CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2017

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
		31.12.2017 (Unaudited)	31.12.2016 (Unaudited)	31.12.2017 (Unaudited)	31.12.2016 (Audited)
		RM'000	RM'000	RM'000	RM'000
Revenue		127,035	94,072	456,994	369,625
Cost of sales:					
Factory and production cost		(102,171)	(79,639)	(373,387)	(312,233)
Factory depreciation		(1,343)	(1,345)	(5,352)	(5,378)
Gross profit		23,521	13,088	78,255	52,014
Other (losses) / income	B12	(14)	3,489	1,204	4,979
Depreciation and amortisation		(412)	(422)	(1,638)	(1,622)
Administrative expenses		(2,934)	(2,728)	(11,254)	(9,640)
Selling and distribution expenses		(3,542)	(3,031)	(12,616)	(12,446)
Finance costs		(20)	(2)	(29)	(8)
Profit before taxation		16,599	10,394	53,922	33,277
Taxation	B6	(2,992)	(2,912)	(12,239)	(8,564)
Profit after taxation		13,607	7,482	41,683	24,713
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		13,607	7,482	41,683	24,713
Profit attributable to:					
Owners of the parent		13,607	7,482	41,683	24,713
Total comprehensive income attributable to:					
Owners of the parent		13,607	7,482	41,683	24,713
Earnings per share attributable to equity holders of the Company (sen):					
a) Basic	B11(a)	12.49	6.87	38.26	22.68
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 2016 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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2017

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (UNAUDITED)

	Note	31.12.2017 (Unaudited)	31.12.2016 (Audited)
		RM'000	RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		140,641	146,445
Investment properties		2,176	1,779
Prepaid lease payments for land		2,551	2,687
		145,368	150,911
Current Assets			
Inventories		160,729	132,503
Trade and other receivables		150,674	102,365
Derivative assets		316	22
Other investments		2,009	-
Current tax assets		-	42
Cash and bank balances		54,346	92,980
		368,074	327,912
TOTAL ASSETS		513,442	478,823
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		127,668	109,903
Treasury shares		(1,462)	(1,462)
Reserves		357,497	343,384
TOTAL EQUITY		483,703	451,825
LIABILITIES			
Non-current Liabilities			
Deferred tax liabilities		11,175	12,614
Current Liabilities			
Trade and other payables		15,385	11,954
Derivative liabilities		-	81
Current tax liabilities		3,179	2,349
		18,564	14,384
TOTAL LIABILITIES		29,739	26,998
TOTAL EQUITY AND LIABILITIES		513,442	478,823
Net Tangible Assets Per Share (RM)		4.44	4.15
Net Assets Per Share (RM)		4.44	4.15

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial statements).

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (UNAUDITED)

	31.12.2017 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	53,922	33,277
Adjustments for non-cash flow items :-		
Amortisation of prepaid lease payments for land	136	136
Bad debts written off	34	369
Bad debts recovered	(7)	(5)
Depreciation of property, plant and equipment	6,854	6,864
Fair value adjustments on investment properties	(397)	-
Fair value adjustments on other investments	-	37
Fair value adjustments on derivative financial instruments	(375)	(2)
Gain on disposal of other investments	-	(411)
Loss on disposal of property, plant and equipment	1,100	471
Impairment losses on property, plant and equipment	-	161
Impairment losses on trade and other receivables	847	1,043
Impairment losses on trade and other receivables no longer required	(257)	(194)
Impairment losses on property, plant and equipment no longer required	(36)	-
Interest expenses	29	8
Interest income on overdue accounts	(68)	(483)
Interest income	(1,555)	(2,394)
Dividend received	(9)	-
Inventories written back	(707)	(3,417)
Property, plant and equipment written off	1	12
Unrealised loss / (gain) on foreign exchange transactions	479	(818)
Operating profit before changes in working capital	59,991	34,654
Changes in working capital		
Inventories	(27,519)	21,711
Trade and other receivables	(49,222)	17,211
Trade and other payables	3,426	2,298
Cash flows (used in) / from operations	(13,324)	75,874
Interest received	68	483
Tax refunded	90	-
Tax paid	(12,896)	(6,255)
Net cash flows (used in) / from operating activities	(26,062)	70,102
Cash Flows From Investing Activities		
Interest received	1,555	2,394
Purchase of property, plant and equipment	(2,730)	(18,605)
Purchase of other investments	(2,000)	(17,589)
Proceeds from disposal of property, plant and equipment	615	298
Proceeds from disposal of other investments	-	28,000
Increase in deposits pledged to licensed banks	(6)	(6)
Net cash flows used in investing activities	(2,566)	(5,508)

