

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Quarter 31.12.2013 RM'000	Current Year- To-Date 31.12.2014 RM'000	Preceding Year- To-Date 31.12.2013 RM'000
<b>Continuing Operations</b>				
Revenue	124,414	112,065	489,194	455,267
Direct operating costs	(106,919)	(95,131)	(419,184)	(389,260)
Gross profit	17,495	16,934	70,010	66,007
Other operating income	709	372	2,281	1,722
Distribution costs	(1,331)	(1,027)	(5,545)	(4,532)
Administrative costs	(5,445)	(4,810)	(21,001)	(18,786)
Other operating costs	(282)	(60)	(1,640)	(2,227)
	(7,058)	(5,897)	(28,186)	(25,545)
Profit from operations	11,146	11,409	44,105	42,184
Finance costs	(2,035)	(1,685)	(6,710)	(6,833)
<b>Profit before tax</b>	9,111	9,724	37,395	35,351
Income tax expense	(2,401)	(2,487)	(9,848)	(9,577)
<b>Profit for the financial period/year</b>	6,710	7,237	27,547	25,774
<b>Other comprehensive income:</b>				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Fair value changes on available-for-sales financial asset	-	15	-	15
Fair value reserve transfer to profit or loss on disposal of available-for-sale investment	-	-	12	-
Exchange differences on translation of foreign operations	-	-	3	-
<b>Total other comprehensive income, net of tax</b>	-	15	15	15
<b>Total comprehensive income for the financial period/year</b>	6,710	7,252	27,562	25,789

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (CONT'D)**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current	Preceding	Current	Preceding
	Year	Year	Year-	Year-
	Quarter	Quarter	To-Date	To-Date
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	RM'000	RM'000	RM'000	RM'000
<b>Profit attributable to:</b>				
- Owners of the Company	6,710	7,237	27,547	25,774
<b>Total comprehensive income attributable to:</b>				
- Owners of the Company	6,710	7,252	27,562	25,789
Earnings per share (sen) attributable to owners of the Company:				
- Basic	2.16	2.33	8.89	9.02
- Diluted	2.16	2.33	8.89	9.02

*Note:*

*The Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2014**

	<b>Unaudited As at 31.12.2014 RM'000</b>	<b>Audited As at 31.12.2013 RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	87,146	84,170
Capital work-in-progress	1,136	-
Goodwill	257	-
Other investment	-	48
	<u>88,539</u>	<u>84,218</u>
<b>Current assets</b>		
Inventories	178,353	149,551
Trade receivables	125,342	119,059
Other receivables, deposits and prepayments	9,310	4,514
Tax recoverable	65	-
Fixed deposits with licensed banks	12,995	15,625
Cash and bank balances	9,161	6,701
	<u>335,226</u>	<u>295,450</u>
<b>TOTAL ASSETS</b>	<u><u>423,765</u></u>	<u><u>379,668</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the Company</b>		
Share capital	155,000	155,000
Share premium	5,094	5,094
Merger deficit	(109,545)	(109,545)
Capital reserve	1	1
Fair value reserve	-	(12)
Retained earnings	171,791	151,994
Foreign currency translation reserve	3	-
<b>Total Equity</b>	<u>222,344</u>	<u>202,532</u>
<b>Non-current liabilities</b>		
Deferred tax liabilities	3,274	3,080
Borrowings	4,263	688
	<u>7,537</u>	<u>3,768</u>
<b>Current liabilities</b>		
Trade payables	42,438	30,273
Other payables and accruals	3,135	2,430
Borrowings	145,135	137,070
Tax liabilities	3,176	3,595
	<u>193,884</u>	<u>173,368</u>
<b>Total Liabilities</b>	<u>201,421</u>	<u>177,136</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>423,765</u></u>	<u><u>379,668</u></u>
Net assets per share attributable to owners of the Company (RM)	0.72	0.65

Note:

*The Unaudited Condensed Consolidated Statement of Financial position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	< -----Attributable to owners of the Company ----- >							
	< ----- Non-distributable ----- >						Distributable	
	Share Capital RM'000	Share Premium RM'000	Merger Deficit RM'000	Capital Reserve RM'000	Fair value Reserve RM'000	Foreign Currency Translation Reserve RM'000	Retained Earnings RM'000	Total Equity RM'000
<b>2014</b>								
At 1 January 2014	155,000	5,094	(109,545)	1	(12)	-	151,994	202,532
<b>Total comprehensive income</b>	-	-	-	-	12	3	27,547	27,562
<b>Transaction with owners</b>								
Dividend	-	-	-	-	-	-	(7,750)	(7,750)
At 31 December 2014	<u>155,000</u>	<u>5,094</u>	<u>(109,545)</u>	<u>1</u>	<u>-</u>	<u>3</u>	<u>171,791</u>	<u>222,344</u>
<b>2013</b>								
At 1 January 2013	125,345	-	(109,545)	1	(27)	-	130,870	146,644
<b>Total comprehensive income</b>	-	-	-	-	15	-	25,774	25,789
<b>Transactions with owners</b>								
Issuance of shares pursuant to public issue	29,655	5,931	-	-	-	-	-	35,586
Listing expenses - share issue expenses	-	(837)	-	-	-	-	-	(837)
Dividend	-	-	-	-	-	-	(4,650)	(4,650)
<b>Total transactions with owners</b>	<u>29,655</u>	<u>5,094</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,650)</u>	<u>30,099</u>
At 31 December 2013	<u>155,000</u>	<u>5,094</u>	<u>(109,545)</u>	<u>1</u>	<u>(12)</u>	<u>-</u>	<u>151,994</u>	<u>202,532</u>

Note:

*The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.*

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014**

	<b>Current Year-To-Date 31.12.2014 RM'000</b>	<b>Preceding Year-To-Date 31.12.2013 RM'000</b>
<b>Cash Flows from Operating Activities</b>		
Profit before tax	37,395	35,351
Adjustments for:-		
Impairment loss on trade receivables	768	531
Reversal of impairment loss on trade receivables	(593)	(260)
Bad debt written off	152	-
Depreciation of property, plant and equipment	5,909	5,868
Interest expense	6,153	6,194
Dividend income	(1)	(2)
Gain on disposal of property, plant and equipment	(343)	(264)
Property, plant and equipment written off	136	46
Gain on foreign exchange - unrealised	(71)	(22)
Loss on disposal of other investment	5	-
Write down of inventories	85	-
Interest income	(586)	(518)
Operating profit before working capital changes	<u>49,009</u>	<u>46,924</u>
Increase in inventories	(27,983)	(53,936)
Increase in trade and other receivables	(11,188)	(2,372)
Increase in trade and other payables	12,162	9,846
Cash generated from operations	<u>22,000</u>	<u>462</u>
Interest received	586	518
Interest paid	(6,153)	(6,194)
Income tax paid	(10,138)	(9,615)
Net cash from/(used in) operating activities	<u>6,295</u>	<u>(14,829)</u>
<b>Cash Flows from Investing Activities</b>		
Dividend received	1	2
Purchase of property, plant and equipment	(3,764)	(4,759)
Placement of fixed deposits	(12)	(12)
Proceeds from disposal of property, plant and equipment	480	302
Proceeds from disposal of other investment	55	-
Capital work-in-progress paid	(1,136)	-
Cash outflow on acquisition of a subsidiary, net of cash and cash equivalents acquired	(585)	-
Net cash used in investing activities	<u>(4,961)</u>	<u>(4,467)</u>

