

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2016 RM'000	Preceding Year Quarter 31.3.2015 RM'000	Current Year-To-Date 31.3.2016 RM'000	Preceding Year-To-Date 31.3.2015 RM'000
Continuing Operations				
Revenue	127,444	140,333	127,444	140,333
Direct operating costs	(113,613)	(120,493)	(113,613)	(120,493)
Gross profit	13,831	19,840	13,831	19,840
Other operating income	347	314	347	314
Distribution costs	(1,722)	(1,746)	(1,722)	(1,746)
Administrative costs	(7,359)	(6,702)	(7,359)	(6,702)
Other operating costs	(1,649)	(459)	(1,649)	(459)
	(10,730)	(8,907)	(10,730)	(8,907)
Profit from operations	3,448	11,247	3,448	11,247
Finance costs	(2,107)	(2,057)	(2,107)	(2,057)
Profit before tax	1,341	9,190	1,341	9,190
Tax expense	(721)	(2,553)	(721)	(2,553)
Profit for the financial period	620	6,637	620	6,637
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange differences on translation of foreign operations	(51)	#	(51)	#
Total other comprehensive income, net of tax	(51)	#	(51)	#
Total comprehensive income for the financial period	569	6,637	569	6,637
Profit attributable to:				
- Owners of the Company	620	6,637	620	6,637
Total comprehensive income attributable to:				
- Owners of the Company	569	6,637	569	6,637
Earnings per share (sen) attributable to owners of the Company:				
- Basic	0.20	2.14	0.20	2.14
- Diluted	0.20	2.14	0.20	2.14

LEON FUAT BERHAD
(Company No.756407-D)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)**

Notes:

Less than RM500

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 2015 and the accompanying explanatory notes attached to this interim financial statement.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2016

	Unaudited As at 31.3.2016 RM'000	Audited As at 31.12.2015 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	135,301	93,676
Capital work-in-progress	3,340	11,492
	<u>138,641</u>	<u>105,168</u>
Current assets		
Inventories	161,464	186,209
Trade receivables	132,452	126,502
Other receivables, deposits and prepayments	5,746	18,082
Tax recoverable	1,463	937
Fixed deposits with licensed banks	431	417
Cash and bank balances	11,056	3,806
	<u>312,612</u>	<u>335,953</u>
TOTAL ASSETS	<u><u>451,253</u></u>	<u><u>441,121</u></u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Share capital	155,000	155,000
Share premium	5,094	5,094
Merger deficit	(109,545)	(109,545)
Capital reserve	1	1
Retained earnings	184,690	184,070
Foreign currency translation reserve	(65)	(14)
Total Equity	<u>235,175</u>	<u>234,606</u>
Non-current liabilities		
Deferred tax liabilities	3,520	3,686
Amount owing to ultimate holding company	10,078	-
Borrowings	20,632	5,344
	<u>34,230</u>	<u>9,030</u>
Current liabilities		
Trade payables	34,245	29,497
Other payables and accruals	4,889	5,083
Derivative financial liabilities	597	-
Amount owing to ultimate holding company	3,000	-
Borrowings	138,487	161,845
Tax liabilities	630	1,060
	<u>181,848</u>	<u>197,485</u>
Total Liabilities	<u>216,078</u>	<u>206,515</u>
TOTAL EQUITY AND LIABILITIES	<u><u>451,253</u></u>	<u><u>441,121</u></u>
Net assets per share attributable to owners of the Company (RM)	0.76	0.76

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 2015 and the accompanying explanatory notes attached to this interim financial statement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	< -----Attributable to owners of the Company ----- >						
	< ----- Non-distributable ----- >				Distributable		
	Share Capital	Share Premium	Merger Deficit	Capital Reserve	Foreign Currency Translation Reserve	Retained Earnings	Total Equity
2016	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2016	155,000	5,094	(109,545)	1	(14)	184,070	234,606
Total comprehensive income	-	-	-	-	(51)	620	569
At 31 March 2016	155,000	5,094	(109,545)	1	(65)	184,690	235,175
2015							
At 1 January 2015	155,000	5,094	(109,545)	1	3	171,791	222,344
Total comprehensive income	-	-	-	-	#	6,637	6,637
At 31 March 2015	155,000	5,094	(109,545)	1	3	178,428	228,981

