

PART A: EXPLANATION NOTES AS PER MFRS 134

A1 Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2018.

The explanatory notes attached to these condensed consolidated 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 2018.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2018, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2019:

	Effective Date
MFRS 16 Leases	1 January 2019
IC Interpretation 23 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to MFRS 128 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Amendments to MFRS 9 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to MFRS 3 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 11 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 112 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 123 <i>Annual Improvements to MFRS Standards 2015 - 2017 Cycle</i>	1 January 2019
Amendments to MFRS 119 <i>Plan Amendment, Curtailment or Settlement</i>	1 January 2019
Amendments to <i>References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
Amendments to MFRS 3 <i>Definition of a Business</i>	1 January 2020
Amendments to MFRS 101 and MFRS 108 <i>Definition of Material</i>	1 January 2020
MFRS 17 <i>Insurance Contracts</i>	1 January 2021

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

A2 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2018 was not qualified.

A3 Seasonal or cyclicity factors

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

A4 The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There was no unusual item in the quarterly financial statement under review.

A5 Changes in estimates

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

(i) Shares buy-back

During the current financial quarter, the Company repurchased 240,000 of its issued share capital from the open market at an average price of RM0.403 per share. The total consideration paid was RM96,632.

For the financial year to date, the Company repurchased 270,000 of its issued share capital from the open market at an average price of RM0.4051 per share. The total consideration paid was RM109,383. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares

A final single-tier dividend of 0.5 sen per ordinary share, amounting to RM978,519 in respect of the financial year ended 31 December 2018 was paid on 26 July 2019.

A8 Segment Information for the current financial year to date

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Total continuing operations</u>	<u>Operations of disposal group (Tashin enroute IPO)</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue						
Total Revenue	144,914	370,809	6,534	522,257	161,702	683,959
Inter-segment revenue	(6,681)	(56,481)	(4,927)	(68,089)	(23,519)	(91,608)
External Sales	138,233	314,328	1,607	454,168	138,183	592,351
Segment Result	(2,046)	(1,232)	14,930	11,652	6,787	18,439
Finance costs				(10,876)	(858)	(11,734)
Interest Income				543	144	687
Share of results of associates				204	-	204
Profit before tax				1,523	6,073	7,596

No analysis by geographical area has been presented as its year to date contribution was less than 10% to the combined results of all segments revenue or results or assets.

A9 Valuations of property, plant and equipment

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

A10 Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter under review.

A11 The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

Upon successful listing of Tashin Holdings Berhad ("THB") (51% - owned subsidiary), on the ACE Market of Bursa Securities on 1 August 2019, THB has become an associate of the Group.

Equity held at 31 July 2019	:	51%
Equity held at 1 August 2019	:	34%

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2018

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A13 Capital commitments

As at 31/12/2019

RM'000

Property, plant and equipment

Authorized and contracted for

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PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PART A OF APPENDIX 9B)

B1 Review of performance of the company and its principal subsidiaries for the current quarter and financial year to date ("YTD")

Note : The figures stated below has been restated "in line with the requirements of MFRS 5"

Continuing Operations (Operations excluding Tashin group, now as an associate company)

	Individual Period (^{4th} quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.10.2019 to 31.12.2019 RM'000	Preceding Year Corresponding Quarter 01.10.2018 to 31.12.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 31.12.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 31.12.2018 RM'000	RM'000	%
Revenue	111,774	125,377	(13,603)	(10.8)	454,168	508,124	(53,956)	(10.6)
Profit from operations	3,570	2,473	1,097	44.4	11,652	19,552	(7,900)	(40.4)
Profit/(Loss) Before Tax	1,287	(729)	2,016	276.5	1,523	10,669	(9,146)	(85.7)

Operations of disposal group
(Tashin group)

	Individual Period (^{4th} quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.10.2019 to 31.12.2019 RM'000	Preceding Year Corresponding Quarter 01.10.2018 to 31.12.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 31.12.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 31.12.2018 RM'000	RM'000	%
Revenue	-	57,393	N/A	N/A	138,183	260,545	(122,362)	(47.0)
Profit from operations	-	4,147	N/A	N/A	6,787	17,672	(10,885)	(61.6)
Profit Before Tax	-	3,962	N/A	N/A	6,073	14,973	(8,900)	(59.4)

Continuing Operations (Operations excluding Tashin group, now as an associate company)

Group revenue and Profit before taxation ("PBT") for the quarter under review were RM111.8million and RM1.3 million respectively. Compared with the same quarter last year, revenue reduced by 10.8%, the decline was mainly due to weak market demand and unfavourable business conditions. The Group reported positive PBT for the quarter when compared to the same quarter last year, mainly due to the reversal of provision in inventories written down (in line with some uptrend witnessed in raw material prices) as well as lower interest payment during the quarter. Tashin group's current quarter performance has been reported under equity accounting after its successful listing on ACE Market of BURSA Securities on 1st August 2019.

YTD Group revenue also declined by 10.6% when compared to the same period last year (all figures excluded Tashin group's revenue) due to the sluggish and weak market demand. YTD PBT were substantially lower than the same period last year mainly due to the reason mentioned above as well as poor performance of some subsidiaries and the associate companies.