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2017 (UNAUDITED) (CONT'D)

	31.12.2017 (Unaudited)	31.12.2016 (Audited)
	RM'000	RM'000
Cash Flows From Financing Activities		
Dividends paid	(9,805)	(4,358)
Interest paid	(29)	(8)
Purchase of treasury shares	-	(3)
Repayments of short-term borrowings	(23,000)	(5,700)
Drawdowns of short-term borrowings	23,000	3,700
Net cash flows used in financing activities	(9,834)	(6,369)
Net (decrease) / increase in cash and cash equivalents	(38,462)	58,225
Effect of exchange rate changes on cash and cash equivalents	(178)	735
Cash and cash equivalents at beginning of financial year	92,789	33,829
Cash and cash equivalents at end of financial year	54,149	92,789
Cash and cash equivalents comprise:		
Cash and bank balances	31,705	22,698
Repo	-	930
Deposits with licensed banks	22,444	69,161
Deposits pledged to licensed banks	197	191
As per balance sheet	54,346	92,980
Less : Deposits pledged to licensed banks	(197)	(191)
Cash and cash equivalents at end of financial year	54,149	92,789

(The condensed consolidated statements of cash flow should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2017

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 2017	109,903	(1,462)	17,765	1,186	324,433	451,825
Adjustment for effects of Companies Act 2016 **(Note a)**	17,765	-	(17,765)	-	-	-
Profit for the year	-	-	-	-	41,683	41,683
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	41,683	41,683
Transactions with owners						
Purchase of treasury shares	-	-	-	-	-	-
Dividend	-	-	-	-	(9,805)	(9,805)
Total transactions with owners	-	-	-	-	(9,805)	(9,805)
Balance as at 30 December 2017	127,668	(1,462)	-	1,186	356,311	483,703
Balance as at 1 January 2016	109,903	(1,459)	17,765	1,186	304,078	431,473
Profit for the year	-	-	-	-	24,713	24,713
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	24,713	24,713
Transactions with owners						
Purchase of treasury shares	-	(3)	-	-	-	(3)
Dividend	-	-	-	-	(4,358)	(4,358)
Total transactions with owners	-	(3)	-	-	(4,358)	(4,361)
Balance as at 31 December 2016	109,903	(1,462)	17,765	1,186	324,433	451,825

Note a

With the Companies Act 2016 (“New Act”) coming into effect on 31 January 2017, the credit standing in the share premium of RM17,765,000, has been transferred to the share capital account. Pursuant to subsection 618(3) and 618(4) of the New Act, the Group may exercise its right to use the credit amounts being transferred from share premium account within 24 months after the commencement of the New Act. The Board of Directors will make a decision thereon by 31 January 2019.

(The condensed consolidated statements of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 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 2016 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 2016, except for the adoption of the Amendments and Annual improvements to Standards effective as of 1 January 2017.

