1,243	2,192	1,876
Non-controlling interests	(1)	(1)	(1)	(3)
	1,019	1,242	2,191	1,873

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 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 31 December 2019

	Note	<u>31 December 2019</u> (Unaudited) RM'000	<u>30 June 2019</u> (Audited) RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		66,220	70,668
Investment properties		127,857	129,933
Investment in joint venture		1,806	1,615
Deferred tax assets		2,418	2,418
Inventories - Land held for property development		50,218	50,218
		<u>248,519</u>	<u>254,852</u>
Current assets			
Contract assets		22,854	27,132
Inventories		14,093	14,093
Trade receivables		64,571	65,171
Other receivables and prepayment		20,798	19,714
Current tax assets		3,576	2,723
Term deposits		696	694
Cash and bank balances		15,505	8,198
		<u>142,093</u>	<u>137,725</u>
TOTAL ASSETS		<u>390,612</u>	<u>392,577</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		113,299	113,299
Reserves		43,079	40,887
		<u>156,378</u>	<u>154,186</u>
Equity attributable to owners of the Company		156,378	154,186
Non-controlling interests		(919)	(918)
Total equity		<u>155,459</u>	<u>153,268</u>
Non-current liability			
Loans and borrowings	B7	55,646	61,468
Current liabilities			
Trade payables		79,056	93,714
Other payables and accruals		56,904	41,761
Loans and borrowings	B7	43,501	40,508
Contract liabilities		-	1,812
Current tax liabilities		46	46
		<u>179,507</u>	<u>177,841</u>
Total liabilities		<u>235,153</u>	<u>239,309</u>
TOTAL EQUITY AND LIABILITIES		<u>390,612</u>	<u>392,577</u>
Net assets per share (RM)		0.90	0.88

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 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 CHANGES IN EQUITY (UNAUDITED)

for the second quarter ended 31 December 2019

	<----- Attributable to Equity Holders of the Company ----->						
	<----- Non-Distributable ----->						
	Share Capital	Capital Reserve	Warrant Reserve	Accumulated losses	Total	Non- controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2019	113,299	58,150	7,922	(25,185)	154,186	(918)	153,268
Total comprehensive income for the period	-	-	-	2,192	2,192	(1)	2,191
At 31 December 2019	113,299	58,150	7,922	(22,993)	156,378	(919)	155,459

	<----- Attributable to Equity Holders of the Company ----->						
	<----- Non-Distributable ----->						
	Share Capital	Capital Reserve	Warrant Reserve	Retained profits	Total	Non- controlling interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2018	113,299	58,150	7,922	307	179,678	(912)	178,766
Total comprehensive income for the period	-	-	-	1,876	1,876	(3)	1,873
At 31 December 2018	113,299	58,150	7,922	2,183	181,554	(915)	180,639

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW (UNAUDITED)

for the second quarter ended 31 December 2019

	6 months ended 31 December	
	2019	2018
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,191	2,672
Adjustments for:		
Non-cash / non-operating items	5,493	6,858
Operating profit before working capital changes	7,684	9,530
Changes in contract assets / contract liabilities	4,250	(12,759)
Changes in amount owing from / to an associate	1,435	(1,112)
Changes in inventories	-	(139)
Changes in receivables and prepayments	(1,920)	20,190
Changes in payables	(1,298)	5,368
Cash from operations	10,151	21,078
Interest paid	(2,603)	(3,099)
Tax paid	(853)	(4,833)
Net cash from operating activities	6,695	13,146
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in term deposits pledged as security	(3)	(3)
Addition of expenditure in investment properties	(82)	-
Interest received	10	13
Proceeds from disposal of equipment	2,978	-
Proceeds from disposal of investment properties	633	-
Purchase of plant and equipment	(95)	(128)
Repayment from associate	-	1,700
Net cash for investing activities	3,441	1,582
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(2,694)	(13,741)
Net cash for financing activities	(2,694)	(13,741)
Net increase in cash and cash equivalents	7,442	987
Cash and cash equivalents brought forward	6,273	15,337
Cash and cash equivalents carried forward	13,715	16,324
Cash and cash equivalents comprise the following:		
Cash and bank balances	15,505	16,324
Term deposits	696	675
Bank overdraft	(1,790)	-
Term deposits pledged as security	(696)	(675)
	13,715	16,324

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial period ended 30 June 2019 and the accompanying explanatory notes attached to this interim financial statements.



Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 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 report is unaudited and has been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial report should be read in conjunction with the audited financial statements for the financial year ended 30 June 2019. Certain comparatives were restated to conform with the disclosure for current reporting period.

A2 Changes in Accounting Policies

The significant accounting policies adopted are consistent with those of the audited financial statements for the financial year ended 30 June 2019, except for the adoption of the following new or revised standards and Annual Improvements to Standards with effect from 1 July 2019:-

MFRS 16 Lease

IC Interpretation 23 Uncertainty over Income Tax Treatments

Amendments to MFRS 9 Prepayment Features with Negative Compensation

Amendments to MFRS 119 Plan Amendment, Curtailment or Settlement

Amendments to MFRS 128 Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015 - 2017 Cycles

The initial application of the above new or revised standards is not expected to have any significant impact on the results and financial position of the Group and the Company.

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 financial year ended 30 June 2019.

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.

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 was no dividend paid in the current quarter.



Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

Notes to the Interim Financial Report

A9 Segmental Information

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

Segmental Results for 6 Months Ended 31 December 2019

	Construction	Property Development	Investment and others	Total
	RM'000	RM'000	RM'000	RM'000
Sales				
Total Sales	69,755	4,869	-	74,624
Elimination of Intersegment Sales	-	-	-	-
External Sales	69,755	4,869	-	74,624
Results				
Segment Results	4,971	279	(469)	4,781
Elimination of intersegment Results	-	-	-	-
	4,971	279	(469)	4,781
Financing Costs	(725)	(1,878)	-	(2,603)
Interest Income	8	5	-	13
Profit before taxation	4,254	(1,594)	(469)	2,191

Segmental Results for 6 Months Ended 31 December 2018

	Construction	Property Development	Investment and others	Total
	RM'000	RM'000	RM'000	RM'000
Sales				
Total Sales	107,258	51,762	-	159,020
Elimination of Intersegment Sales	-	(45,829)	-	(45,829)
External Sales	107,258	5,933	-	113,191
Results				
Segment Results	4,360	2,983	(16)	7,327
Elimination of intersegment Results	-	(1,569)	-	(1,569)
	4,360	1,414	(16)	5,758
Financing Costs	(868)	(2,231)	-	(3,099)
Interest Income	10	2	1	13
Profit before taxation	3,502	(815)	(15)	2,672

A10 Property, plant and equipment

There were no revalued property, plant and equipment as at 31 December 2019.

A11 Material Subsequent Events

There were no material events subsequent to the end of the current quarter.

A12 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current quarter.



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Part A - Explanatory Notes Pursuant to Malaysian Financial Reporting Standards ("MFRS") 134

Notes to the Interim Financial Report

A13 Changes in Contingent Liabilities

Contingent liabilities of the Group as at 21 February 2020 (being the latest practicable date which is not earlier than 7 days from the date of this interim financial report) are as follows:-

A wholly-owned subsidiary of the Company, TSR Ocean Park Sdn Bhd ("TSROP") was granted a financial assistance ("the Grant") of RM57,400,000 by the Government of Malaysia ("Government") through a Facilitation Fund Agreement ("FFA") in the financial year ended 31 December 2012 for developing the PD Waterfront Project.

TSROP has failed to meet the condition of the Grant that requires TSROP to complete the PD Waterfront Project latest by 31 March 2019 and thus triggered the Event of Default under the FFA. Based on the FFA, the Government is entitled to issue Default Notice specifying the relevant default event and requesting TSROP to remedy the default within a period specified in the Default Notice. Otherwise, the Government has the right to terminate the FFA with immediate effect and require TSROP to refund all grant disbursed earlier which amounted to approximately RM24,082,000.

However, since there was no Default Notice being issued by the Government during current quarter and up to the latest practicable date, the management opines that no provision for refund is required.

A14 Capital Commitments

There were no capital commitments for the purchase of property, plant and equipment as at 31 December 2019.