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2014 (CONT'D)**

	<b>Current Year-To-Date 31.12.2014 RM'000</b>	<b>Preceding Year-To-Date 31.12.2013 RM'000</b>
<b>Cash Flows from Financing Activities</b>		
Proceeds from issuance of shares	-	35,586
Payment of share issue expenses	-	(837)
Repayments of Al-Bai Bithaman Ajil Islamic (ABBA) financing	(544)	(676)
Drawdown of finance lease payables	493	-
Payments to finance lease payables	(1,901)	(3,379)
Repayments of term loans	(283)	(10,257)
Net drawdown of bankers' acceptances	9,081	15,299
Dividend paid	(7,750)	(4,650)
Net cash (used in)/from financing activities	<u>(904)</u>	<u>31,086</u>
<b>Net increase in cash and cash equivalents</b>	430	11,790
Effect of exchange rate changes on cash and cash equivalents	(26)	28
<b>Cash and cash equivalents at beginning of the financial year</b>	<u>4,648</u>	<u>(7,170)</u>
<b>Cash and cash equivalents at end of the financial year</b>	<u><u>5,052</u></u>	<u><u>4,648</u></u>
<b>Cash and cash equivalents at end of financial year comprises:</b>		
Fixed deposits with licensed banks	12,995	15,624
Cash and bank balances	9,161	6,701
Bank overdrafts	<u>(16,699)</u>	<u>(17,285)</u>
	5,457	5,040
Less: Fixed deposit under lien	<u>(405)</u>	<u>(392)</u>
	<u><u>5,052</u></u>	<u><u>4,648</u></u>

Note:

*The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial statement.*

**A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1. Accounting Policies and Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by the International Accounting Standard Board (“IASB”) and paragraph 9.22 (Appendix 9B Part A) of the Main Market Listing Requirement (“Listing Requirements”) of the Bursa Malaysia Securities Berhad (“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 December 2013.

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 Company and its subsidiaries (“the Group”) since the financial year ended 31 December 2013.

The significant accounting policies adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements as disclosed in the audited financial statements of the Group for the financial year ended 31 December 2013, except for the adoption of the following:

**Amendments/Improvements to MFRSs**

MFRS 10	Consolidated Financial Statements
MFRS 12	Disclosure of Interests in Other Entities
MFRS 127	Separate Financial Statements
MFRS 132	Financial Instruments: Presentation
MFRS 136	Impairment of Assets
MFRS 139	Financial Instruments: Recognition and Measurement

**New IC Int**

IC Int 21	Levies
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The adoption of the above amendments/improvement to MFRSs and new IC interpretation did not have any material impact on the financial position and performance of the Group.

The Group has not applied in advance the following new MFRSs and amendments/improvements to MFRSs that have been issued by MASB but not yet effective for the current financial year:

		<b>Effective for financial periods beginning on or after</b>
<b><u>New MFRS</u></b>		
MFRS 9	Financial Instruments	1 January 2018
MFRS 14	Regulatory Deferral Accounts	1 January 2016
MFRS 15	Revenue from Contracts with Customers	1 January 2017
<b><u>Amendments/Improvements to MFRSs</u></b>		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 July 2014
MFRS 2	Share-based Payment	1 July 2014
MFRS 3	Business Combinations	1 July 2014
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 8	Operating Segments	1 July 2014

**A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A1. Accounting Policies and Basis of Preparation (*Cont’d*)**

		<b>Effective for financial periods beginning on or after</b>
<b><u>Amendments/Improvements to MFRSs</u></b>		
MFRS 10	Consolidated Financial statements	1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosures of Interests in Other Entities	1 January 2016
MFRS 13	Fair Value Measurement	1 July 2014
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 116	Property, Plant and Equipment	1 July 2014/ 1 January 2016
MFRS 119	Employee Benefits	1 July 2014/ 1 January 2016
MFRS 124	Related Party Disclosures	1 July 2014
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	1 January 2016
MFRS 138	Intangible Assets	1 July 2014/ 1 January 2016
MFRS 140	Investment Property	1 July 2014
MFRS 141	Agriculture	1 January 2016

The Group is in the process of assessing the impact which may arise from adoption of the above standard and amendments.