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

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

MFRSs, Amendments to MFRSs and IC Interpretations		**Effective for annual periods beginning on or after**
Annual Improvements to MFRSs 2014 – 2016 Cycle	: Amendments to MFRS 12– Disclosure of Interests in other Entities	1 January 2017
Amendments to MFRS 107	: Statement of Cash Flows – Disclosure Initiative	1 January 2017
Amendments to MFRS 112	: Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017

The above pronouncements are either not relevant or do 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 2014 – 2016 Cycle	: Amendments to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards : Amendments to MRFS 128 – Investments in Associates and Joint Ventures	1 January 2018
MFRS 9	: Financial Instruments (IFRS 9 as issued by International Accounting Standards Board ("IASB") in July 2014)	1 January 2018
MFRS 15	: Revenue from Contracts with Customers : Clarification to MFRS 15	1 January 2018
Amendments to MFRS 2	: Classification and Measurement of Share-Based Payment Transactions	1 January 2018
Amendments to MFRS 4	: Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts	1 January 2018
Amendments to MFRS 140	: Transfers of Investment Property	1 January 2018
IC Interpretation 22	: Foreign Currency Transactions and Advance Consideration	1 January 2018
Annual Improvements to MFRSs 2015 – 2017 Cycle	: Amendments to MFRS 3 – Business Combinations : Amendments to MRFS 11 – Joint Arrangements : Amendments to MFRS 112 – Income Taxes : Amendments to MRFS 123 – Borrowing Costs	1 January 2019
Amendments to MFRS 9	: Prepayment Features with Negative Compensation	1 January 2019
MFRS 16	: Leases	1 January 2019
MFRS 128	: Investments in Associates and Joint Ventures (Long-Term Interests in Associates and Joint Ventures)	1 January 2019
IC Interpretation 23	: Uncertainty over Income Tax Treatments	1 January 2019
MFRS 17	: Insurance Contracts	1 January 2021
Amendments to MFRS 10 And MFRS 128	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A1 Basis of preparation (Cont'd)

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

Annual Improvements to MFRS Standards 2014 - 2016 Cycle

a. Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards

The amendments remove certain provisions from the Standard that have served their intended purposes and are no longer required.

b. Amendments to MFRS 128 Investments in Associates and Joint Ventures

The amendments clarify that when an investment in an associate or a joint venture is held by an entity which is a venture capital organisation, or a mutual fund, unit trust or similar entities, the entity may elect to measure that investment at fair value on an investment by investment basis in accordance with the standard.

The adoption of Annual Improvements to MFRS Standards 2014 - 2016 Cycle is not expected to have any financial 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, establishes a more principle-based approach base to hedge accounting and addresses 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. In accordance to the transitional requirements under MFRS 9 Financial Instruments, paragraph 7.2.15, comparatives are not restated and the financial impact on the adoption of this standard will be recognised in the retained earnings as at 1 January 2017.

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.

A1 Basis of preparation (Cont'd)

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

Amendments to MFRS 2 - Classification and Measurement of Share-Based Payment Transactions

The amendments provides guidance on how to account for the following situations:

- The effects of vesting and non-vesting conditions on the measurement of a cash-settled share-based payments;
- The classification of a share-based payment transaction with net settlement features for withholding tax obligations; and
- A modification to the terms and conditions of a share-based payment transaction that changes the classification of the transaction from cash-settled to equity-settled.

As the Group does not practice share-based payment transactions, the adoption of these amendments are not expected to have any financial impact on the Group.

Amendments to MFRS 4 - Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts

The amendments address the issues arising from the transitional challenges of applying the temporary exemption from MFRS 9 for an insurer in view that the upcoming new insurance contracts standard MFRS 17 is expected to be issued soon. The expiration date of the temporary exemption from MFRS 9 coincide with the tentative effective date of MFRS 17, as decided by IASB in November 2016. In addition, to reduce the impact of temporary volatility in reported results of entity dealing with insurance contracts, the amendments introduce two additional voluntary options, namely an overlay approach and a deferral approach. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group.

Amendments to MFRS 140 -Transfers of Investment Property

The amendments clarify the existing provisions in the Standard on transfer to, or from the investment property category. The adoption of these amendments is not expected to have any material financial impact on the financial statements of the Group.

IC Interpretation 22 - Foreign Currency Transactions and Advance Consideration

The IC Interpretation addresses the issue on which exchange rate is to be used in reporting foreign currency transactions that involve advance consideration paid or received. The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group.