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(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

For the current quarter, the Group recorded revenue of RM37.0 million, 29% lower than previous corresponding quarter of RM51.9 million. The decrease in revenue in the current quarter is mainly due to lower construction billings.

Despite decrease in the revenue, profit before taxation stood at RM1.0 million as compared to corresponding quarter of approximately RM1.6 million, mainly attributable to the recovery of a long overdue receivable amounted to RM2.2 million which previously recognized as doubtful debts.

B2 Comparison With Immediate Preceding Quarter's Results

The Group registered a Profit Before Taxation of 3% in the current quarter which is on par with the Profit Before Taxation of 3% reported in the immediate preceding quarter.

B3 Prospects for the Current Financial Year

The Board expects that the construction and property sectors to remain competitive in financial year ending 30 June 2020. While the Group will selectively participate in tender for construction projects, the Group will continue to expand in property development in certain niche market.

B4 Profit Forecast and Profit Guarantee

Not applicable.

B5 Income Tax Expenses

	Individual Quarter		Cumulative Quarter	
	3 months ended	31 December	6 months ended	31 December
	2019	2018	2019	2018
	RM'000	RM'000	RM'000	RM'000
- Current income tax	-	438	-	799
- Deferred tax	-	-	-	-
	-	438	-	799

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

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) On 27 August 2019, UOB Kay Hian Securities (M) Sdn Bhd ("UOB Kay Hian") had on behalf of the Board, announced that the Company ("TSR") had proposed to undertake the following proposals:-
 - (i) the proposed disposal of 70.0 % equity interest in U-Ni Magna Sdn Bhd ("UMSB") comprising 700,000 UMSB shares for an indicative disposal consideration of RM18,593,195, subject to adjustment, to Ivory Code Sdn Bhd ("ICSB"), to be fully satisfied via cash ("Proposed Disposal").

In conjunction with the Proposed Disposal, TSR had also entered into an Option Agreement, which irrevocably grants a call option to ICSB to buy, and to require TSR to sell the Option Shares at the exercise price equivalent to the final disposal consideration as at the final cut-off date pursuant to the Proposed Disposal, exercisable at any time during the Option Period ("Call Option"); and



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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

B6 Status of Corporate Proposal (Cont'd)

(ii) the provision of financial assistance by TSR to UMSB in the form of corporate guarantee and shareholder advances, in proportion to the equity interest to be held by TSR after the completion of the Proposed Disposal, premised on UMSB will become an associate company of TSR, holding the remaining 30.0 % equity interest in UMSB upon completion of the Proposed Disposal.

The Proposed Disposal (including Call Option) and Proposed Provision of Financial Assistance are subject to the following approvals being obtained:-

- (i) The shareholders of TSR for the Proposals at the extraordinary general meeting
- (ii) Any other relevant authorities/parties, if required.

The Proposed Disposal and Proposed Provision of Financial Assistance are inter-conditional upon each other.

The shareholders of TSR had approved the Proposed Disposal and Proposed Provision of Financial Assistance at the extraordinary general meeting held on 10 December 2019.

- b) On 22 January 2020, UOB Kay Hian had on behalf of the Board, announced that TSR Mutiara Sdn Bhd, a wholly-owned subsidiary of TSR Mix Sdn Bhd, which in turn is a wholly-owned subsidiary of TSR, had on even date entered into the SPA with the Purchaser for a disposal of a piece of freehold land measuring approximately 5,078 square metres, held under GRN 111859, Lot No. 67322, Mukim of Sungai Buloh, District of Petaling, Selangor Darul Ehsan for a total disposal consideration of RM48,100,800 to be satisfied entirely via cash

The Proposed Disposal (including Call Option) and Proposed Provision of Financial Assistance are subject to the following approvals being obtained:-

- (i) The shareholders of TSR for the Proposals at the forthcoming Extraordinary General Meeting
- (ii) Any other relevant authorities/parties, if required.

