

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 cyclical 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 30,000 of its issued share capital from the open market at an average price of RM0.425 per share. The total consideration paid was RM12,751. 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	110,434	280,393	5,228	396,055	161,702	557,757
Inter-segment revenue	(5,669)	(43,969)	(4,023)	(53,661)	(23,519)	(77,180)
External Sales	104,765	236,424	1,205	342,394	138,183	480,577
Segment Result	(1,379)	(5,941)	15,402	8,082	6,787	14,869
Finance costs				(8,534)	(858)	(9,392)
Interest Income				332	144	476
Share of results of associates				356	-	356
Profit before tax				236	6,073	6,309

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 30/09/2019

RM'000

Property, plant and equipment

Authorized and contracted for	7,370
Authorized and not contracted	2,978

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)

	Individual Period (^{3rd} quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2019 to 30.09.2019 RM'000	Preceding Year Corresponding Quarter 01.07.2018 to 30.09.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 30.09.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 30.09.2018 RM'000	RM'000	%
Revenue	117,134	139,043	(21,909)	(15.8)	342,394	382,747	(40,353)	(10.5)
Profit from operations	4,434	4,191	243	5.8	8,082	17,079	(8,997)	(52.7)
Profit Before Tax	2,106	1,145	961	83.9	236	11,398	(11,162)	(97.9)
Profit for the period	2,679	854	1,825	213.7	156	7,856	(7,700)	(98.0)

**Operations of disposal group
(Tashin enroute IPO)**

	Individual Period (^{3rd} quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2019 to 30.09.2019 RM'000	Preceding Year Corresponding Quarter 01.07.2018 to 30.09.2018 RM'000	RM'000	%	Current Year to- date 01.01.2019 to 30.09.2019 RM'000	Preceding Year Corresponding Period 01.01.2018 to 30.09.2018 RM'000	RM'000	%
Revenue	19,569	67,902	(48,333)	(71.2)	138,183	203,152	(64,969)	(32.0)
Profit/(Loss) from operations	(837)	3,632	(4,469)	(123.0)	6,787	13,525	(6,738)	(49.8)
Profit /(Loss) Before Tax	(996)	2,959	(3,955)	(133.7)	6,073	11,011	(4,938)	(44.8)
Profit/(Loss) for the period	(886)	2,392	(3,278)	(137.0)	4,343	8,321	(3,978)	(47.8)

Continuing Operations (Operations excluding Tashin group)

Group revenue and Profit before taxation (“PBT”) for the quarter under review were RM117.1million and RM2.1 million respectively. Compared with the same quarter last year, revenue reduced by 15.8% as market demand were weak and sluggish. A few subsidiaries were also reporting operational losses during the quarter due to squeezed margin amid stiff competition and low demand. In line with unfavourable market conditions and requirement of accounting standards, substantial amount of provisions were made for lower realizable value of inventories, accounts receivables and impairment of some machineries. Nevertheless, PBT was slightly higher than the same quarter last year mainly due to recognition of investment gain upon listing of a subsidiary during the quarter.

Operations of disposal group (Tashin enroute IPO)

Tashin Group revenue for the quarter under review were RM19.6 million and Loss before taxation of RM0.99 million. These were the figures for July month only and uncomparable to the preceding year corresponding quarter as Tashin group was listed on 1 August 2019 and reported under equity accounting method – share of results of associate.

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
	01.07.2019 to 30.09.2019 RM'000	01.07.2019 to 30.09.2019 RM'000	01.07.2019 to 30.09.2019 RM'000	01.04.2019 to 30.06.2019 RM'000	01.04.2019 to 30.06.2019 RM'000	01.04.2019 to 30.06.2019 RM'000	RM'000	RM'000
Revenue	117,134	19,569	136,703	112,421	55,835	168,256	4,713	(36,266)
Profit/(Loss) from operations	4,434	(837)	3,597	4,762	2,693	7,455	(328)	(3,530)
Profit / (Loss) Before Tax	2,106	(996)	1,110	1,597	2,360	3,957	509	(3,356)
Profit / (Loss) for the period	2,679	(886)	1,793	1,091	1,755	2,846	1,588	(2,641)

Continuing Operations (Operations excluding Tashin group)

Compared with the immediate preceding quarter, Group revenue for the quarter under review rose marginally to RM117.1 million with slight higher sales of a few subsidiaries. Profit before tax for the quarter under review were RM2.1 million as compared to RM1.6 million of the immediate preceding quarter. Marginal improvement in PBT was mainly due exceptional other income as mentioned above.

Operations of disposal group (Tashin enroute IPO)

Tashin Group revenue for the quarter under review were RM19.6 million and Loss before tax of RM0.99 million. These were the figures for July month only and uncomparable to the preceding quarter as Tashin group was listed on 1 August 2019 and reported under equity accounting method – share of results of associate.

