CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter	Preceding year corresponding quarter	Current year todate	Preceding year todate
		31.03.2015 (Unaudited)	31.03.2014 (Unaudited)	31.03.2015 (Unaudited)	31.03.2014 (Unaudited)
		RM'000	RM'000	RM'000	RM'000
Revenue		144,891	116,008	144,891	116,008
Cost of sales:					
Factory and production cost		(131,072)	(105,414)	(131,072)	(105,414)
Factory depreciation		(1,405)	(1,377)	(1,405)	(1,377)
Gross profit		12,414	9,217	12,414	9,217
Other (losses) / gains	B12	(286)	1,049	(286)	1,049
Depreciation and amortisation		(319)	(271)	(319)	(271)
Administrative expenses		(2,511)	(2,704)	(2,511)	(2,704)
Selling and distribution expenses		(3,601)	(3,083)	(3,601)	(3,083)
Finance costs		(348)	(158)	(348)	(158)
Profit before taxation		5,349	4,050	5,349	4,050
Tax expense	B6	(1,440)	(1,099)	(1,440)	(1,099)
Profit for the period		3,909	2,951	3,909	2,951
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		3,909	2,951	3,909	2,951
Profit attributable to:					
Owners of the parent		3,909	2,951	3,909	2,951
Total comprehensive income attributable to:					
Owners of the parent		3,909	2,951	3,909	2,951
Earnings per share attributable to equity holders of the Company (sen):					
a) Basic	B11(a)	3.59	2.71	3.59	2.71
b) Diluted	B11(b)	N/A	N/A	N/A	N/A

(The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements).

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Note	31.03.2015 (Unaudited) RM'000	31.12.2014 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		139,892	139,400
Investment properties		1,870	1,870
Prepaid lease payments for land		2,925	2,959
		144,687	144,229
Current Assets			
Inventories		191,347	184,635
Derivative assets		9	-
Trade and other receivables		157,766	161,452
Current tax assets		316	317
Cash and cash equivalents		10,292	10,425
		359,730	356,829
TOTAL ASSETS		504,417	501,058
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		109,903	109,903
Treasury shares		(1,457)	(1,455)
Reserves		327,544	323,635
TOTAL EQUITY		435,990	432,083
LIABILITIES			
Non-current Liabilities			
Deferred tax liabilities		10,495	10,409
Current Liabilities			
Trade and other payables		20,642	11,516
Derivative liabilities		555	386
Borrowings	B8	36,443	46,664
Current tax liabilities		292	-
		57,932	58,566
TOTAL LIABILITIES		68,427	68,975
TOTAL EQUITY AND LIABILITIES		504,417	501,058
Net Tangible Assets Per Share (RM)		4.00	3.97
Net Assets Per Share (RM)		4.00	3.97

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements).

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015 (UNAUDITED)

	31.03.2015 (Unaudited)	31.03.2014 (Unaudited)
	RM'000	RM'000
Cash Flows From Operating Activities		
Cash received from customers	159,010	125,921
Cash payments for inventory/to suppliers	(136,064)	(104,213)
Cash paid for operating expenses and to employees	(9,638)	(8,422)
Cash flows from operations	13,308	13,286
Interest received	52	60
Tax refunded	-	1,219
Tax paid	(1,061)	(1,311)
Net cash flows from operating activities	12,299	13,254
Cash Flows From Investing Activities		
Proceeds from disposal of property, plant and equipment	1,198	100
Interest received	34	31
Purchase of property, plant and equipment	(3,186)	(5,586)
Net cash flows used in investing activities	(1,954)	(5,455)
Cash Flows From Financing Activities		
Repayments of short-term borrowings	(66,595)	(56,287)
Drawdowns of short-term borrowings	56,584	48,564
Interest paid	(348)	(158)
Repurchase of own shares	(2)	(2)
Net cash flows used in financing activities	(10,361)	(7,883)
Net decrease in cash and cash equivalents	(16)	(84)
Effect of exchange rate changes on cash and cash equivalents	(118)	(121)
Cash and cash equivalents at beginning of period	10,247	8,903
Cash and cash equivalents at end of period	10,113	8,698
Cash and cash equivalents comprise:		
Cash and bank balances	10,113	8,698
Fixed deposits pledged to the bank	179	173
Cash and cash equivalents at end of period	10,292	8,871

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2015 (UNAUDITED) (CONT'D)