Notes:

Less than RM500

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 2015 and the accompanying explanatory notes attached to this interim financial statement.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2016

	Current Year-To-Date 31.3.2016 RM'000	Preceding Year-To-Date 31.3.2015 RM'000
Cash Flows from Operating Activities		
Profit before tax	1,341	9,190
Adjustments for:-		
Impairment loss on trade receivables	838	120
Reversal of impairment loss on trade receivables	(21)	(28)
Depreciation of property, plant and equipment	2,063	1,708
Interest expense	1,984	1,874
Property, plant and equipment written off	10	16
Gain on disposal of property, plant and equipment	(57)	(10)
(Gain)/loss on foreign exchange - unrealised	(57)	19
Net fair value loss on derivatives	597	-
Interest income	(29)	(124)
Operating profit before working capital changes	<u>6,669</u>	<u>12,765</u>
Decrease/(Increase) in inventories	24,746	(6,064)
Increase in trade and other receivables	(7,170)	(24,212)
Increase/(Decrease) in trade and other payables	<u>4,678</u>	<u>(7,780)</u>
Cash generated from/(used in) operations	28,923	(25,291)
Interest received	29	124
Interest paid	(1,984)	(1,874)
Income tax paid	<u>(1,844)</u>	<u>(1,855)</u>
Net cash from/(used in) operating activities	<u>25,124</u>	<u>(28,896)</u>
Cash Flows from Investing Activities		
Purchase of property, plant and equipment	(812)	(2,931)
Placement of fixed deposits	(14)	(12)
Proceeds from disposal of property, plant and equipment	57	10
Capital work-in-progress paid	<u>(4,063)</u>	<u>(1,373)</u>
Net cash used in investing activities	<u>(4,832)</u>	<u>(4,306)</u>

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FIRST QUARTER ENDED 31 MARCH 2016 (CONT'D)

	Current Year-To-Date 31.3.2016 RM'000	Preceding Year-To-Date 31.3.2015 RM'000
Cash Flows from Financing Activities		
Payments to finance lease payables	(793)	(592)
Repayments of term loans	(150)	(50)
Net (repayment)/drawdown of bankers' acceptances	(14,217)	26,723
Advances from ultimate holding company	13,078	-
Net cash (used in)/from financing activities	<u>(2,082)</u>	<u>26,081</u>
Net increase/(decrease) in cash and cash equivalents	18,210	(7,121)
Effect of exchange rate changes on cash and cash equivalents	(50)	10
Cash and cash equivalents at beginning of the financial period	<u>(20,024)</u>	<u>5,053</u>
Cash and cash equivalents at end of the financial period	<u><u>(1,864)</u></u>	<u><u>(2,058)</u></u>
Cash and cash equivalents at end of financial period comprises:		
Fixed deposits with licensed banks	431	13,106
Cash and bank balances	11,056	5,384
Bank overdrafts	<u>(12,920)</u>	<u>(20,131)</u>
	(1,433)	(1,641)
Less: Fixed deposit under lien	<u>(431)</u>	<u>(417)</u>
	<u><u>(1,864)</u></u>	<u><u>(2,058)</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 2015 and the accompanying explanatory notes attached to this interim financial statement.

A EXPLANATION NOTES PURSUANT TO MALAYSIAN 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 2015.

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 2015.

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 2015, except for the adoption of the following:

Amendments/Improvements to MFRSs

MFRS 5	Non-current Asset Held for Sale and Discontinued Operations
MFRS 7	Financial Instruments: Disclosures
MFRS 10	Consolidated Financial statements
MFRS 11	Joint Arrangements
MFRS 12	Disclosures of Interests in Other Entities
MFRS 101	Presentation of Financial Statements
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 127	Separate financial statements
MFRS 128	Investments in Associates and Joint Ventures
MFRS 138	Intangible Assets
MFRS 141	Agriculture

The adoption of the above amendments/improvement to MFRSs 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:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019

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

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

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 10	Consolidated Financial statements	Deferred
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 128	Investments in Associates and Joint Ventures	Deferred

The Group is in the process of assessing the impact which may arise from adoption of the above new MFRSs and amendments/improvement to MFRSs.

