

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

**INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 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 2015. 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 2015.

**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 2015, except for the following Amendments to MFRS and Annual Improvements to MFRSs which are applicable to its financial statements:

Amendments to MFRS 119	Defined Benefit Plans: Employee Contributions
Annual Improvements to MFRSs	2010-2012 Cycle
Annual Improvements to MFRSs	2011-2013 Cycle

The adoption of these Amendments to MFRS and Annual Improvements to MFRSs 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, Amendments to MFRSs and Annual Improvements 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 the financial period beginning on or after 1 January 2016**

Amendments to MFRS 10, MFRS 12 and MFRS 128	Investment Entities - Applying the Consolidated Exception
Amendments to MFRS 11	Accounting for Acquisitions of Interests in Joint Venture Operations
MFRS 14	Regulatory Deferral Accounts
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to MFRS 127	Equity Method in Separate Financial Statements
Amendments to MFRS 101	Disclosure Initiative
Amendments to MFRS 116 and MFRS 141	Agriculture - Bearer Plants

Amendments to MFRS 10 and MFRS 128  
Annual Improvements to MFRSs 2012 – 2014 Cycle

Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture

**Effective for the financial period beginning on or after 1 January 2017**

MFRS 15 Revenue from Contracts with Customers

**Effective for the financial period beginning on or after 1 January 2018**

MFRS 9 Financial Instrument (IFRS 9 as issued by International Accounting Standards Board (“IASB”) in July 2014)

The Group will adopt the above MFRS, Amendments to MFRS and Annual Improvements to MFRSs 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**

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.

**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**

During the financial year ending 31 March 2016, the Company has paid a final single tier dividend of 1 sen per share in respect of the financial year ending 31 March 2015 amounting to RM3,804.176.56 on 10 August 2015.

## 9. SEGMENTAL INFORMATION

The segment revenue, segment results and segment assets for the financial year ending 31 March 2016 were as follows:

	Trading RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales	130,052	15,509	-	-	145,561
Inter-company transactions	2,675	-	-	(2,675)	-
Total Sales	<u>132,727</u>	<u>15,509</u>	<u>-</u>	<u>(2,675)</u>	<u>145,561</u>
<b>RESULTS</b>					
Segment results	4,536	579	(162)		4,953
Less:					
Finance cost					3,066
Interest income					(317)
Taxation					(834)
Profit/(Loss) for the period					<u>3,038</u>
<b>ASSETS</b>	<u>469,035</u>	<u>50,901</u>	<u>35,194</u>	<u>(56,730)</u>	<u>498,400</u>
<b>LIABILITIES</b>	<u>311,480</u>	<u>22,483</u>	<u>268</u>	<u>(52,245)</u>	<u>281,986</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 30 June 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	20,792

#### 14. COMMENTARY ON FINANCIAL PERFORMANCE

For the first quarter ended 30 June 2015, the Group registered revenue of RM145.561 million, an increase of RM7.135 million or 5.15% as compared to the revenue of RM138.426 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 RM3.872 million for the current quarter, an increase of RM1.757 million as compare to PBT of RM2.115 million in the corresponding quarter of the preceding year. The increase PBT was resulting from enhanced sales volume during the quarter.

Trading revenue increased by RM5.660 million to RM130.052 million for the current quarter compared to RM124.392 million for the corresponding quarter of the preceding year. The segment PBT increased by RM0.705 million to RM4.536 million for the current quarter as compared to segment PBT of RM3.831 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to the higher sales volume despite a softened price, and leading to the higher PBT.

Manufacturing revenue increased by RM1.475 million to RM15.509 million for the current quarter compared to RM14.034 million for the corresponding quarter of the preceding year. The segment PBT increased by RM0.034 million to RM0.579 million for the current quarter as compared to segment PBT of RM0.545 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to the higher sales volume leading to the higher PBT.

#### 15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	30/06/2015	31/03/2015
	RM'000	RM'000
Revenue	145,561	152,121
PBT	3,872	5,689

The Group registered revenue of RM145.561 million in the current quarter which was RM6.560 million or 4.31% lower than the revenue of RM152.121 million for the preceding quarter mainly attributable to lower sales volume of steel products from both the trading and manufacturing divisions resulting from lower demand. The Group registered a lower PBT by RM1.817 million to RM3.872 million in the current quarter compared to PBT of RM5.689 million in the preceding quarter mainly attributable to the incorporation of fair value adjustment for investment property of RM3.398 million in the last quarter.

#### 16. PROSPECTS

Resultant of the slumps in oil prices and the prevailing weakened currency, the business outlook is expected to dampen for the remaining quarters of the year despite Bank Negara has forecasted GDP to grow at moderate rate of 4.5% to 5.5% in 2015. However it is expected that with the continued implementation of various projects including the infrastructure developments under the Economic Transformation Programme (ETP), 10<sup>th</sup> Malaysia Plan and twelve (12) national key

economic areas (NKEAS), couple with positive business sentiments from some of the export oriented sectors, the board is cautiously optimistic that the market condition of the engineering steel sector will remain neutral to positive in the near term. The Group will continue to explore ways to maintain its revenue growth while strengthening its operational and productivity efficiencies so that the Group's performance will remain competitive for the remaining quarters of the 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 2016.

#### 18. TAXATION

The tax figures comprise of:

	<b>3 months ended 30.06.2015 RM'000</b>
Income tax	
- Current year taxation	834
- Prior year taxation	-
Deferred tax	-
	<u>834</u>

The Group's effective tax rate for the current quarter 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 but these effects 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 30 June 2015 are as follows:

	<b>30.06.2015 RM'000</b>
<b><u>Short Term borrowings</u></b>	
Secured	243,136
<b><u>Long Term borrowings</u></b>	
Secured	3,947
<b>Total borrowings</b>	<u><u>247,083</u></u>

The Group's borrowings are denominated in Ringgit Malaysia except for approximately RM8.791 million (USD2.331 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 does not recommend any dividend in respect of the financial year ending 31st March 2016.

## 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	
	30.06.2015	30.06.2014	30.06.2015	30.06.2014
Profit/(Loss) attributable to owners of the parent (RM'000)	3,038	1,239	3,038	1,239
Number of ordinary shares in issue ('000)	380,418	380,418	380,418	380,418
Earnings/(loss) per share (sen)				
- Basic	0.80	0.33	0.80	0.33
- 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)**

	<b>3 months ended 30.06.2015 RM'000</b>
Total retained profits of the Group:	
- Realised	159,703
- Unrealised profit /(loss)	7,350
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Total Group retained profits as per condensed consolidated statements of financial position	167,053
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**25. INCLUDED IN THE TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ARE THE FOLLOWINGS:**

	<b>3 months ended 30.06.2015 RM'000</b>	<b>Cumulative 3 months ended 30.06.2015 RM'000</b>
Interest Income	317	317
Other Income including Investment Income	160	160
Interest Expenses	3,066	3,066
Depreciation & Amortisation	747	747
Provision for/Write off of Receivables	(171)	(171)
Provision for/Write off of Inventories	0	0
Gain/(Loss) on disposal of Quoted and Unquoted Investment or Properties	0	0
Impairment of Assets	0	0
Gain/(Loss) on Foreign Exchange		
- Realised	(1,407)	(1,407)
- Unrealised	904	904
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 27<sup>th</sup> August 2015.

By Order of the Board  
Leong Oi Wah (MAICSA 7023802)  
Company Secretary  
27<sup>th</sup> August 2015  
Selangor Darul Ehsan