	31.03.2015 (Unaudited)	31.03.2014 (Unaudited)
	RM'000	RM'000
Note : Reconciliation of operating profit to cash flows from operations :		
Profit before taxation	5,349	4,050
Adjustments for non-cash flow items :-		
Impairment losses on trade receivables no longer required	(1)	(665)
Amortisation of prepaid lease payments for land	34	34
Depreciation of property, plant and equipment	1,690	1,614
Interest expenses	348	158
Fair value adjustments on derivative financial instruments	161	(220)
Interest income on overdue accounts	(52)	(60)
Interest income	(34)	(31)
Inventories written down / (written back)	399	(61)
(Gain) / Loss on disposal of property, plant and equipment	(195)	114
Property, plant and equipment written off	1	86
Unrealised (gain) / loss on foreign exchange transactions	(6)	148
Operating profit before changes in working capital	7,694	5,167
Changes in working capital		
Inventories	(7,111)	11,133
Trade and other receivables	3,586	(2,752)
Trade and other payables	9,139	(262)
Cash flows from operations	13,308	13,286
Interest received	52	60
Tax refunded	-	1,219
Tax paid	(1,061)	(1,311)
Net cash flows from operating activities	12,299	13,254

(The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim financial statements).

CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 31 MARCH 2015

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	< ---------------	Attributable to Owners of the Company		--------------- >		
	< --------------- Non-distributable			---------------- >	Distributable	
	Share Capital	Treasury Shares	Share Premium	General Reserve	Retained Earnings	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1 January 2015	109,903	(1,455)	17,765	1,186	304,684	432,083
Profit for the financial year	-	-	-	-	3,909	3,909
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	3,909	3,909
Transactions with owners						
Dividends	-	-	-	-	-	-
Purchase of treasury shares	-	(2)	-	-	-	(2)
Total transactions with owners	-	(2)	-	-	-	(2)
Balance as at 31 March 2015	109,903	(1,457)	17,765	1,186	308,593	435,990
Balance as at 1 January 2014	109,903	(1,452)	17,765	1,186	299,095	426,497
Profit for the financial year	-	-	-	-	2,951	2,951
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	2,951	2,951
Transactions with owners						
Dividends	-	-	-	-	-	-
Purchase of treasury shares	-	(2)	-	-	-	(2)
Total transactions with owners	-	(2)	-	-	-	(2)
Balance as at 31 March 2014	109,903	(1,454)	17,765	1,186	302,046	429,446

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2014 and the accompanying explanatory notes attached to the interim statements).

EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134: INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim financial statements, other than for financial instruments and investment properties, have been prepared under the historical cost convention. Certain financial instruments have been carried at fair value in accordance to MFRS 139 Financial Instruments: Recognition and Measurement, while investment properties are stated at fair value as per MFRS 140 : Investment Property.

The interim financial statements also has been prepared in accordance with MFRS 134 : Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Bursa Malaysia).

This interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2014 of the Group and the accompanying notes attached to the interim financial report. The accounting policies adopted in the preparation of the interim financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2014, except for the adoption of the Amendments and Annual improvements to Standards effective as of 1 January 2015.

(i) MFRS, IC Interpretation and Amendments to MFRSs adopted by the Group during the current quarter:

The following MFRS, IC Interpretation and Amendments to MFRSs have been adopted by the Group during the current financial period:

MFRSs, Amendments to MFRSs and IC Interpretations	**Effective for annual periods beginning on or after**
Amendments to MFRS 119 : Defined Benefit Plans: Employee Contributions	1 January 2015
Annual Improvements to MFRSs 2010 – 2012 Cycle	1 January 2015
Annual Improvements to MFRSs 2011 – 2013 Cycle	1 January 2015

The adoption of the above pronouncements did not have any financial impact to the Group.

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective

At the date of authorisation of these interim financial statements, the following MFRSs, Amendments to MFRSs and IC Interpretation were issued but not yet effective and have not been adopted by the Group:

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2012 – 2014 Cycle		1 January 2016
MFRS 14	: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 10 and MFRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128	: Investment Entities : Applying the Consolidation Exception	1 January 2016
Amendments to MFRS 11	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 101	: Disclosure Initiative	1 January 2016
Amendments to MFRS 116 and MFRS 138	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141	: Agriculture : Bearer Plants	1 January 2016
Amendments to MFRS 127	: Equity Method in Separate Financial Statements	1 January 2016
MFRS 15	: Revenue from Contracts with Customers	1 January 2017
MFRS 9	: Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018

Annual Improvements to MFRSs 2012 – 2014 Cycle consist of the following amendments:

(a) MFRS 5 Non-current Assets Held for Sale and Discontinued Operations

- if an entity determines that an asset (or disposal group) no longer meets the criteria to be classified as held-for-distribution, then it ceases held-for-distribution accounting in the same way as it would cease held-for-sale accounting.