Annual Improvement to MFRS Standards 2015 – 2017 Cycle

a. Amendments to MFRS 3 – Business Combinations

The amendments provides additional guidance for applying the acquisition method to particular types of business combinations.

b. Amendments to MFRS 11 – Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of a joint operation, it might obtain control of the joint operation in which the activity of the joint operation constitutes a business as defined in MFRS 3. In such cases, previously held interests in the joint operation are not remeasured.

A1 Basis of preparation (Cont'd)

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

c. Amendments to MFRS 112 – Income Taxes

The amendments remove certain provisions from the Standard that have served their intended purposes and are no longer required, while new provisions were added particularly for the recognition of income tax consequences of dividends when there is a liability for payment.

d. Amendments to MFRS 123 – Borrowing Costs

The amendments clarify that to the extent that an entity borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate shall be the weighted average of the borrowing costs applicable to all borrowings of the entity that are outstanding during the period. However, an entity shall exclude from this calculation borrowing costs applicable to borrowings made specially for the purpose of obtaining a qualifying asset until substantially all the activities necessary to prepare that asset for its intended use or sale are complete. The amount of borrowing costs that an entity capitalises during a period shall not exceed the amount of borrowing costs it incurred during that period.

Amendments to MFRS 9

The amendments addresses the measurement of some prepayable financial assets with negative compensation at amortised cost. The assets affected, that include some loans and debt securities, would otherwise have been measured at fair value through profit or loss (FVTPL). Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than unpaid amounts of principal and interest. However, to qualify for amortised cost measurement, the negative compensation must be "reasonable compensation for early termination of the contract". In addition, to qualify for amortised cost measurement, the asset must be held within a "held to collect" business model.

Amendments to MFRS 128

The amendments clarify that companies should apply IFRS 9 (including its impairment requirements) to account for long-term interests in an associate or a joint venture to which the equity method is not applied.

MFRS 16 Leases

MFRS 16 Leases was issued in April 2016 and will supersede all current lease recognition under MFRS. Under this standard, a lease is a contract (or contains a lease in a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for a consideration. MFRS 16 eliminates the classification of leases as either operating leases or financial leases for a lessee, and requires a lessee to treat all leases as a finance lease that recognises the right to use of the underlying lease asset and the future lease payments liabilities in the Group statement of financial position. For a lessor, MFRS 16 made changes to the disclosures of the existing requirements under MFRS 117 and continue to allow a lessor to classify all leases as either operating leases or finance leases.

A1 Basis of preparation (Cont'd)

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

IC Interpretation 23 – Uncertainty over Income Tax Treatments

The IC Interpretation provides clarification on the application of recognition and measurement requirements in MFRS 112 Income Taxes when there is uncertainty over income tax treatments. The IC interpretation clarifies that an entity shall:

i) assume that a taxation will examine amounts it has a right to examine and have full knowledge of all related information when making those examinations.
ii) reflect the effect of uncertainty in determining the related tax position (using either the most likely amount method or the expected value method) if it concludes it is not probable that the taxation authority will accept an uncertain tax treatment.

The adoption of the IC Interpretation is not expected to have any material financial impact on the financial statements of the Group.

MFRS 17 Insurance Contracts

MFRS 17 introduces consistent accounting for all insurance contracts based on a current measurement model. Under MFRS 17, the general model requires entities to recognise and measure a group of insurance contracts at:

i) a risk-adjusted present value of future cash flows that incorporates information that is consistent with observable information; plus
ii) an amount representing the unearned profit in the group of contracts.

The adoption of MFRS 17 will not have any material financial impact on the financial statements of the Group as the Group is not in the business of providing insurance services.

Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The adoption of amendments to MFRSs 10 and 128 will not have any financial impact to the Group as the Group does not have any interest in joint operations.

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2016 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 fourth (4^{th}) quarter and financial year ended 31 December 2017.

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 fourth (4^{th}) quarter and financial year ended 31 December 2017.

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

For the current quarter, the Company did not repurchase any ordinary shares from the open market.

As at 31 December 2017, a total of 961,925 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016.

There were no issues of debt or equity securities for the current year 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.