B7 Group Borrowings and Debt Securities

Total group borrowings as at 31 December 2019 are as follows:

	RM'000
(a) <u>Short term borrowings:</u>	
Short term borrowings (Secured)	
Portion of term loans payable within one year	9,277
Revolving loans payable within one year	16,633
Bankers acceptance and invoice financing payable within one year	13,677
Bank overdraft	1,790
Portion of hire purchase payable within one year	2,124
	<u>43,501</u>
(b) <u>Long term borrowings:</u>	
Long term borrowings (Secured)	
Portion of term loans payable after one year	53,860
Portion of hire purchase payable after one year	1,786
	<u>55,646</u>



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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 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") against 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 matter is now under the stage of assessment proceedings and the Court has fixed the next hearing date on 26 March 2020 and 27 March 2020.

b) Hiform (M) Sdn Bhd ("Claimant" or "HSB") against TSR Bina Sdn Bhd ("Respondent" or "TSRB")

The Respondent had received one payment claim under Section 5 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA") from its sub-contractor, the Claimant for a total amount of RM7,752,592.89 ("CIPAA Payment Claim").

The Adjudicator had given an adjudication decision ("Adjudication Decision"), allowing the Claimant among others the sum of RM7,435,044.98 with interests and costs.

The Respondent had filed an application to set aside the Adjudication Decision and/or have the said Adjudication Decision stayed pending the hearing, disposal and/or final determination of this application, pursuant to Section 15 and 16 of the CIPAA at the High Court ("Applications"). On 29 November 2019, the Court has dismissed TSRB's application to set aside and stay application. The Court allowed HSB's Enforcement application. Thereafter, TSRB filed application of stay pending appeal at Court of Appeal. On 19 December 2019, the Court given interim stay pending full hearing. On 14 February 2020, the Court had fixed the next hearing date on 28 February 2020.

As it is also a term under the Letter of Award awarding the Claimant the said sub-contract, that any dispute arising in connection to the sub-contract shall be referred to and finally resolved by arbitration. TSRB has commenced arbitration proceedings against HSB. Asian International Arbitration Centre had appointed the sole arbitrator ("Arbitrator") for the case. TSRB had on 24th January 2020 served its Statement of Claim to HSB.

c) TSR Bina Sdn Bhd ("Claimant" or "TSRB") against Syarikat Pembinaan Yeoh Tiong Lay Sdn Bhd ("Respondent" or "SPYTL")

The Claimant had on 14 January 2019 accepted the Letter of Award ("LOA") issued by Respondent in respect of the sub-contract work for civil works for Electrified Double Track from Gemas to Johor Bahru. The Claimant had commenced arbitration proceedings against the Respondent for unlawful termination of the LOA.

The Claimant is claiming for, among others, declaration, order and a total claim at or about RM35 million only and interests of 5% per annum on all sum awarded from the date of the award to date of realisation, cost of the arbitration proceedings, the arbitrator's fees and expenses and such further relief and/or order as the Arbitrator deemed just and fit. In the Respondent's response to the Claimant's notice of arbitration, the Respondent had made a counter-claim with a claim sum at or about RM22 million.

Director of Asian International Arbitration Centre has appointed the presiding arbitrator. TSRB had on 31st January 2020 served its Statement of Claim to SPYTL.

B9 Dividend Payables

The Board of Directors did not recommend the payment of dividend for the quarter ended 31 December 2019.



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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 31 December 2019	31 December 2018	6 months ended 31 December 2019	31 December 2018
a Net Profit for the period attributable to equity holders (RM'000)	1,020	1,243	2,192	1,876
b Weighted average number of shares issue ('000)	174,450	174,450	174,450	174,450
a/b Basic earnings per share (sen)	0.6	0.7	1.3	1.1

ii) Diluted earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months ended 31 December 2019	31 December 2018	6 months ended 31 December 2019	31 December 2018
	RM'000	RM'000	RM'000	RM'000
c Profit				
Net Profit for the period (RM'000)	1,020	1,243	2,192	1,876
d Weighted average number of ordinary shares for basic loss 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)	0.6	0.7	1.3	1.1

B11 Profit Before Taxation

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

	Individual quarter ended 31.12.19	Cumulative quarter ended 31.12.19
	RM'000	RM'000
(a) Interest income	8	13
(b) Interest expenses	(1,248)	(2,603)
(c) Depreciation and amortisation	(1,400)	(2,122)

B12 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 27 February 2020.

TSR CAPITAL BERHAD

BY ORDER OF THE BOARD

Petaling Jaya

Date: 27 February 2020