Any change in method of disposal or distribution does not, in itself, extend the period in which a sale has to be completed.

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (Cont'd)

(b) MFRS 7 Financial Instruments : Disclosures

The amendment clarifies when servicing arrangements are in the scope of its disclosure requirements on continuing involvement in transferred financial assets in cases when they are derecognised in their entirety. A servicer is deemed to have continuing involvement if it has an interest in the future performance of the transferred asset – e.g. if the servicing fee is dependent on the amount or timing of the cash flows collected from the transferred financial asset; however, the collection and remittance of cash flows from the transferred financial asset to the transferee is not, in itself, sufficient to be considered 'continuing involvement.'

It is also amended to clarify that the additional disclosures required by Disclosures: Offsetting Financial Assets and Financial Liabilities (Amendments to MFRS 7) are not specifically required for inclusion in condensed interim financial statements for all interim periods; however, they are required if the general requirements of MFRS 134 Interim Financial Reporting require their inclusion.

(c) MFRS 119 Employee Benefits

The amendment clarifies that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid. Consequently, the depth of the market for high-quality corporate bonds should be assessed at the currency level and not at the country level.

(d) MFRS 134 Interim Financial Reporting

The amendment clarifies that certain disclosures, if they are not included in the notes to interim financial statements, may be disclosed "elsewhere in the interim financial report" – i.e. incorporated by cross-reference from the interim financial statements to another part of the interim financial report (e.g. management commentary or risk report). The interim financial report is incomplete if the interim financial statements and any disclosure incorporated by cross-reference are not made available to users of the interim financial statements on the same terms and at the same time.

The adoption of the Annual Improvements to MFRSs 2012 - 2014 Cycle is not expected to have any financial impact to the Group.

Amendments to MFRS 10, MFRS 12 and MFRS 128

The amendments addresses issues that have arisen in the application of the consolidation exception for investment entities and provide relief in certain circumstances. The amendments clarify the exemption from preparing consolidated financial statements for an intermediate parent entity, a subsidiary providing services that support parent's investment activities, application of the equity method by a non-investment entity that has an interest in an associate or joint venture that is an investment entity, and the disclosures required. The adoption of these amendments is not expected to have any impact on the financial statements of the Group.

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (Cont'd)

Amendments to MFRS 101

The amendments aim to improve the presentation and disclosure in the financial statements and are designed to encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. Since the amendments only affect disclosures, the adoption of these amendments are not expected to have any financial impact on the Group.

Amendments to MFRS 116 and MFRS 138 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that the use of revenue-based methods are prohibited to calculate charges for the depreciation or amortisation of items of property, plant and equipment or intangible assets. The adoption of these amendments will not have any impact on the Group as the Group does not use revenue-based methods to calculate depreciation and amortisation of its property, plant and equipment or intangible assets.

Amendments to MFRS 127 Equity Method in Separate Financial Statements

The amendments eliminate a GAAP difference for countries where regulations require entities to use the equity method to account for investments in subsidiaries, associates and joint ventures in an entity's separate financial statements. The adoption of this amendments is not expected to have any impact on the Group.

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes principles that an entity shall apply to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with customers. The core principle of MFRS 15 is that an entity recognises revenue in a manner which reflects the consideration an entity expects to be entitled in exchange for goods or services. The adoption of MFRS 15 is not expected to have any material impact on the financial statements of the Group.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments, replacing MFRS 139, where a retrospective application is required, but comparative information is not compulsory. This standard made changes to the requirements for classification and measurement of financial assets and financial liabilities, impairment, and hedge accounting. It also requires impairment assessments to be based on an expected loss model, replacing the MFRS 139 incurred loss model. Finally, it aligns hedge accounting more closely with risk management, establish a more principle-based approach base to hedge accounting and address inconsistencies and weaknesses in the previous model.

The adoption of this standard is expected to have an effect on the classification and measurement of the Group's financial assets. The Group is currently assessing the financial impact of the adoption of this standard in relation to the new requirements for classification, measurements and impairment. The requirements for hedge accounting is not relevant to the Group and is not expected to have any impact.