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 December 2017 and 31 December 2016, which are within the Group's objectives for capital management, are as follows:

	31.12.2017	31.12.2016
	RM'000	RM'000
Borrowings	-	-
Trade and other payables	15,385	11,954
Less : Cash and bank balances	(54,346)	(92,980)
Net equity	(38,961)	(81,026)
Equity attributable to the owners of the parent	483,703	451,825
Capital and net equity	444,742	370,799
Gearing ratio (%)	0%	0%

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

Segment information for the quarter ended 31 December 2017 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	81,606	57,911	139,517
Inter-segment revenue	(1,501)	(10,981)	(12,482)
Revenue from external customers	80,105	46,930	127,035
Profit for the quarter			
Total profit	7,926	8,780	16,706
Unallocated expenses			(87)
Finance costs			(20)
Profit before tax			16,599
Taxation			(2,992)
Profit after tax for the quarter			13,607

Segment information for the quarter ended 31 December 2016 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	59,152	44,855	104,007
Inter-segment revenue	(2,383)	(7,552)	(9,935)
Revenue from external customers	56,769	37,303	94,072
Profit for the quarter			
Total profit	5,129	5,549	10,678
Unallocated expenses			(282)
Finance costs			(2)
Profit before tax			10,394
Taxation			(2,912)
Profit after tax for the quarter			7,482

A8 Operating segment information (Cont'd)

Segment information for the financial year ended 31 December 2017 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	279,546	216,224	495,770
Inter-segment revenue	(6,890)	(31,886)	(38,776)
Revenue from external customers	272,656	184,338	456,994
Profit for the year			
Total profit	27,251	27,100	54,351
Unallocated expenses			(400)
Finance costs			(29)
Profit before tax			53,922
Taxation			(12,239)
Profit after tax for the year			41,683

Segment information for the financial year ended 31 December 2016 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Revenue			
Total revenue	242,313	166,250	408,563
Inter-segment revenue	(7,592)	(31,346)	(38,938)
Revenue from external customers	234,721	134,904	369,625
Profit for the year			
Total profit	18,807	15,299	34,106
Unallocated expenses			(821)
Finance costs			(8)
Profit before tax			33,277
Taxation			(8,564)
Profit after tax for the year			24,713

A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 December 2017 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Assets			
Total assets	187,025	267,570	454,595
Investment properties			2,176
Derivative assets			316
Other investments			2,009
Cash and bank balances			54,346
			513,442
Liabilities			
Total liabilities	10,943	7,621	18,564
Deferred tax liabilities			11,175
			29,739

Segment assets and liabilities as at 31 December 2016 are as follows:-

	Trading	Manufacturing	Total
	RM'000	RM'000	RM'000
Assets			
Total assets	146,123	237,919	384,042
Investment properties			1,779
Derivative assets			22
Cash and bank balances			92,980
			478,823
Liabilities			
Total liabilities	6,658	7,645	14,303
Derivative liabilities			81
Deferred tax liabilities			12,614
			26,998

A9 Material events subsequent to the end of the reporting 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 during the fourth (4^{th}) quarter and financial year ended 31 December 2017.

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 recognised in the interim financial statements as at 31 December 2017 are as follows:

	RM'000
Capital expenditure :	
Approved and contracted for	2,576
Approved but not contracted for	95,597
	98,173

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	(223)	(892)
	(223)	(892)

These transactions have been entered into in the normal course of business and at arm's 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 back to either net realizable value or replacement cost for the financial year ended 31 December 2017 was RM707,434.

A15 Financial instruments

(a) Financial instruments

	As at 31 December 2017		
Group	**Loans and receivables RM'000**	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial assets			
Trade and other receivables, net of prepayment	149,889	-	149,889
Derivative assets	-	316	316
Other investments	-	2,009	2,009
Cash and bank balances	54,346	-	54,346
	204,235	2,325	206,560

	Other financial liabilities RM'000	**Fair value through profit or loss RM'000**	**Total RM'000**
Financial liabilities			
Trade and other payables	15,385	-	15,385
	15,385	-	15,385

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. Quoted investments
The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market exit prices at the close of the business on the end of the reporting period.

iii. 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 (Cont'd)

(a) Financial instruments (Cont'd)

iv. 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
	RM'000	RM'000	RM'000	RM'000	RM'000
Assets measured at fair value					
Financial assets at fair value through profit and loss					
- Forward currency contracts	-	-	361	361	361
Liabilities measured at fair value					
Financial liabilities at fair value through profit and loss					
- Forward currency contracts	-	-	-	-	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 31 December 2017.