**A2. Auditors’ Report on Preceding Annual Financial Statements**

The Auditors’ Report for the immediate preceding annual financial statements of the Group and the Company for the financial year ended 31 December 2013 were not subject to any qualification.

**A3. Seasonality or Cyclicity of Operations**

The Group’s operations were not significantly affected by any seasonal or cyclical factors during the current quarter and current financial year-to-date.

**A4. Unusual Items**

There were no significant items affecting assets, liabilities, equity, net income, or cash flows of the Group that are unusual because of their nature, size and incidence during the current quarter and current financial year-to-date.

**A5. Changes in Estimates**

There were no changes in the estimates of amounts reported in the prior interim periods of the current financial year or changes in the estimates of amounts reported in the prior financial years that have a material effect on the results for the current quarter and current financial year-to-date.

**A6. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale or repayment of debt and equity securities nor any movement in the share capital for the current quarter.



**A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A7. Dividend Paid**

The first interim single-tier dividend of 1.0 sen per ordinary share in respect of financial year ending 31 December 2014 was declared on 25 November 2014 and paid on 31 December 2014.

**A8. Segment Information**

Segment information of the Group for the financial year-to-date ended 31 December 2014 is as follows:

	<b>Trading of Steel Products RM’000</b>	<b>Processing of Steel Products RM’000</b>	<b>Others <sup>(1)</sup> RM’000</b>	<b>Elimination RM’000</b>	<b>Consolidated RM’000</b>
External revenue	192,081	296,723	390	-	489,194
Direct operating costs	(169,210)	(249,671)	(303)	-	(419,184)
Gross Profit	<u>22,871</u>	<u>47,052</u>	<u>87</u>	<u>-</u>	<u>70,010</u>
Add/(Less):					
- Other income					2,281
- Operating expenses					(28,186)
- Finance costs					<u>(6,710)</u>
Profit before taxation					37,395
Income tax expense					<u>(9,848)</u>
Profit for the year					<u><u>27,547</u></u>

Segment information of the Group for the financial year-to-date ended 31 December 2013 is as follows:

	<b>Trading of Steel Products RM’000</b>	<b>Processing of Steel Products RM’000</b>	<b>Others <sup>(1)</sup> RM’000</b>	<b>Elimination RM’000</b>	<b>Consolidated RM’000</b>
External revenue	179,093	275,632	542	-	455,267
Direct operating costs	(153,052)	(235,759)	(449)	-	(389,260)
Gross Profit	<u>26,041</u>	<u>39,873</u>	<u>93</u>	<u>-</u>	<u>66,007</u>
Add/(Less):					
- Other income					1,722
- Operating expenses					(25,545)
- Finance costs					<u>(6,833)</u>
Profit before taxation					35,351
Income tax expense					<u>(9,577)</u>
Profit for the year					<u><u>25,774</u></u>

Note:

(1) Mainly consists of trading of specialised steel materials including tool steel and non-ferrous metal products including bronze, brass, aluminium and copper products.

**A9. Valuations of Property, Plant and Equipment**

There were no amendments to the valuation of property, plant and equipment that have been brought forward from the preceding annual financial statements.

**A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A10. Material Events Subsequent to the End of the Interim Period**

There were no material events subsequent to the end of the current quarter up to the date of issue of this report that have not been reflected in the financial statements for the current quarter and current financial year-to-date.

**A11. Effects of Changes in Composition of the Group**

There were no changes in the composition of the Group during the current quarter.

Changes in the composition of the Group during the current financial year-to-date is in respect of acquisition of the entire issued and paid-up share capital in Overum Wear Parts (Far East) Pte Ltd (“Overum”) comprising 150,000 ordinary shares for a total consideration of Singapore Dollar SGD230,000 which had been satisfied in cash. Overum became a wholly-owned subsidiary of the Company on 1 July 2014.