A1 Basis of preparation (Cont'd)

(ii) MFRSs, Amendments to MFRSs and IC Interpretation issued but not yet effective (Cont'd)

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
MFRS 11 Accounting for Acquisitions of Interests in Joint Operations
MFRS 14 Regulatory Deferral Accounts
Amendments to MFRS 116 and MFRS 141 Agriculture : Bearer Plants

The adoption of amendments to MFRSs 10, 11 and 128 will not have any financial impact to the Group as the Group does not have any interest in joint operations. The adoption of MFRS 14 and amendments to MFRS 116 and MFRS 141 will also not have any impact to the Group as they are not relevant to the business of the Group.

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2014 was not qualified.

A3 Seasonality or cyclicality of operations

The level of business activities usually varies with the festivals at the end and beginning of each year subject to the level of underlying demand and prevailing prices.

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the first (1^{st}) quarter ended 31 March 2015.

A5 Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in the previous financial year which have a material effect in the current quarter ended 31 March 2015.

A6 Capital management, issuances, repurchases, and repayments of debts and equity instruments

For the current quarter, the Company had repurchased a total of 1,000 ordinary shares of RM1.00 each of its issued share capital from the open market at an average cost of RM1.6025 per share.

As at 31 March 2015, a total of 958,925 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 67A of the Companies Act, 1965.

There were no issues of debt or equity securities for the current financial period to date.

The Group's objectives of managing capital are to safeguard the Group's ability to continue in operations as a going concern in order to provide fair returns for shareholders and benefits for other stakeholders and to maintain the optimal capital structure, the Group may, from time to time, adjust the dividend payout to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of gearing ratio, which is net debt divided by total capital plus net debts.

A6 Capital management, issuances, repurchases, and repayments of debts and equity instruments (Cont'd)

The Group includes within net debt, loan and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Group less the fair value adjustment reserve. The Group's strategy is to maintain a low gearing ratio.

The gearing ratios as at 31 March 2015 and 31 March 2014, which are within the Group's objectives for capital management, are as follows:

	31.03.15	31.03.14
	RM'000	RM'000
Borrowings	36,443	24,975
Trade and other payables	20,642	12,948
Less : Cash and bank balances	(10,292)	(8,871)
Net debts	46,793	29,052
Equity attributable to the owners of the parent	435,990	429,446
Capital and net debts	482,783	458,498
Gearing ratio (%)	10%	6%

A7 Dividends paid

There were no dividends paid in the current financial quarter.

A8 Operating segment information

Segment information is presented in respect of the Group's operating segments.

The Group comprises the following main operating segments:

(i)	Manufacturing	Processing of steel coils into steel products and fabrication of steel products
(ii)	Trading	Dealing in hardware and construction materials

A8 Operating segment information (Cont'd)

Segment information for the quarter ended 31 March 2015 is as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	96,247	58,622	154,869
Inter-segment revenue	(3,273)	(6,705)	(9,978)
Revenue from external customers	92,974	51,917	144,891
Profit for the quarter			
Total profit or loss	5,227	576	5,803
Unallocated expenses			(106)
Finance costs			(348)
Profit before tax			5,349
Tax expense			(1,440)
Profit after tax for the quarter			3,909

Segment information for the quarter ended 31 March 2014 is as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	80,282	48,066	128,348
Inter-segment revenue	(4,120)	(8,220)	(12,340)
Revenue from external customers	76,162	39,846	116,008
Profit for the quarter			
Total profit or loss	3,091	1,203	4,294
Unallocated expenses			(86)
Finance costs			(158)
Profit before tax			4,050
Tax expense			(1,099)
Profit after tax for the quarter			2,951

A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 March 2015 is as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Assets			
Total assets	202,838	289,092	491,930
Investment properties			1,870
Derivative assets			9
Current tax assets			316
Cash and cash equivalents			10,292
			504,417
Liabilities			
Total liabilities	39,924	17,161	57,085
Derivative liabilities			555
Current tax liabilities			292
Deferred tax liabilities			10,495
			68,427

Segment assets and liabilities as at 31 March 2014 is as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Assets			
Total assets	180,168	283,747	463,915
Investment properties			3,929
Current tax assets			704
Cash and cash equivalents			8,871
			477,419
Liabilities			
Total liabilities	17,451	20,472	37,923
Derivative liabilities			52
Deferred tax liabilities			9,998
			47,973

A9 Material events subsequent to the end of the interim period

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim financial statements.