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 RM127.0 million for the quarter ended 31.12.2017 ("4Q 2017"), which rose significantly by RM32.9 million (35%) compared to revenue of RM94.1 million for the quarter ended 31.12.2016 ("4Q 2016"). The stronger performance was attributed to higher contribution from both the manufacturing and trading segments.

Following the upward trend, the Group's profit before taxation increased to RM16.6 million for 4Q 2017 as compared to RM10.4 million achieved in 4Q 2016. This was mainly due to enhanced profit margins on the back of stronger average selling prices.

The performance of the respective operating business segments of the Group for 4Q 2017 as compared to 4Q 2016 are analysed as follows:

Manufacturing

The manufacturing operations contributed revenue of RM46.9 million in 4Q 2017, which increased by RM9.6 million (26%) compared to RM37.3 million in 4Q 2016. The stronger performance was mainly attributed to higher average selling prices.

Trading

The trading operations contributed revenue of RM80.1 million in 4Q 2017, which improved by RM23.3 million (41%) compared to RM56.8 million recorded in 4Q 2016. The stronger performance was due to improved average selling prices.

b) Current year-to-date vs. Previous year-to-date

For the year ended 31.12.2017 ("YTD 4Q 2017"), the Group recorded revenue of RM457.0 million, which strengthened by RM87.4 million (24%) as compared to revenue of RM369.6 million recorded for the year ended 31.12.2016 ("YTD 4Q 2016"). The improvement in performance was mainly due to higher average selling prices negating weaker market demand experienced in 2Q 2017, as a result of China's on going reforms to cut excessive supply and environmental controls in place.

The Group's profit before taxation for YTD 4Q 2017 was in tandem with the revenue trend and grew by RM20.6 million to RM53.9 million as compared to RM33.3 million recorded for YTD 4Q 2016. This was contributed by stronger profit margins as a result of higher average selling prices.

B1 Review of the performance of the company and its principal subsidiaries (Cont'd)

a) Current year-to-date vs. Previous year-to-date (Cont'd)

The performance of the respective operating business segments of the Group for YTD 4Q 2017 as compared to YTD 4Q 2016 are analysed as follows:

<u>Manufacturing</u>

The manufacturing operations recorded revenue of RM184.3 million for YTD 4Q 2017, which increased by 37% as compared to RM134.9 million in YTD 4Q 2016. The improvement in performance was mainly due to higher average selling prices.

<u>Trading</u>

The trading operations recorded revenue of RM272.7 million for YTD 4Q 2017, which increased by 16% as compared to RM234.7 million in YTD 4Q 2016. The stronger performance was mainly due to higher metric tonne sales volume.

B2 Comparison with preceding quarter's results

The Group's revenue for 4Q 2017 decreased by 3% to RM127.0 million as compared to RM130.4 million achieved in 3Q 2017 The softer performance was due to slower market demand as the market waits for further price adjustments.

However, the Group's profit before taxation for 4Q 2017 grew by RM3.0 million to RM16.6 million as compared to RM13.6 million for 3Q 2017 on the back of of higher profit margins achieved.

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

a) Prospects for 2018

International prices of hot rolled coils which rose strongly over the past few months have lost some steam recently and plateaued at moderately high levels. Prices remained stable in the new year 2018 despite the year end trading lull due to the festive holidays and end-users awaiting for further downward correction of prices.

For 2017, most regional mills took their cue on pricing from Chinese steel where prices were largely driven by the supply-side changes, namely capacity cuts, a government crackdown on producers of sub-standard steel, environmental inspections and winter production restrictions. With the ongoing governmental production restriction on steel mills as well as environmental protection policies in place, in the short term, experts opine the supply will remain tight in the first quarter of 2018 which could push prices up further. Further supply-side changes in 2018 is also expected to drive prices upwards.