Fair Value of assets acquired and liabilities assumed at the date of acquisition

	<b>RM’000</b>
<b>Current assets</b>	
Inventories	904
Trade receivables	152
Other receivables, deposits and prepayments	13
Cash and bank balances	7
	<u>1,076</u>
<b>Non-current assets</b>	
Property, plant and equipment	13
<b>Current liabilities</b>	
Other payables and accruals	753
Net GST output tax	1
	<u>754</u>
<b>Total identifiable net assets acquired</b>	335
Goodwill	257
Total cost of business combination	<u>592</u>

Net Cash outflow on acquisition of subsidiary

	<b>RM’000</b>
Consideration paid in cash	592
Less: Cash and cash equivalent acquired	<u>(7)</u>
	<u>585</u>

The newly acquired subsidiary has not contributed any significant results to the Group for the year ended 31 December 2014.

**A EXPLANATION NOTES PURSUANT TO MALAYSIA FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING (CONT’D)**

**A12. Capital Commitments**

	<b>As at 31.12.2014 RM'000</b>	<b>Audited As at 31.12.2013 RM'000</b>
Approved and contracted for:		
- Purchase of motor vehicles	-	64
- Purchase of machinery	4,472	2,241
- Purchase of furniture and fittings	439	-
	<u>4,911</u>	<u>2,305</u>

**A13. Changes in Contingent Liabilities and Contingent Assets**

There were no contingent assets and liabilities since the end of the previous financial year up to 31 December 2014.

**A14. Significant Related Party Transactions**

	<b>INDIVIDUAL</b>		<b>CUMULATIVE</b>	
	<b>Current Year Quarter 31.12.2014 RM'000</b>	<b>Preceding Year- Quarter 31.12.2013 RM'000</b>	<b>Current Year- To-Date 31.12.2014 RM'000</b>	<b>Preceding Year- To-Date 31.12.2013 RM'000</b>
Sales to related parties	1,420	1,161	4,976	5,883
Purchases from related parties	205	274	1,225	2,058
Rental expense paid to related parties	390	60	900	240
	<u>2,015</u>	<u>1,495</u>	<u>7,101</u>	<u>8,181</u>

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of Performance**

**Current Quarter Compared To Preceding Year Corresponding Quarter**

Our revenue grew by 11.0% or RM12.34 million from RM112.07 million for the preceding year corresponding quarter to RM124.41 million for the current quarter. This was mainly due to increase in revenue for our trading and processing of carbon steel products by approximately RM10.92 million and RM2.17 million respectively, attributable to the higher tonnage sales for the current quarter by approximately 38.2% and 6.2% respectively as compared to the preceding year corresponding quarter.

For the current quarter, our main business segments continued to be trading and processing of steel products, which collectively contributed approximately 99.9% of our total revenue for the current quarter. The trading segment and the processing segment contributed revenue of approximately 42.7% and 57.2% respective for the current quarter whereas the trading segment and the processing segment contributed revenue of approximately 39.9% and 60.0% respectively for the preceding year corresponding quarter.

Our overall gross profit margin decrease from 15.1% for the preceding year corresponding quarter to 14.1% for the current quarter as the result of lower gross profit margin by approximately 3.2 percentage points for trading segment, mainly attributable to lower average selling price by approximately 4.8% and higher average cost of material by approximately 2.4% for trading of carbon steel products.

For the current quarter, despite the increase in gross profit by approximately RM0.56 million arising from the increase in revenue, as well as the increase in other operating income by RM0.34 million mainly due to higher reversal of impairment loss on trade receivables, gain on disposal of property, plant and equipment, late payment interest received from customers and unrealised gain on foreign exchange, our Group registered a decrease in profit before tax by RM0.61 million to RM9.11 million compared to RM9.72 million for the preceding year corresponding quarter, mainly due to the following:

- Increase in distribution costs as a result of higher transportation, salary and wages which was in line with our revenue growth.
- Increase in administrative costs mainly caused by the rental for the new factory premises and higher professional fees incurred for the current quarter.
- Increase in other operating costs mainly due to the higher impairment loss on trade receivables for the current quarter.
- Increase in finance costs as a result of higher interest paid for trade financing which was in line with the increase in purchases by approximately RM9.94 million or 9.9%.

**Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date**

Our revenue grew by 7.5% or RM33.92 million from RM455.27 million for the preceding financial year-to-date to RM489.19 million for the current financial year-to-date. This was mainly due to the increase in demand for our trading of long carbon steel products and processing of steel products, with total tonnage sales increased by 38.3% and 10.4% respectively.

Arising from the increase in revenue and fairly consistent gross profit margin recorded for the current financial year-to-date as compared to the preceding financial year-to date, our gross profit improved by 6.1% or approximately RM4.00 million.

Operation costs have increased although without the listing expenses of RM1.11 million being charged to the current financial year-to-date as compared to the preceding financial year-to-date. This was mainly due to increase in directors and staff costs by RM1.47 million, additional rental expenses of RM0.78 million, increase in impairment loss on trade receivables and bad debts written off by RM0.24 million and RM0.15 million respectively, increase in transportation, petrol and other travelling related expenses by approximately RM0.30 million, higher electricity and water expenses by RM0.32 million as well as higher professional fees by RM0.53 million, which had been charged to the current financial year-to-date.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B1. Review of Performance (Cont'd)**

**Current Financial Year-To-Date Compared To Preceding Financial Year-To-Date (Cont'd)**

As a result of above and increase in other operating income, our profit before tax increased by approximately 5.8% or RM2.05 million from RM35.35 million for the preceding financial year-to-date to RM37.40 million for the current financial year-to-date.

**B2. Material Variation of Profit Before Tax Against Immediate Preceding Quarter**

For the current quarter, our profit before tax decreased by approximately 19.8% or RM2.25 million, from RM11.36 million for the immediate preceding quarter to RM9.11 million for the current quarter mainly caused by the following factors:

- Lower gross profit by approximately 6.4% or RM1.19 million, from RM18.69 million for the immediate preceding quarter to RM17.50 million for the current quarter, as a consequence of lower gross profit margin from approximately 15.4% for the immediate preceding quarter to approximately 14.1% for the current quarter, mainly attributable to the decline in gross profit margin for trading of flat steel products, from approximately 9.7% for immediate preceding quarter to approximately 6.9% for the current quarter.
- Increase in administrative costs by approximately RM0.50 million mainly due to provision for auditors' remuneration, higher electricity and water expenses, entertainment expenses, insurance premium, road tax, petrol, parking and tolls expenses recorded for the current quarter.
- Higher finance costs by approximately RM0.54 million for the current quarter mainly due to higher interest paid for trade financing.

**B3. Commentary on Prospects**

2015 is expected to be a challenging year in view of uncertainties looming the global economies arising from, among others, political conflicts and uncertainty in the direction of prices of a major world commodity, crude oil. In the local front, we will also see the introduction of broad base Goods and Services Tax commencing in April 2015 which is envisaged to affect consumers spending.

Despite the above, our Group will endeavor to ride through the challenges by leveraging on our large and diverse customers base, continue to adopt pro-active measures in handling our business as well as increasing the Group's operational capability, expediency and variability by making available new and improved machinery for its processing activities. Therefore, barring any unforeseen circumstances, the Board is optimistic that the Group will continue to generate positive results for 2015.