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 2015 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 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 and current financial year-to-date.

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

A7. Dividend Paid

No dividend was paid during the current quarter.

A8. Segment Information

Segment information of the Group for the financial year-to-date ended 31 March 2016 is as follows:

	Trading of Processing				
	Steel	of Steel			
	Products	Products	Others ⁽¹⁾	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000
External revenue	57,441	69,936	67	-	127,444
Direct operating costs	(55,263)	(58,287)	(63)	-	(113,613)
Gross Profit	<u>2,178</u>	<u>11,649</u>	<u>4</u>	<u>-</u>	<u>13,831</u>
Add/(Less):					
- Other income					347
- Operating expenses					(10,730)
- Finance costs					(2,107)
Profit before tax					<u>1,341</u>
Tax expense					(721)
Profit for the financial period					<u><u>620</u></u>

Segment information of the Group for the financial year-to-date ended 31 March 2015 is as follows:

	Trading of Processing				
	Steel	of Steel			
	Products	Products	Others ⁽¹⁾	Elimination	Consolidated
	RM’000	RM’000	RM’000	RM’000	RM’000
External revenue	50,057	90,157	119	-	140,333
Direct operating costs	(43,698)	(76,707)	(88)	-	(120,493)
Gross Profit	<u>6,359</u>	<u>13,450</u>	<u>31</u>	<u>-</u>	<u>19,840</u>
Add/(Less):					
- Other income					314
- Operating expenses					(8,907)
- Finance costs					(2,057)
Profit before tax					<u>9,190</u>
Tax expense					(2,553)
Profit for the financial period					<u><u>6,637</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 MALAYSIAN 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 and current financial year-to-date.

A12. Capital Commitments

	As at 31.3.2016 RM’000	Audited As at 31.12.2015 RM’000
Approved and contracted for:		
- Purchase of motor vehicles	1,600	1,664
- Purchase of plant and machinery	3,028	2,109
- Construction of factory and warehouse buildings	4,366	9,553
- Purchase of vacant leasehold industrial land	-	18,326
	<u>8,994</u>	<u>31,652</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 March 2016.

A14. Significant Related Party Transactions

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2016 RM’000	Preceding Year- Quarter 31.3.2015 RM’000	Current Year- To-Date 31.3.2016 RM’000	Preceding Year- To-Date 31.3.2015 RM’000
Sales to related parties	1,073	1,401	1,073	1,401
Purchases from related parties	161	93	161	93
Rental expense paid to related parties	390	390	390	390
Interest charged by related party ⁽¹⁾	78	-	78	-
	<u>1,702</u>	<u>1,884</u>	<u>1,702</u>	<u>1,884</u>

Note:

(1) In respect of interest arising from an unsecured loan from ultimate holding company which is subject to interest at the rate of 3.25% per annum compounded on monthly rest. Outstanding loan as at 31 March 2016 amounted to RM10.08 million (31.3.2015: Nil) is repayable after twelve months.

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 decreased by 9.2% or RM12.89 million from RM140.33 million for the preceding year corresponding quarter to RM127.44 million for the current quarter. This was mainly due to decrease in revenue for our trading of long carbon steel products and processing of steel products by approximately 25.9% or RM4.24 million and 22.4% or RM20.22 million respectively of which, however, partly offset by the increase in revenue for our trading of flat carbon steel products by approximately 45.6% or RM11.92 million.

The decrease in revenue for our trading of long carbon steel products and processing of steel products were mainly attributable to the lower tonnage sales for the current quarter by approximately 14.0% and 17.0% respectively as compared to the preceding year corresponding quarter, further reduced by the decrease in average selling price for the current quarter by approximately 13.9% and 6.5% respectively, as compared to the preceding year corresponding quarter. Whereas the increase in revenue for our trading of flat carbon steel products was mainly attributable to the higher tonnage sales for the current quarter by approximately 92.7%, partially offset by the decrease in average selling price for the current quarter by approximately 24.4% as compared to the preceding year corresponding 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 45.0% and 54.9% respectively for the current quarter whereas the trading segment and the processing segment contributed revenue of approximately 35.7% and 64.2% respectively for the preceding year corresponding quarter.

