



TSR CAPITAL BERHAD

Reg. No. 200101005393 (541149-W)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) for the first quarter ended 30 September 2020

	Note	Individual Quarter		Cumulative Quarter	
		3 months ended		3 months ended	
		2020	2019	2020	2019
		RM'000	RM'000	RM'000	RM'000
Revenue	A9	19,045	37,528	19,045	37,528
Cost of sales		(18,428)	(34,385)	(18,428)	(34,385)
Gross Profit		617	3,143	617	3,143
Other income		1,455	1,890	1,455	1,890
Administration expenses		(2,266)	(2,660)	(2,266)	(2,660)
Finance costs		(846)	(1,355)	(846)	(1,355)
Share of profit of joint venture		514	154	514	154
(Loss)/Profit before taxation	A9	(526)	1,172	(526)	1,172
Income tax expenses	B5	-	-	-	-
(Loss)/Profit for the period		(526)	1,172	(526)	1,172
Attributable to:					
Owners of the Company		(524)	1,172	(524)	1,172
Non-controlling interests		(2)	-	(2)	-
(Loss)/Profit for the period		(526)	1,172	(526)	1,172
(Loss)/Earnings per share (sen)					
Basic	B10	(0.3)	0.7	(0.3)	0.7
Diluted	B10	(0.3)	0.7	(0.3)	0.7

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial statements.



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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED) for the first quarter ended 30 September 2020

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September		3 months ended 30 September	
Note	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000
(Loss)/Profit for the period	(526)	1,172	(526)	1,172
Other Comprehensive Income/(Expenses)	-	-	-	-
Total comprehensive (loss)/income for the period	(526)	1,172	(526)	1,172
Total comprehensive (loss)/income attributable to:				
Owners of the Company	(524)	1,172	(524)	1,172
Non-controlling interests	(2)	-	(2)	-
	(526)	1,172	(526)	1,172

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

As at 30 September 2020

	30 September 2020	30 June 2020
Note	(Unaudited) RM'000	(Audited) RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	51,161	52,325
Investment properties	78,619	79,139
Right-of-use assets	3,623	3,725
Investment in associates	7,948	7,948
Investment in joint venture	2,690	2,176
Deferred tax assets	2,967	2,967
Inventories	50,398	50,327
	<u>197,406</u>	<u>198,607</u>
Current assets		
Contract assets	7,691	14,368
Inventories	13,147	12,710
Trade and other receivables	100,079	103,621
Current tax assets	2,061	2,951
Term deposits	713	712
Cash and bank balances	7,842	6,757
	<u>131,533</u>	<u>141,119</u>
TOTAL ASSETS	<u><u>328,939</u></u>	<u><u>339,726</u></u>
EQUITY AND LIABILITIES		
Equity		
Share capital	113,299	113,299
Reserves	59,111	59,635
Equity attributable to owners of the Company	<u>172,410</u>	<u>172,934</u>
Non-controlling interests	(923)	(921)
Total equity	<u>171,487</u>	<u>172,013</u>
Non-current liability		
Loans and borrowings	27,124	31,936
Lease liabilities	1,029	1,116
Deferred tax liability	698	698
	<u>28,851</u>	<u>33,750</u>
Current liabilities		
Loans and borrowings	32,810	30,786
Lease liabilities	1,621	1,926
Trade and other payables	92,967	99,490
Current tax liabilities	1,203	1,761
	<u>128,601</u>	<u>133,963</u>
Total liabilities	<u>157,452</u>	<u>167,713</u>
TOTAL EQUITY AND LIABILITIES	<u><u>328,939</u></u>	<u><u>339,726</u></u>
Net assets per share (RM)	0.99	0.99

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial statements.



TSR CAPITAL BERHAD

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(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

for the first quarter ended 30 September 2020

	<----- 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 2020	113,299	58,150	7,922	(6,437)	172,934	(921)	172,013
Total comprehensive loss for the period	-	-	-	(524)	(524)	(2)	(526)
At 30 September 2020	113,299	58,150	7,922	(6,961)	172,410	(923)	171,487

	<----- 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	-	-	-	1,172	1,172	-	1,172
At 30 September 2019	113,299	58,150	7,922	(24,013)	155,358	(918)	154,440

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 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 first quarter ended 30 September 2020