**B4. Variance of Forecast Profit and Profit Guarantee**

No profit forecast has been issued by the Group previously in any public document.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B5. Profit Before Tax**

Profit before tax is derived after taking into consideration the followings:-

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year Quarter 31.12.2013 RM'000	Current Year- To-Date 31.12.2014 RM'000	Preceding Year- To-Date 31.12.2013 RM'000
Impairment loss on trade receivables	185	58	768	531
Bad debt recovered	(3)	-	(9)	-
Reversal of impairment loss on trade receivables	(149)	(68)	(593)	(260)
Bad debt written off	9	-	152	-
Depreciation of property, plant and equipment	1,550	1,441	5,909	5,868
Dividend income	-	#	(1)	(2)
Gain on disposal of property, plant and equipment	(172)	(76)	(343)	(264)
Property, plant and equipment written off	#	46	136	46
Insurance claims	(23)	(7)	(184)	(202)
Interest expense	1,885	1,578	6,153	6,194
Interest income	(144)	(153)	(586)	(518)
Rental income	(78)	(79)	(314)	(315)
Rental of premises	454	60	1,019	240
Rental of equipment	16	14	61	57
(Gain)/Loss on foreign exchange - realised	21	(43)	56	(34)
- unrealised	(108)	(103)	(71)	(22)
Loss on disposal of other investment	-	-	5	-
Write down of inventories	(6)	-	85	-

*Save as disclosed above, the other items as required under Appendix 9B Part A (16) of the Main Market Listing Requirements of Bursa Securities are not applicable.*

*Note:*

# *Less than RM500*

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B6. Income Tax Expense**

	INDIVIDUAL		CUMULATIVE	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year-Quarter 31.12.2013 RM'000	Current Year-To-Date 31.12.2014 RM'000	Preceding Year-To-Date 31.12.2013 RM'000
<u>Income tax</u>				
Current tax				
- for the financial period	2,259	2,420	9,751	9,432
- over provision in prior financial year	(78)	-	(97)	(83)
Deferred tax				
- origination and reversal of temporary differences	240	89	389	250
- over provision in prior financial year	-	(22)	(59)	(22)
- relating to change in income tax rate <sup>(1)</sup>	(20)	-	(136)	-
Tax expense	2,401	2,487	9,848	9,577

The effective tax rate for the current quarter and current financial year-to-date is higher than the statutory tax rate of 25% mainly due to certain expenses which are not deductible for tax purposes.

Note:

(1) Domestic income tax is calculated at the Malaysian statutory income tax rate of 25% of the estimated assessable profit for the financial year. In the Budget Speech 2014, the Government announced that the domestic corporate tax rate would be reduced to 24% from the current year's rate of 25% with effect from year of assessment 2016. The computation of deferred tax as at 31 December 2014 has reflected these changes.

**B7. Status of Corporate Proposals**

There were no corporate proposal announced but not completed as at the date of this report.

**(i) Utilisation of Proceeds**

The Public Issue made in conjunction with the listing exercise of the Company in 2013 raised a gross proceeds of RM35.59 million. The status of utilisation of proceeds raised from the Public Issue as at 31 December 2014 is as follows:

Purposes	Proposed utilisation <sup>(1)</sup>	Actual utilisation	Deviation		Balance	Intended timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	%		
Purchase of new industrial land with building	13,000	(12,677)	(323) <sup>(2)</sup>	(2.5%)	-	Within 1 year
Construction of new processing plant with warehousing facilities	6,000	-	-	-	6,000	Within 3 years

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B7. Status of Corporate Proposals (Cont'd)**

**(i) Utilisation of Proceeds (Cont'd)**

Purposes	Proposed utilisation <sup>(1)</sup>	Actual utilisation	Deviation		Balance	Intended timeframe for utilisation (from the listing date)
	RM'000	RM'000	RM'000	%	RM'000	
Purchase of new machines	6,000	-	-	-	6,000	Within 3 years
Working capital	7,786	(7,655)	(131) <sup>(2)(3)</sup>	(1.7%)	-	Within 1 year
Estimated listing expenses	2,800	(3,254) <sup>(3)</sup>	454 <sup>(3)</sup>	16.2%	-	Upon listing
Total gross proceeds	<u>35,586</u>	<u>(23,586)</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	

