

AYS VENTURES BERHAD (925171-T)
(Incorporated in Malaysia)

INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2015

EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2014. 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 March 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements for the financial year ended 31 March 2014, except for the following new and revised MFRSs and Amendments to MFRSs and IC Interpretation which are applicable to its financial statements:

Amendments to MFRS 10	Consolidated Financial Statements: Investment Entities
Amendments to MFRS 12	Disclosure of Interests in Other Entities: Investment Entities
Amendments to MFRS 127	Consolidated and Separate Financial Statements: Investment Entities
Amendments to MFRS 132	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities
Amendments to MFRS 136	Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets
Amendments to MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

The adoption of these new and revised MFRSs, IC Interpretations and Amendments to MFRSs and IC Interpretation did not have any impact on the financial statements of the Group.

At the date of authorization of these interim financial statements, the following MFRS and Amendments to MFRSs were issued but not yet effective up to the date of issuance of the Group’s financial statements and have not been early adopted by the Group:

Effective for financial periods beginning on or after 1 July 2014	
Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs	2010-2012 Cycle
Annual Improvements to MFRSs	2011-2013 Cycle

Effective for the financial period beginning on or after 1 January 2016

Amendments to MFRS 11	Accounting for acquisition of interest in joint venture operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptance Methods of Depreciation and Amortisation

Effective for a date yet to be confirmed

MFRS 9	Financial Instruments (IFRS 9 issued by IASB in November 2009)
MFRS 9	Financial Instruments (IFRS 9 issued by IASB in October 2010)
MFRS 9	Financial Instruments: Mandatory Effective Date of MFRS 9 and Transition Disclosures (Amendments to MFRS 9 and MFRS 7)
MFRS 9	Financial Instruments - Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The Group will adopt the above MFRSs and Amendments to MFRS when they become effective in the respective financial periods. The adoption of these pronouncements is not expected to have any significant financial impact to the Group.

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualification on the audit report of the preceding reports and financial statements.

4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Except for the major festive seasons when activities slow down, the pace of the Company's business generally moves in tandem with the performance of the economy.

5. NATURE AND AMOUNT OF UNUSUAL ITEMS

Save for the following, there were no items of unusual nature, size or incidence which affect the assets, liabilities, equity, net income or cash flows during the current quarter under review.

- (i) An update valuation on investment properties comprising of land & buildings which were carried out by independent qualified valuers on 31/03/2015 which resulted in the recognition of Fair Value Adjustment in the statements of profit or loss and other comprehensive income amounted to RM3.398 million in the financial year ended 31/03/2015.

6. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have a material effect on the current quarter results.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter under review.

8. DIVIDEND PAID

There were no dividends paid during the financial year-to-date.

9. SEGMENTAL INFORMATION

The segment revenue, segment results and segment assets for the financial year ending 31 March 2015 were as follows:

	Trading RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	510,098	53,701	-	-	563,799
Inter-company transactions	8,093	1,214	-	(9,307)	-
Total Sales	<u>518,191</u>	<u>54,915</u>	<u>-</u>	<u>(9,307)</u>	<u>563,799</u>
RESULTS					
Segment results	16,732	1,717	(643)		17,806
Less:					
Finance cost					10,300
Interest income					(1,134)
Taxation					1,545
Profit/(Loss) for the period					<u>7,095</u>
ASSETS	<u>455,999</u>	<u>52,077</u>	<u>35,338</u>	<u>(49,438)</u>	<u>493,976</u>
LIABILITIES	<u>300,639</u>	<u>24,279</u>	<u>250</u>	<u>(45,004)</u>	<u>280,164</u>

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There has not arisen in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last reports and financial statements.

13. CAPITAL COMMITMENTS

The capital commitments as at 31 March 2015 were as follows:

Commitments in respect of capital expenditure	RM'000
(a) Contracted but not provided for	250
(b) Approved but not contracted for	18,962

14. COMMENTARY ON FINANCIAL PERFORMANCE

For the fourth quarter ended 31 March 2015, the Group registered revenue of RM152.121 million, an increase of RM7.019 million or 4.84% as compared to the revenue of RM145.102 million for the corresponding quarter of the preceding year. The higher revenue was mainly due to higher sales volume contributed from both the trading and manufacturing divisions resulting from the higher demand despite lower selling prices of steel products due to weak global steel price and keen competition.

The Group registered a profit before tax ("PBT") of RM5.689 million for the current quarter, a decrease of RM0.83 million as compare to PBT of RM5.772 million in the corresponding quarter of the preceding year. The decrease PBT was resulting from higher cost of goods sold and declined selling prices during the quarter under review but the effect has been mitigated by incorporation of fair value adjustment resulting from the valuation of investment properties.

Trading revenue increased by RM3.057 million to RM136.378 million for the current quarter compared to RM133.321 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM0.273 million to RM5.085 million for the current quarter as compared to segment PBT of RM5.358 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to the higher sales volume despite higher cost of goods sold. The lower PBT was registered due to higher cost of goods sold and declined selling prices during the current quarter under review but the effect has been mitigated by incorporation of fair value adjustment resulting from the valuation of investment properties.