B3 Prospects

During the quarter under review, Malaysia real GDP grew at slower pace of 4.4% % YoY, as a result of weak domestic demand amid lower exports and contraction in investments. General outlook for the rest of the year remained cautious and less robust in view of continued USA-China trade war tension, volatile commodity prices and foreign exchange, especially Ringgit against US Dollar

Meanwhile, local steel market remained sluggish as demands falling amid stiff competition coupled with continued drop in global steel prices. Against this backdrop, the Board will continue to adopt cautious approach in its business decisions; focusing on efficient working capital management and improving operational efficiencies.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/09/2019 RM'000	Current Year To Date 30/09/2019 RM'000
<u>Continuing operations</u>		
Current taxation	372	822
Deferred taxation	(111)	92
In respect of prior years	(834)	(834)
	(573)	80
<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

The average effective tax rate of the Group for the financial year (YTD) to date is higher than the current statutory tax rate mainly due to non tax deductibility of some expenses as well as losses at some subsidiaries.

There were some reversal of tax charges at current quarter mainly due to the application of Group relief as well as written back of over provisions at some subsidiaries upon completion of prior year tax computation.

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 1 August 2019, the Company announced that the listing of its 51%-owned subsidiary, Tashin Holdings Berhad (“THB”) on the ACE Market of Bursa Securities (“IPO”) has been completed following the listing of and quotation of the entire share capital of THB on the ACE Market of Bursa Securities. THB became an associate of the Company as the Company now holds only 34% of the enlarge capital of THB.

Based on the issue price of RM0.58 per share for the offer for sale of 29,071,000 Offer Shares, the gross proceeds arising from the Offer for Sale amounting to RM16.9 million has been utilised in the following manner:

Utilisation of proceeds	RM'000	Estimated timeframe for utilisation
Repayment of bank borrowings	16,340	1 month
Expenses relating to OFS	521	1 month
Total proceeds	16,861	

The utilization of proceeds as disclosed above should be read in conjunction with the Circular to Shareholders dated 25 February 2019.

- (ii) 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 30 September 2019 are as follows:-

Continuing operations

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	38,986	16,726
Unsecured	125,175	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	164,161	16,726

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 do not recommend any interim dividend for the current quarter under review.

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 30/09/2019	Preceding Quarter 30/09/2018	Current Year to date 30/09/2019	Preceding Year to date 30/09/2018
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	2,704	921	198	8,015
- Operations of disposal group (Tashin enroute IPO)	(452)	1,220	2,215	4,244
	<hr/>	<hr/>	<hr/>	<hr/>
	2,252	2,141	2,413	12,259
	<hr/>	<hr/>	<hr/>	<hr/>
Weighted average number of ordinary shares in issue ('000)	195,696	196,171	195,701	196,833
Basic earnings per share (sen)				
- Continuing operations	1.38	0.47	0.10	4.07
- Operations of disposal group (Tashin enroute IPO)	(0.23)	0.62	1.13	2.16
	<hr/>	<hr/>	<hr/>	<hr/>
	1.15	1.09	1.23	6.23
	<hr/>	<hr/>	<hr/>	<hr/>

Diluted

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 30/09/2019	Preceding Quarter 30/09/2018	Current Year to date 30/09/2019	Preceding Year to date 30/09/2018
Net profit attributable to ordinary shareholders (RM'000)				
- Continuing operations	2,704	921	198	8,015
- Operations of disposal group (Tashin enroute IPO)	(452)	1,220	2,215	4,244
	<hr/> 2,252	<hr/> 2,141	<hr/> 2,413	<hr/> 12,259
Weighted average number of ordinary shares in issue ('000)	195,696	196,171	195,701	196,833
Effect of dilution – ESOS ('000)	-	239	-	239
Weighted average number of ordinary shares in issue ('000) – diluted	<hr/> 195,696	<hr/> 196,410	<hr/> 195,701	<hr/> 197,072
Diluted earnings per share (sen)				
- Continuing operations	1.38	0.47	0.10	4.07
- Operations of disposal group (Tashin enroute IPO)	(0.23)	0.62	1.13	2.15
	<hr/> 1.15	<hr/> 1.09	<hr/> 1.23	<hr/> 6.22

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		
	30/09/2019			30/09/2019		
	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	136	19	155	332	144	476
(b) Other income – IPO of subsidiary	16,030	-	16,030	16,030	-	16,030
(c) Other income - Others	1,112	18	1,130	4,329	1,167	5,496
(d) Interest expense	(2,444)	(178)	(2,622)	(8,534)	(858)	(9,392)
(e) Depreciation and amortization	(2,044)	(300)	(2,344)	(6,201)	(2,151)	(8,352)
(f) Provision (for) and written down of receivables	(1,615)	-	(1,615)	(1,436)	329	(1,107)
(g) Provision (for) and written down of inventories	(5,210)	-	(5,210)	(5,332)	1,568	(3,764)
(h) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-	-	-	-	-
(i) Impairment of assets	(1,626)	-	(1,626)	(1,626)	-	(1,626)
(j) Foreign exchange gain/(loss) - Realised and unrealized	37	-	37	38	1	39
(k) Gain / (loss) on derivatives	8	-	8	(174)	67	(107)
(l) Exceptional items	N/A	N/A	N/A	N/A	N/A	N/A