Notes:

- (1) The proposed utilisation of proceeds as disclosed above should be read in conjunction with the Prospectus of the Company dated 13 May 2013.
- (2) In respect of excess of proposed utilisation over the actual early settlement sum (including a one-off fee of RM0.15 million levied by the bank for early settlement) for a term loan facility used to fund the purchase of the new industrial land with building. In accordance to the Prospectus dated 13 May 2013, any variation to the actual term loan and overdraft facility repayment shall be adjusted against the proposed utilisation for working capital.
- (3) Actual listing expenses incurred were more than the estimated listing expenses by RM0.45 million mainly due to higher printing and advertisement costs as well as other incidental costs incurred in connection to the listing exercise. In accordance to the Prospectus dated 13 May 2013, the excess of listing expenses shall be adjusted against the proposed utilisation for working capital.

**B8. Group Borrowings**

Total Group borrowings as at 31 December 2014 were as follows:-

	As at 31.12.2014 RM'000	Audited As at 31.12.2013 RM'000
<b><u>Current</u></b>		
<b>Secured:</b>		
ABBA financing facilities	-	545
Bankers' acceptances	66,710	64,062
Hire purchase payables	1,928	1,705
Term loans	175	283
Bank overdrafts	13,237	14,791
	<u>82,050</u>	<u>81,386</u>



**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B8. Group Borrowings (Cont'd)**

	<b>As at 31.12.2014 RM'000</b>	<b>Audited As at 31.12.2013 RM'000</b>
<b>Unsecured</b>		
Bankers' acceptances	59,623	53,190
Bank overdrafts	3,462	2,494
	<u>63,085</u>	<u>55,684</u>
	<u>145,135</u>	<u>137,070</u>
 <b><u>Non-current</u></b>		
<b>Secured:</b>		
Hire purchase payables	4,263	514
Term loans	-	174
	<u>4,263</u>	<u>688</u>
	<u>149,398</u>	<u>137,758</u>
<b>Total Borrowings</b>	<u>149,398</u>	<u>137,758</u>

The above Group borrowings are denominated in Ringgit Malaysia.

**B9. Material Litigation**

Since the last annual financial statements up to the date of issue of this report, the Group is not engaged in any material litigation or arbitration, either as plaintiff or defendant, which have a material effect on the financial position of our Group, and the Board does not know of any proceedings pending or threatened or of any fact likely to give rise to any proceeding which may materially and adversely affect the financial position or business of the Group.

**B10. Dividend**

There were no dividend proposed or declared during the current quarter.

**B ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES (CONT'D)**

**B11. Earnings Per Share**

(a) Basic Earnings Per Share

The basic earnings per share for the current quarter and financial year-to-date are computed as follows:

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.12.2014 RM'000	Preceding Year-Quarter 31.12.2013 RM'000	Current Year-To-Date 31.12.2014 RM'000	Preceding Year-To-Date 31.12.2013 RM'000
Profit attributable to owners of the Company	6,710	7,237	27,547	25,774
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	310,000	310,000	310,000	285,626
Basic Earnings Per Share (sen)	2.16	2.33	8.89	9.02

(b) Diluted Earnings Per Share

Diluted earnings per share is equivalent to basic earnings per share as the Company does not have any dilutive potential ordinary shares in issue for the current quarter and current financial year-to-date.

**B12. Realised and Unrealised Profits/Losses Disclosure**

The breakdown of the retained profits of the Group as at the end of the current quarter and previous financial year, into realised and unrealised profits, is as follows:-

	As at 31.12.2014 RM'000	As at 31.12.2013 RM'000
Total retained earnings of the Group		
(a) Realised	178,451	158,768
(b) Unrealised	(4,017)	(3,958)
	174,434	154,810
Less: consolidated adjustments	(2,643)	(2,816)
Total retained earnings	171,791	151,994

By order of the Board  
Kuala Lumpur  
25 February 2015