The local market was relatively quiet at the start of the year and demand will largely depend on the construction sector as well as international price movements. Steady implementation of Government infrastructure projects such as announced under Budget 2017 and ongoing infrastructure projects under the 11th Malaysia plan also plays a pivotal role in driving steel demand locally.

The Group remains cautiously optimistic on the outlook for the steel industry and will continue to focus on strategies to improve cost efficiencies, strengthen productivity, employ cost effective procurement strategies, enhance quality as well as delivery efficiency of our products to remain competitive.

B3 Current year prospects and progress on previously announced revenue or profit forecast (Cont'd)

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	3,517	13,539
- over provision in prior quarter / year	-	138
Deferred tax		
- current quarter / year	(516)	(1,429)
- under provision in prior quarter / year	(9)	(9)
Tax expense	2,992	12,239

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the period. The effective tax rate for the current quarter and year to date was lower than the statutory tax rate mainly due to the effect of the reduction of tax rate by 4% for the increase of the chargeable income by 20% or more as compared to the immediate preceding Year of Assessment.

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 December 2017 are as follows:

Short-term borrowings

	RM'000	
Bankers' acceptances	-	Unsecured
	-	

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

The Group has no debt securities as at 31 December 2017.

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

There was no dividend proposed in the current quarter.

B11 Earnings per share (EPS)

(a) Basic earnings per share

		3 months ended		12 months ended	
		31.12.2017	31.12.2016	31.12.2017	31.12.2016
Profit attributable to the owners of the Company	(RM'000)	13,607	7,482	41,683	24,713
Weighted average number of ordinary shares in issue	('000)	108,941	108,941	108,941	108,941
Basic earnings per share	(sen)	12.49	6.87	38.26	22.68

(b) Diluted earnings per share

There are no potential dilutive ordinary shares during the quarter and financial year to date. Accordingly, the diluted earnings per ordinary share is not presented.

B12 Other (losses) / income

	3 months ended		12 months ended	
	31.12.2017	31.12.2016	31.12.2017	31.12.2016
	RM'000	RM'000	RM'000	RM'000
Interest on :				
Customer overdue account	(93)	(20)	68	483
Short term deposits	359	822	1,555	2,394
Compensation for loss of stock	-	-	178	-
Impairment losses on property, plant and equipment	-	(161)	-	-
Impairment losses on trade and other receivables	(34)	(293)	(847)	(1,043)
Impairment losses on trade and other receivables no longer required	60	561	257	194
Impairment losses on property, plant and equipment no longer required	-	-	36	-
Bad debt written off	-	(162)	(34)	(369)
Bad debts recovered	-	-	7	5
Dividend received	9	-	9	-
Fair value adjustments on derivative financial instruments	146	(52)	375	2
Fair value adjustment on investment properties	397		397	-
Fair value adjustment on other investments	-	(122)	-	37
Loss on disposal of property, plant and equipment	(935)	(150)	(1,100)	(471)
Gain on disposal of other investments	-	168	-	411
Proceeds from dissolution of subsidiary company	-	205	-	205
Property, plant and equipment written off	-	(11)	-	-
Trade compensation	373	1	373	30
Rental income	37	22	138	86
Realised (loss) / gain on foreign exchange transactions	(1,855)	2,070	(1,391)	2,197
Unrealised (loss) / gain on foreign exchange transactions	(134)	613	(479)	818
Others	1,656	(2)	1,662	-
	(14)	3,489	1,204	4,979

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 31.12.2017	As at 31.12.2016
	RM'000	RM'000
- Realised	362,321	327,933
- Unrealised	13,431	15,602
	375,752	343,535
Less : Consolidation adjustments	(19,441)	(19,102)
Total group retained earnings	356,311	324,433

B14 Authorisation for issue

The interim financial statements were authorised on 27 February 2018 for issue by the Board of Directors.