Manufacturing revenue increased by RM3.962 million to RM15.743 million for the current quarter compared to RM11.781 million for the corresponding quarter of the preceding year. The segment PBT increased by RM0.201 million to RM0.753 million for the current quarter as compared to segment PBT of RM0.552 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to the higher sales volume and the higher PBT was mainly attributable to the incorporation of fair value adjustment resulting from the valuation of investment properties despite lower selling prices.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	31/03/2015	31/12/2014
	RM'000	RM'000
Revenue	152,121	135,575
PBT/Loss Before Tax ("LBT")	5,689	(2,192)

The Group registered revenue of RM152.121 million in the current quarter which was RM16.546 million or 12.20% higher than the revenue of RM135.575 million for the preceding quarter mainly

attributable to higher sales volume of steel products from both the trading and manufacturing divisions resulting from higher domestic market demand. The Group registered a higher PBT by RM7.881 million to RM5.689 million in the current quarter compared to LBT of RM2.192 million in the preceding quarter mainly attributable to the incorporation of fair value adjustment resulting from the valuation of investment properties besides higher selling prices of steel products from the trading division.

16. PROSPECTS

Despite the slumps in world oil prices and weakened currency, Bank Negara has forecasted that the nation's GDP is expected to grow at moderate rate of 4.5% to 5.5% in 2015. Resulting from the effect of GST implementation, the pace of economy expansion especially the consumer sentiment may take a break. With the various infrastructure projects implemented by the government to drive the economy growth such as the Economic Transformation Programme (ETP), 10th Malaysia Plan and twelve (12) national key economic areas (NKEAS), the market condition is expected to remain positive in the near term. The Group will continue to explore ways to improve its revenue growth while strengthening operational and productivity efficiencies so that the Group's performance will remain positive in the coming financial year.

17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 March 2015.

18. TAXATION

The tax figures comprise of:

	3 months ended 31.03.2015 RM'000	12 months 31.03.2015 RM'000
Income tax		
- Current year taxation	228	2,059
- Prior year taxation	(64)	(322)
Deferred tax	(160)	(192)
	<u>4</u>	<u>1,545</u>

The Group's effective tax rate for the current quarter and year-to-date under review was lower than the statutory tax rate of 25% mainly due to certain income which are not taxable, utilization of unabsorbed capital allowances and tax losses by a subsidiary and overprovision of taxation in the prior year but these effect have been partially offset by certain expenses which are not deductible for tax purposes.

19. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the latest practical date from the issuance of this report.

20. BORROWINGS

The Group's borrowings as at 31 March 2015 are as follows:

	31.03.2015
	RM'000
<u>Short Term borrowings</u>	
Secured	248,733
<u>Long Term borrowings</u>	
Secured	4,332
Total borrowings	<u>253,065</u>

The Group's borrowings are denominated in Ringgit Malaysia except for approximately RM42.052 million (USD11.365 million) are denominated in United States Dollars.

21. MATERIAL LITIGATION

There was no material litigation for the quarter under review.

22. DIVIDEND

The Board of Directors have proposed a first and final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2015 (4th Quarter FYE 2014: Nil), amounting to a net dividend payable of RM3,804,176.56. The dividend is subject to approval by shareholders of the forthcoming Annual General Meeting. The book closure and payment dates for this dividend will be announced in due course.

23. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the number of weighted average number of ordinary shares of the Company in issue for the respective period as follows:

	Individual Quarter		Cumulative Quarter	
	31.03.2015	31.03.2014	31.03.2015	31.03.2014
Profit/(Loss) attributable to owners of the parent (RM'000)	5,679	4,503	7,049	12,970
Number of ordinary shares in issue ('000)	380,418	380,418	380,418	380,418
Earnings/(loss) per share (sen)				
- Basic	1.49	1.18	1.85	3.41
- Diluted	N/A	N/A	N/A	N/A

Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current quarter/period-to-date as there are no potential ordinary shares to be issued.

24. REALISED AND UNREALISED PROFIT/(LOSS)

	12 months ended 31.03.2015 RM'000
Total retained profits of the Group:	
- Realised	156,398
- Unrealised profit /(loss)	7,616
Total Group retained profits as per condensed consolidated statements of financial position	<u>164,014</u>

25. INCLUDED IN THE TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ARE THE FOLLOWINGS:

	3 months ended 31.03.2015 RM'000	Cumulative 12 months ended 31.03.2015 RM'000
Interest Income	165	1,134
Other Income including Investment Income	3,826	4,284
Interest Expenses	2,728	10,300
Depreciation & Amortisation	837	3,141
Provision for/Write off of Receivables	(5)	1,438
Provision for/Write off of Inventories	0	0

Gain/(Loss) on disposal of Quoted and Unquoted Investment or Properties	0	62
Impairment of Assets	0	0
Gain/(Loss) on Foreign Exchange		
- Realised	(4,111)	(4,832)
- Unrealised	3,528	(237)
Gain/(Loss) on Derivatives	0	0
Impairment of Goodwill	0	0

26. AUTHORISATION FOR ISSUE

The Interim financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 26th May 2015.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
Company Secretary
26th May 2015
Selangor Darul Ehsan