	3 months ended 30 September	
	2020	2019
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before taxation	(526)	1,172
Adjustments for:		
Non-cash / non-operating items	2,022	2,992
Operating profit before working capital changes	1,496	4,164
Changes in contract assets / contract liabilities	6,676	12,784
Changes in amount owing from / to an associate	(42)	494
Changes in inventories	(508)	-
Changes in receivables and prepayments	3,490	5,553
Changes in payables	(6,422)	(341)
Cash from operations	4,690	22,654
Interest paid	(846)	(1,355)
Tax refunded/(paid)	331	(523)
Net cash from operating activities	4,175	20,776
CASH FLOWS FROM INVESTING ACTIVITIES		
Changes in term deposits pledged as security	(1)	(1)
Interest received	1	5
Proceeds from disposal of plant and equipment	-	2
Purchase of plant and equipment	(8)	(63)
Net cash for investing activities	(8)	(57)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of loans and borrowings	(2,717)	(5,071)
Net cash for financing activities	(2,717)	(5,071)
Net increase in cash and cash equivalents	1,450	15,648
Cash and cash equivalents brought forward	4,921	6,273
Cash and cash equivalents carried forward	6,371	21,921
Cash and cash equivalents comprise the following:		
Cash and bank balances	7,842	23,736
Term deposits	713	695
	8,555	24,431
Bank overdraft	(1,471)	(1,815)
Term deposits pledged as security	(713)	(695)
	6,371	21,921

The condensed consolidated statement of cash flow should be read in conjunction with the audited financial statements for the financial year ended 30 June 2020 and the accompanying explanatory notes attached to this interim financial statements.



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 2020. 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 2020, except for the adoption of the following new or revised standards and Annual Improvements to Standards with effect from 1 July 2020:-

Amendments to MFRS 3: *Definition of a Business*

Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*

Amendments to MFRS 16: *COVID-19 Related Rent Concessions*

Amendments to MFRS 101 and MFRS 108: *Definition of Material*

Amendments to References to the Conceptual Framework in MFRS Standards

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 2020.

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.



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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 3 Months Ended 30 September 2020

	Construction	Property Development	Investment and others	Total
	RM'000	RM'000	RM'000	RM'000
Sales				
Total Sales	18,329	716	-	19,045
Elimination of Intersegment Sales	-	-	-	-
External Sales	18,329	716	-	19,045
Results				
Segment Results	1,631	(1,257)	(55)	319
Elimination of intersegment Results	-	-	-	-
	1,631	(1,257)	(55)	319
Financing Costs	(451)	(395)	-	(846)
Interest Income	1	-	-	1
Loss before taxation	1,181	(1,652)	(55)	(526)

Segmental Results for 3 Months Ended 30 September 2019

	Construction	Property Development	Investment and others	Total
	RM'000	RM'000	RM'000	RM'000
Sales				
Total Sales	35,078	2,450	-	37,528
Elimination of Intersegment Sales	-	-	-	-
External Sales	35,078	2,450	-	37,528
Results				
Segment Results	2,683	(3)	(158)	2,522
Elimination of intersegment Results	-	-	-	-
	2,683	(3)	(158)	2,522
Financing Costs	(400)	(955)	-	(1,355)
Interest Income	3	2	-	5
Profit before taxation	2,286	(956)	(158)	1,172

A10 Property, plant and equipment

There were no revalued property, plant and equipment as at 30 September 2020.

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.

A13 Changes in Contingent Liabilities

There were no significant contingent liabilities as at 30 September 2020.

A14 Capital Commitments

There were no significant capital commitments for the purchase of property, plant and equipment as at 30 September 2020.



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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

The Group's revenue reduced by about 50% in the current quarter from RM37 million to RM19 million mainly due to lower construction billings in tandem with lower construction activities. The physical progress on sites was slower due to continuing restrictive measures to contain the COVID-19 situation and longer time than expected to regain the construction momentum.

In line with the lower revenue, the Group recorded Loss Before Taxation of RM0.5 million for the current quarter compared to Profit Before Taxation of RM1.1 million in the previous corresponding quarter.

B2 Comparison With Immediate Preceding Quarter's Results

In line with the lower revenue, the Group registered a Loss Before Taxation of approximately 3% in the current quarter compared to the Profit Before Taxation of 73% reported in the immediate preceding quarter. The Profit Before Taxation in the immediate preceding quarter were attributed to the one-off gain from the disposal of a former subsidiary.

B3 Prospects for the Current Financial Year

The Board expects that the construction and property sectors to remain challenging in financial year ending 30 June 2021. Nevertheless, the Group will selectively participate in tender for construction projects, and the Group will continue to expand in property development.

B4 Profit Forecast and Profit Guarantee

Not applicable.