B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

	Current Quarter			Preceding Quarter			Increase/(Decrease)	
	Continuing Operations	Disposal group Operations	Total	Continuing Operations	Disposal group Operations	Total	Continuing Operations	Disposal group Operations
	01.10.2019 to 31.12.2019 RM'000	01.10.2019 to 31.12.2019 RM'000	01.10.2019 to 31.12.2019 RM'000	01.07.2019 to 30.09.2019 RM'000	01.07.2019 to 30.09.2019 RM'000	01.07.2019 to 30.09.2019 RM'000	RM'000	RM'000
Revenue	111,774	-	111,774	117,134	19,569	136,703	(5,360)	N/A
Profit/(Loss) from operations	3,570	-	3,570	4,434	(837)	3,597	(864)	N/A
Profit / (Loss) Before Tax	1,287	-	1,287	2,106	(996)	1,110	(819)	N/A

Continuing Operations (Operations excluding Tashin group, now as an associate company)

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 4.6% to RM111.8 million as a result of sluggish and unfavourable market conditions. Profit before tax for the quarter under review were lower at RM1.3 million as compared to RM2.1 million of the immediate preceding quarter due to losses reported by some subsidiaries during the reporting quarter.

B3 Prospects

Malaysia's real GDP growth moderated to 3.6% YoY in 4Q 2019 bringing 2019 full year's growth to 4.3%. Significantly lower than 4.7% in the preceding year amid USA/China trade war tensions which resulted in lower exports, contraction in investments and weak domestic demand and volatile foreign exchange rates.

Going forward, uncertainties remained as most economists had predicted a slower growth for Malaysia in 2020 as the full economic impact of corona virus outbreak in China is yet to be significantly felt in this part of the region. On the supply side of steel materials, though prices shown signs of recovery in the later part of the year 2019, the upward trend halted in line with the epidemic outbreak.

Against this backdrop, the Board envisage the next reporting year to remain very challenging and will continue to adopt cautious and pragmatic approach in strategic and operational maneuver in order to continue generating a satisfactory performance for the new financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2019 RM'000	Current Year To Date 31/12/2019 RM'000
<u>Continuing operations</u>		
Current taxation	78	900
Deferred taxation	(1,896)	(1,804)
In respect of prior years	-	(834)
	(1,818)	(1,738)
<u>Operations of disposal group (Tashin enroute IPO)</u>		
Current taxation	(110)	1,010
Deferred taxation	-	720
In respect of prior years	-	-
	(110)	1,730

There was a reversal in taxation provision during the financial year ended 31 December 2019 mainly due to the reversal of deferred taxation in line with the losses of some subsidiaries.

B6 The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

- (i) On 28 December 2018, Prestar Storage System Sdn. Bhd., a wholly-owned subsidiary of the Company had entered into a Sale and Purchase Agreement with GMS Purnamax (M) Sdn. Bhd. (formerly known as GMS Purnaimpex Sdn. Bhd.) for the acquisition of all that piece of freehold land and building held under Individual Title Geran 86347, Lot No. 202, Seksyen 19, Bandar Rawang, Selangor, measuring approximately 8,093 square metres together with a three (3) storey building and a single storey warehouse, at a total purchase consideration of RM14,500,000 (Ringgit Malaysia: Fourteen Million and Five Hundred Thousand) only ("Proposed Acquisition"). The Proposed Acquisition was completed on 18 October 2019.

B7 Group bank borrowings:

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

Continuing operations

	Short Term Borrowing RM'000	Long Term Borrowing RM'000
Denominated in Ringgit Malaysia:		
Secured	46,808	14,310
Unsecured	120,248	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	167,056	14,310

B8 Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

B9 Dividend

The Directors recommend a final single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,950,180 in respect of the financial year ended 31 December 2019, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company

B10 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Current Quarter 31/12/2019	Preceding Quarter 31/12/2018	Current Year to date 31/12/2019	Preceding Year to date 31/12/2018
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	3,116	(1,129)	3,314	6,886
- Operations of disposal group (Tashin enroute IPO)	-	1,480	2,215	5,724
	3,116	351	5,529	12,610
Weighted average number of ordinary shares in issue ('000)	195,640	195,746	195,686	196,559
Basic earnings per share (sen)				
- Continuing operations	1.59	(0.58)	1.69	3.51
- Operations of disposal group (Tashin enroute IPO)	-	0.76	1.14	2.91
	1.59	0.18	2.83	6.42

Diluted

The diluted earnings per share is not disclosed as it is not applicable.

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter			Current Year To Date		
	31/12/2019			31/12/2019		
	Continuing operations	Operations of disposal group (Tashin enroute IPO)	Total	Continuing operations	Operations of disposal group (Tashin enroute IPO)	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
(a) Interest income	211	-	211	543	144	687
(b) Other income – IPO of subsidiary	-	-	-	16,030	-	16,030
(c) Other income - Others	3,234	-	3,234	7,563	1,167	8,730
(d) Interest expense	(2,342)	-	(2,342)	(10,876)	(858)	(11,734)
(e) Depreciation and amortization	(2,126)	-	(2,126)	(8,327)	(2,151)	(10,478)
(f) Provision (for) and written down of receivables	4	-	4	(1,432)	329	(1,103)
(g) Provision (for) and written down of inventories	1,445	-	1,445	(3,887)	1,568	(2,319)
(h) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-	-	-	-	-
(i) Impairment of assets	-	-	-	(1,626)	-	(1,626)
(j) Foreign exchange gain/(loss) - Realised and unrealized	(66)	-	(66)	(28)	1	(27)
(k) Gain / (loss) on derivatives	275	-	275	101	67	168
(l) Exceptional items	N/A	N/A	N/A	N/A	N/A	N/A