For the current quarter, gross profit decreased by RM6.01 million from RM19.84 million for the preceding year corresponding quarter to RM13.83 million for the current quarter, which was mainly due to the decrease in overall gross profit margin. The decrease in overall gross profit margin from 14.1% for the preceding year corresponding quarter to 10.9% for the current quarter was caused by the decrease in gross profit margin for trading of steel products by approximately 8.9 percentage points, as a result of lower average selling price by 24.0% while the average cost for input materials had only decreased by 16.4%.

Operating costs rose by approximately RM1.82 million from RM8.91 million for the preceding year corresponding quarter to RM10.73 million for the current quarter as the result of the following:

- increase in administrative costs by approximately RM0.66 million, mainly caused by the higher staff costs, depreciation, electricity and water expenses, insurance, road tax, petrol, parking and toll expenses for the current quarter as compared to the preceding year corresponding quarter; and
- increase in other operation costs by approximately RM1.19 million mainly caused by fair value loss on derivatives arising from the outstanding foreign exchange contracts denominated in United States Dollar, due to the favorable foreign exchange movement against Ringgit Malaysia towards the end of the current quarter, and higher allowance for impairment on trade receivables.

Based on the foregoing factors, our Group registered a decrease in profit before tax by approximately RM7.85 million to approximately RM1.34 million as compared to RM9.19 million for the preceding year corresponding quarter.

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

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

For the current quarter, our group recorded lower gross profit by approximately 6.3% or RM0.93 million, from RM14.76 million for the immediate preceding quarter to RM13.83 million for the current quarter mainly caused by the decrease in gross profit margin by approximately 0.7 percentage points from the immediate preceding quarter.

The decrease in our gross profit margin from 11.6% for the immediate preceding quarter to 10.9% for the current quarter was mainly caused by the decrease in gross profit margin for trading of steel products by approximately 2.7 percentage points, from approximately 6.5% for the immediate preceding quarter to 3.8% for the current quarter, mainly due to the average selling price had decreased by 9.1% for the current quarter, as compared to the average cost for input materials, which had only decreased by 7.2% for the current quarter.

Other operating income for the current quarter was RM0.35 million as compared to RM0.62 million for the immediate preceding quarter, lower by approximately RM0.27 million, mainly due to:

- lower gain on disposal of property, plant and equipment; and
- absence of rental income; but
- partly offset by the net effect of unrealised gain on foreign exchange for the current quarter and the reversal of unrealised gain on foreign exchange recognised in the immediate preceding quarter.

Our operating costs increased by approximately RM2.41 million, from RM8.32 million for the immediate preceding quarter to RM10.73 million for the current quarter, mainly due to:

- increase in distribution costs by approximately RM0.57 million, mainly caused by the increase in staff related costs;
- increase in administrative costs by approximately RM1.34 million mainly due to the increase in directors' remuneration and staff costs. This was, however, partially offset by:
 - o no auditors' remuneration being charged to the current quarter as compared to immediate preceding quarter.
 - o decrease in insurance and road tax expenses;
 - o decrease in stamp duty paid; and
 - o decrease in professional fees incurred.
- increase in other operation costs by approximately RM0.51 million, as the result of:
 - o higher allowance for impairment on trade receivable;
 - o fair value loss on derivatives arising from the outstanding foreign exchange contracts denominated in United States Dollar, due to the favorable foreign exchange movement against Ringgit Malaysia towards the end of the current quarter;
 - o partly offset by the absence of realised loss on foreign exchange which had been charged to the immediate preceding quarter.

Based on the foregoing factors, our profit before tax decreased by 72.7% or approximately RM3.57 million, from RM4.91 million for the immediate preceding quarter to approximately RM1.34 million for the current quarter.