A10 Effects of changes in composition of the group

There were no changes in the composition of the Group as at the date of this report.

A11 Contingent assets and contingent liabilities

There were no contingent liabilities or contingent assets at the date of issue of the quarterly report.

A12 Capital commitments

Authorised capital commitments not recognized in the interim financial statements as at 31 March 2015 are as follows:

	RM'000
Capital expenditure :	
Approved and contracted for	16,396
Approved but not contracted for	1,235
	17,631

A13 Related party transactions

Related party transactions for the quarter and year to date under review in which certain directors have direct/indirect interest are as follows:

	Group	
	Current year quarter	Current year todate
	RM'000	RM'000
Rental expense	(214)	(214)
	(214)	(214)

These transactions have been entered into in the normal course of business and at arms length basis and on terms no more favourable to the related party than those generally available to the public.

A14 Write back of inventories to net realizable values

Total net inventories written down to either net realizable value or replacement cost for the financial period ended 31 March 2015 was RM399,340.

A15 Financial instruments

(a) Financial instruments

	As at 31 March 2015		
	Loans and receivables	Fair value through profit or loss	Total
Group	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables, net of prepayment	156,982	-	156,982
Cash and cash equivalents	10,292	-	10,292
	167,274	-	167,274

	Other financial liabilities	Fair value through profit or loss	Total
	RM'000	RM'000	RM'000
Financial liabilities			
Trade and other payables	20,642	-	20,642
Derivative liabilities	-	555	555
Borrowings	36,443	-	36,443
	57,085	555	57,640

Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

ii. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

A15 Financial instruments (contd.)

(a) Financial instruments (contd.)

iii. Financial guarantee

The Group and the Company provide corporate guarantees to financial institutions for banking facilities and corporate guarantee given to a third party in respect of sales of good to a subsidiary and letter of credit. The fair value of such financial corporate guarantees is negligible as the probability of the Group defaulting on the financial facilities and repayment to the supplier is not probable.

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set-out the financial instruments carried at fair value is disclosed, together with their fair values and carrying amounts showed in the statement of financial position.

	Level 1	Level 2	Level 3	Total	Carrying amount
Assets measured at fair value	RM'000	RM'000	RM'000	RM'000	RM'000
Financial assets at fair value through profit or loss					
- Forward currency contracts	-	-	9	9	9
Liabilities measured at fair value					
Financial liabilities at fair value through profit or loss					
- Forward currency contracts	-	-	555	555	555

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial period ended 31 March 2015.

EXPLANATORY NOTES : (AS PER MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA – PART A OF APPENDIX 9B)

B1 Review of the performance of the company and its principal subsidiaries

a) Current quarter vs. Previous year corresponding quarter

The Group recorded revenue of RM144.9 million for the quarter ended 31.03.2015 ("1Q 2015"), which grew by RM28.9 million (24.9%) compared to revenue of RM116.0 million for the quarter ended 31.03.2014 ("1Q 2014"). The stronger performance for 1Q 2015 was contributed by both the manufacturing and trading operations accordingly.

In tandem with the growth in revenue, the Group's profit before taxation for 1Q 2015 increased by RM1.2 million to RM5.3 million as compared to 1Q 2014 of RM4.1 million. The increase in profit before taxation was partially offset by higher sales and marketing expenses and foreign exchange losses due to the weaker ringgit.

The performance of the respective operating business segments of the Group for 1Q 2015 as compared to 1Q 2014 is analysed as follows:

Manufacturing

The manufacturing operations contributed revenue of RM51.9 million in 1Q 2015, an increase of RM12.1 million (30.4%) compared to RM39.8 million in 1Q 2014. The increase was mainly attributed to dealers stocking up prior to the implementation of Goods and Service Tax ("GST") in April 2015, boosting sales volume.

Trading

The trading operations contributed revenue of RM93.0 million in 1Q 2015, a growth of RM16.8 million (22%) compared to RM76.2 million recorded in 1Q 2014. The stronger performance was supported by stronger sales volume from the construction industry coupled with improved average selling prices.

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B2 Comparison with preceding quarter's results

The Group's revenue for 1Q 2015 of RM144.9 million grew by RM11.9 million as compared to RM133.0 million achieved in 4Q 2014, contributed mainly by the trading operations on the back of stronger average selling prices. Similarly, profit before taxation for 1Q 2015 rose to RM5.3 million as compared to RM3.2 million recorded in 4Q 2014.