B5 Income Tax Expenses

	Individual Quarter		Cumulative Quarter	
	3 months ended	30 September	3 months ended	30 September
	2020	2019	2020	2019
	RM'000	RM'000	RM'000	RM'000
- Current income tax	-	-	-	-
- Deferred tax	-	-	-	-
	-	-	-	-

The effective tax rate for the Group in the current quarter is lower than the statutory tax rate mainly due to the utilisation of unused tax losses.

B6 Status of Corporate Proposal

There were no corporate proposals announced but not completed as at 23 November 2020, the latest practicable date which is not earlier than 7 days from the date of this report ("LPD") except the followings:-

- On 22 January 2020, UOB Kay Hian Securities (M) Sdn Bhd ("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 a Sale and Purchase Agreement ("SPA") with Inwin Properties Sdn Bhd ("Purchaser") for the 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 are subject to the following approvals being obtained:-

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



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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)

The shareholders of TSR had approved the Proposed Disposal at the extraordinary general meeting held on 18 June 2020. On 9 September 2020, UOB Kay Hian had on behalf of the Board, announced that all conditions precedent of the SPA had been fulfilled on even date.

B7 Group Borrowings and Debt Securities

Total group borrowings as at 30 September 2020 are as follows:

	RM'000
(a) <u>Short term borrowings:</u>	
Short term borrowings (Secured)	
Portion of term loans payable within one year	6,856
Revolving loans payable within one year	17,000
Bankers acceptance and invoice financing payable within one year	7,483
Bank overdraft	1,471
	<u>32,810</u>
(b) <u>Long term borrowings:</u>	
Long term borrowings (Secured)	
Portion of term loans payable after one year	23,124
Revolving loans payable after one year	4,000
	<u>27,124</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") 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. The Court had originally fixed the matters for hearing on 28 October 2020, however, it had been vacated. The new hearing date is yet to be fixed.

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 had dismissed TSRB's application to set aside and stay application and had allowed HSB's application to enforce the Adjudication Decision.

Thereafter, TSRB filed application of stay pending appeal at Court of Appeal. On 19 December 2019, the Court has granted an interim stay to TSRB pending full hearing. On 28 February 2020, the Court has granted TSRB stay of proceedings until disposal of decision by the Court of Appeal on TSRB's appeal on the dismissal of set aside application by High Court of Kuala Lumpur. The Court of Appeal has fixed the aforesaid appeals for further case management on 14 December 2020.



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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 (Cont'd)

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

As it is also a term under the Letter of Award awarding the HSB 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. HSB had vide its solicitor served its Statement of Defence and counterclaim on 27 May 2020.

The hearing dates have been fixed on various dates from 6 to 21 September 2021.

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. On 3 August 2020, the arbitral tribunal had given its new directions for filing of the remaining pleadings, reschedule of the procedural meeting and the hearing dates. The hearing dates have been fixed on various dates from 21 to 30 July 2021.

B9 Dividend Payables

The Board of Directors did not recommend the payment of dividend for the quarter ended 30 September 2020.

B10 (Loss)/Earnings Per Share

i) Basic (loss)/earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months ended 2020	30 September 2019	3 months ended 2020	30 September 2019
a Net (Loss)/Profit for the period attributable to equity holders (RM'000)	(524)	1,172	(524)	1,172
b Weighted average number of shares issue ('000)	174,450	174,450	174,450	174,450
a/b Basic (loss)/earnings per share (sen)	(0.3)	0.7	(0.3)	0.7



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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 (Loss)/Earnings Per Share (Cont'd)

ii) Diluted (loss)/earnings per share

	Individual Quarter		Cumulative Quarter	
	3 months ended 30 September 2020	30 September 2019	3 months ended 30 September 2020	30 September 2019
	RM'000	RM'000	RM'000	RM'000
c Profit				
Net (Loss)/Profit for the period (RM'000)	(524)	1,172	(524)	1,172
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 (loss)/earnings per share (Sen)	(0.3)	0.7	(0.3)	0.7

B11 Loss Before Taxation

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

	Individual quarter ended 30.9.2020	Cumulative quarter ended 30.9.2020
	RM'000	RM'000
(a) Interest income	1	1
(b) Interest expenses	(846)	(846)
(c) Depreciation and amortisation	(889)	(889)

B12 Authorisation for issue

The interim financial statements were authorised for issue by the Board of Directors on 30 November 2020.

TSR CAPITAL BERHAD
BY ORDER OF THE BOARD
Petaling Jaya
Date: 30 November 2020