B3. Commentary on Prospects

Malaysia economy for 2016 is expected to advance albeit a lower growth from 2015. Prices of commodities including crude oil are expected to remain subdued and prime mover of our local economy will come from domestic private consumption. However, the current uncertainty in the direction of Malaysian Ringgit against USD has pose a concern on the anticipated level of economic activities. In the light of these factors, the Board is cautiously optimistic that the Group's performance and results for the remaining quarters of the current financial year will remain positive.

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

B4. Variance of Forecast Profit and Profit Guarantee

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

B5. Profit Before Tax

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2016 RM'000	Preceding Year Quarter 31.3.2015 RM'000	Current Year-To-Date 31.3.2016 RM'000	Preceding Year-To-Date 31.3.2015 RM'000
Impairment loss on trade receivables	838	120	838	120
Bad debt recovered	-	(3)	-	(3)
Reversal of impairment loss on trade receivables	(21)	(28)	(21)	(28)
Depreciation of property, plant and equipment	2,063	1,708	2,063	1,708
Gain on disposal of property, plant and equipment	(57)	(10)	(57)	(10)
Property, plant and equipment written off	10	16	10	16
Insurance claims	(67)	(50)	(67)	(50)
Interest expense	1,984	1,874	1,984	1,874
Interest income	(29)	(124)	(29)	(124)
Rental income	-	(79)	-	(79)
Rental of premises	462	456	462	456
Rental of equipment	16	16	16	16
(Gain)/Loss on foreign exchange - realised	(63)	115	(63)	115
- unrealised	(57)	19	(57)	19
Net fair value loss on derivatives	597	-	597	-

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.

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

B6. Tax Expense

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 31.3.2016 RM'000	Preceding Year- Quarter 31.3.2015 RM'000	Current Year- To-Date 31.3.2016 RM'000	Preceding Year- To-Date 31.3.2015 RM'000
Current tax				
- for the financial period	886	2,579	886	2,579
Deferred tax				
- origination and reversal of temporary differences	(165)	(22)	(165)	(22)
- over provision in prior financial year	-	(4)	-	(4)
Tax expense	721	2,553	721	2,553

The effective tax rate for the current quarter and current financial year-to-date is higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes and the absence of group relief for losses incurred by certain companies within the Group.

B7. Status of Corporate Proposals

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

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

B8. Group Borrowings

Total Group borrowings as at 31 March 2016 were as follows:-

	As at 31.3.2016 RM'000	Audited As at 31.12.2015 RM'000
<u>Current</u>		
Secured:		
Bankers' acceptances	65,496	77,069
Finance lease payables	3,131	3,161
Term loans	1,800	-
Bank overdrafts	12,156	17,625
	<u>82,583</u>	<u>97,855</u>
Unsecured:		
Bankers' acceptances	55,140	57,784
Bank overdrafts	764	6,206
	<u>55,904</u>	<u>63,990</u>
	<u>138,487</u>	<u>161,845</u>
<u>Non-current</u>		
Secured:		
Finance lease payables	4,582	5,344
Term loans	16,050	-
	<u>20,632</u>	<u>5,344</u>
	<u>159,119</u>	<u>167,189</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 was no dividend proposed or declared for the current quarter and current financial year-to-date.

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 31.3.2016 RM'000	Preceding Year-Quarter 31.3.2015 RM'000	Current Year-To-Date 31.3.2016 RM'000	Preceding Year-To-Date 31.3.2015 RM'000
Profit attributable to owners of the Company	620	6,637	620	6,637
Weighted average number of ordinary shares of RM0.50 each in issue ('000)	310,000	310,000	310,000	310,000
Basic Earnings Per Share (sen)	0.20	2.14	0.20	2.14

(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 31.3.2016 RM'000	As at 31.12.2015 RM'000
Total retained earnings of the Group		
(a) Realised	190,886	191,319
(b) Unrealised	(4,235)	(4,406)
	186,651	186,913
Less: consolidated adjustments	(1,961)	(2,843)
Total retained earnings	184,690	184,070

By order of the Board
Kuala Lumpur
25 May 2016