

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

INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2016

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 ended 31 March 2016, the Company has paid :

- (i) a final single tier dividend of 1 sen per share in respect of the financial year ended 31 March 2015 amounting to RM3,804,176.56 on 10 August 2015.
- (ii) a first single tier interim dividend of 1 sen per share in respect of the financial year ended 31 March 2016 amounting to RM3,804,176.56 on 22 March 2016.

9. SEGMENTAL INFORMATION

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

	Trading RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	541,523	49,829	-	-	591,352
Inter-company transactions	4,092	2,681	50	(6,823)	-
Total Sales	<u>545,615</u>	<u>52,510</u>	<u>-</u>	<u>(6,823)</u>	<u>591,352</u>
RESULTS					
Segment results	19,793	3,201	(765)		22,229
Less:					
Finance cost					11,792
Interest income					(1,387)
Share of result in associated company					85
Taxation					<u>3,452</u>
Profit/(Loss) for the period					<u>8,287</u>
ASSETS	<u>403,292</u>	<u>41,530</u>	<u>32,665</u>	<u>(45,247)</u>	<u>432,240</u>
LIABILITIES	<u>242,605</u>	<u>13,886</u>	<u>2,402</u>	<u>(40,011)</u>	<u>218,882</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 2016 were as follows:

Commitments in respect of capital expenditure	RM'000
(a) Contracted but not provided for	733
(b) Approved but not contracted for	26,061

14. COMMENTARY ON FINANCIAL PERFORMANCE

For the fourth quarter ended 31 March 2016, the Group registered revenue of RM146.064 million, a decrease of RM6.057 million or 3.98% as compared to the revenue of RM152.121 million for the corresponding quarter of the preceding year. The lower revenue was mainly due to lower sales volume and selling prices of steel products from the manufacturing division resulting from weak global steel price and keen competition but this has been mitigated by the higher sales volume despite lower selling prices in the trading division.

The Group registered a profit before tax ("PBT") of RM0.165 million for the current quarter, a decrease of RM5.524 million as compared to a profit before tax ("PBT") of RM5.689 million in the corresponding quarter of the preceding year. The decrease PBT was resulting from lower revenue, higher realised/unrealised loss on foreign exchange and lower gain on fair value adjustments on investment properties during the quarter.

Trading revenue decreased by RM0.233 million to RM136.145 million for the current quarter compared to RM136.378 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM4.272million to RM0.813 million for the current quarter as compared to segment PBT of RM5.085 million for the corresponding quarter of the preceding year. The lower revenue mainly attributable to the lower selling prices due to weak global steel price despite higher sales volume of steel products in a core unit of the trading division. The lower PBT were mainly attributable to the lower selling prices, higher realised/unrealised loss on foreign exchange and lower gain on fair value adjustments on investment properties during the quarter.

Manufacturing revenue decreased by RM5.824 million to RM9.919 million for the current quarter compared to RM15.743 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM1.002 million to a loss before tax ("LBT") of RM0.249 million for the current quarter as compared to segment PBT of RM0.753 million for the corresponding quarter of the preceding year. The lower revenue was mainly attributable to the lower sales volume and selling prices resulting from weak global steel price and keen competition leading to the lower PBT.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	3 months ended	
	31/03/2016	31/12/2015
	RM'000	RM'000
Revenue	146,064	140,976
PBT	165	1,564

The Group registered revenue of RM146.064 million in the current quarter which was RM5.088 million or 3.61% higher than the revenue of RM140.976 million for the preceding quarter mainly attributable to higher sales volume of steel products from the trading division resulting from higher demand. However, this has been partially offset by the lower selling prices of steel products resulting from prolonged soft steel market and keen competition. The Group registered a lower PBT by RM1.399 million to RM0.165 million in the current quarter compared to PBT of RM1.564 million in the preceding quarter mainly attributable to the lower selling price and higher realised/unrealised loss on foreign exchange in the current quarter under review.

16. PROSPECTS

Despite the economy continues to undergo consolidation and adjustments amidst a weak currency, sluggish crude oil prices and a potential slowdown in domestic consumption, growth momentum is however expected to pick up with the recalibrated Budget announced by the Government reaffirming the intention to continue with the major infrastructure projects. As for the supply side, with the curtail of output by the biggest producer cum exporter nation of steel and the recovery of their domestic consumption, couple with the price hike in the major commodity factors of production, the world steel price has shown sign of recovery which if continues, is expected to have positive impact to the future revenue and profitability of the Group. Nevertheless, the Group will continue to exercise caution in managing the businesses, focus on its cost management and resource optimization efforts 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 ended 31 March 2016.

18. TAXATION

The tax figures comprise of:

	3 months ended 31.03.2016 RM'000	12 months ended 31.03.2016 RM'000
Income tax		
- Current year taxation	710	3,649
- Prior year taxation	(59)	(186)
Deferred tax	(11)	(11)
	<u>640</u>	<u>3,452</u>

The Group's effective tax rate for the current quarter and year-to-date under review were higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes and the non-availability of group relief where tax losses of certain subsidiary companies cannot be set off against the taxable income of other subsidiary companies but the effect has been partially offset by 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.

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 2016 are as follows:

	31.03.2016
	RM'000
<u>Short Term borrowings</u>	
Secured	189,202
<u>Long Term borrowings</u>	
Secured	2,954
Total borrowings	<u><u>192,156</u></u>

The Group's borrowings are denominated in Ringgit Malaysia except for approximately RM0.566 million (USD0.145 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 final dividend in respect of the financial year ended 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	
	31.03.2016	31.03.2015	31.03.2016	31.03.2015
Profit/(Loss) attributable to owners of the parent (RM'000)	(477)	5,679	8,273	7,049
Number of ordinary shares in issue ('000)	380,418	380,418	380,418	380,418
Earnings/(loss) per share (sen)				
- Basic	(0.13)	1.49	2.17	1.85
- 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
	31.03.2016
	RM'000
Total retained profits of the Group:	
- Realised	157,338
- Unrealised profit /(loss)	7,342
Total Group retained profits as per condensed consolidated statements of financial position	<u>164,680</u>

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

	3 months ended 31.03.2016 RM'000	Cumulative 12 months ended 31.03.2016 RM'000
Interest Income	309	1,387
Other Income including Investment Income	568	4,696
Interest Expenses	2,606	11,792
Depreciation & Amortisation	808	3,069
Provision for/Write off of Receivables	226	(495)
Provision for/Write off of Inventories	(33)	(33)
Gain/(Loss) on disposal of Quoted and Unquoted Investment or Properties	0	0
Impairment of Assets	0	0
Gain/(Loss) on Foreign Exchange		
- Realised	(428)	(1,850)
- Unrealised	(1,493)	(1,221)
Gain/(Loss) on Derivatives	0	0
Impairment of Goodwill	0	4

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 17th May 2016.

By Order of the Board
 Leong Oi Wah (MAICSA 7023802)
 Company Secretary
 17th May 2016
 Selangor Darul Ehsan