B3 Current year prospects and progress on previously announced revenue or profit forecast

a) Prospects for 2015

The global steel industry outlook is expected to remain subdued, especially for the first (1^{st}) half of 2015. The perennial concerns plaguing demand and prices includes overcapacity, falling commodity prices, China's waning economy and peaking of housing development growth, which has dealt a massive blow to the global steel industry. Apart from this, the European economy appears to be on a long road to recovery and adds further uncertainty.

On the local front, the steel industry's near to medium outlook remains challenging, premised on the absence of anti-dumping trade action by the government. This is the case where despite a decline in raw material prices which could boost margins, the local steel consumption is growing in tandem with the increase in imports from China where prices are more attractive than local steel products. This would impact local steel players in terms of production volume on falling demand and cause further depression in selling prices.

Though the construction industry is expected to remain robust, backed by the slew of mega projects such as the Klang-Valley MRT Line 2 project and various property projects, the local market may not help the steel industry to recover if the oversupply situation in China persists with the lack of trade action implementation by the government.

b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Group.

B4 Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Group.

B5 Variance of actual profit from forecast profit or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

B6 Taxation

Tax charges comprise:

	Current year quarter RM'000	Current year todate RM'000
Income tax		
- current quarter / year	1,350	1,350
- over provision in prior quarter / year	4	4
Deferred tax		
- current quarter / year	86	86
- underprovision in prior quarter / year	-	-
Tax expense	1,440	1,440

B6 Taxation (Cont'd)

Income tax is calculated at the Malaysian statutory tax rate of 25% of the estimated assessable profit for the period. The effective tax rate for the quarter was slightly higher than the statutory tax rate mainly due to the effect of expenses non-deductible for tax purposes.

The Malaysian statutory tax rate will be reduced to 24% from the current year's rate of 25%, effective from year of assessment 2016.

B7 (a) Status of corporate proposals announced but not completed

There were no corporate proposals at the date of issue of the quarterly report.

(b) Status of utilization of proceeds raised from any corporate proposal

Not applicable.

B8 Group borrowings and debt securities

Details of Group's borrowings as at 31 March 2015 are as follows:-

Short-term borrowings

	RM'000	
Bankers' acceptances	28,972	Unsecured
Trust receipts	7,471	Unsecured
	36,443	

Borrowings are denominated in the following currencies:	RM'000	
- Ringgit Malaysia	36,443	Unsecured

The Group has no debt securities as at 31 March 2015.

B9 Changes in material litigation (including status of any pending material litigation)

There was no material litigation against the Group as at the date of this report.

B10 Dividends proposed

The Board of Director has proposed a final single tier dividend of 6% (2013: 6%) amounting to RM6.5 million in respect of the financial year ended 31 December 2014. The proposed final dividend will be presented for shareholders' approval at the forthcoming Annual General Meeting. Subject to shareholders' approval, the proposed final dividend will be paid on 18 August 2015 to shareholders registered at the close of business on 23 July 2015.

B11 Earnings per share (EPS)

(a) Basic earnings per share

		3 months ended	
		31.03.2015	31.03.2014
Profit attributable to the owners of the Company	(RM'000)	3,909	2,951
Weighted average number of ordinary shares in issue	('000)	108,944	108,946
Basic earnings per share	(sen)	3.59	2.71

(b) Diluted earnings per share

Not applicable.

B12 Other (Losses) / Gains

	3 months ended	
	31.03.15	31.03.14
Interest on :		
Customer overdue account	52	60
Short term deposits	34	31
Impairment losses on trade receivables no longer required	1	665
Fair value adjustments on derivative financial instruments	(161)	220
Gain/(loss) on disposal of property, plant and equipment	195	(114)
Trade compensation	1	57
Rental income	10	22
Realised (loss) / gain on foreign exchange transactions	(430)	251
Unrealised gain / (loss) on foreign exchange transactions	6	(148)
Others	6	5
	(286)	1,049

B13 Realised and unrealised profit or losses disclosure

The breakdown of the retained profits of the Group as at the end of the reporting date, into realised and unrealised profit or losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 are as follows:-

	As at 31.03.15 RM'000	As at 31.03.14 RM'000
- Realised	316,724	306,289
- Unrealised	10,569	13,805
	327,293	320,094
Less : Consolidation adjustments	(18,700)	(18,048)
Total group retained earnings	308,593	302,046

B14 Authorisation for issue

The interim financial statements were authorised on 15 May 2015 for issue by the Board of Directors.