

Quarterly report on consolidated results for the first financial quarter ended 30th June 2015

Condensed Consolidated Statements of Comprehensive Income for the first financial quarter ended 30th June 2015

(The figures have not been audited)

	3 months ended		3 months ended	
	30th June 2015 RM'000	30th June 2014 RM'000	30th June 2015 RM'000	30th June 2014 RM'000
Revenue	26,668	34,696	26,668	34,696
Operating Expenses	(25,777)	(33,425)	(25,777)	(33,425)
Other operating income	218	757	218	757
Profit from operations	1,109	2,028	1,109	2,028
Finance costs	(228)	(402)	(228)	(402)
Profit before tax	881	1,626	881	1,626
Income tax expense	(161)	(469)	(161)	(469)
Profit for the period	720	1,157	720	1,157
Total comprehensive income for the year	720	1,157	720	1,157
Attributable to:				
Equity holders of the parent	720	1,157	720	1,157
Non - controlling interest	-	-	-	-
	720	1,157	720	1,157
Total comprehensive income attributable to:				
Equity holders of the parent	720	1,084	720	1,157
Non - controlling interest	-	73	-	-
	720	1,157	720	1,157
Basic - sen	1.02	2.21	1.02	2.21

The condensed consolidated income statements should be read in conjunction with the audited financial statements for the year ended 31st March 2015 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the first financial quarter ended 30th June 2015

Condensed Consolidated Statements of Financial Position as at 30th June 2015

(The figures have not been audited)

	As at 30th June 2015 RM RM'000	As at 31st March 2015 RM RM'000
ASSETS		
Non-current assets		
Property, plant & equipment	70,666	70,254
Investment Properties	37,804	37,740
Other investments	6,999	7,610
	<u>115,469</u>	<u>115,604</u>
Current assets		
Inventories	15,139	11,496
Trade receivables	24,110	32,014
Other receivables	8,102	6,577
Tax recoverable	399	-
Cash and bank balances	4,137	3,944
	<u>51,887</u>	<u>54,031</u>
TOTAL ASSETS	<u>167,356</u>	<u>169,635</u>
EQUITY AND LIABILITIES		
Equity attributable to equity holders of the parent		
Share capital	70,256	77,978
Share premium	11,787	11,787
Treasury Shares	-	(3,182)
Other reserves	2,985	725
ICULS- Equity reserve	22,064	22,064
Warrants reserve	81	81
Retained earnings	21,726	21,005
	<u>128,899</u>	<u>130,458</u>
Minority interests	<u>(125)</u>	<u>(125)</u>
Total equity	<u>128,774</u>	<u>130,333</u>
Non-current liabilities		
Retirement benefit obligations	467	467
Borrowings	11,312	10,816
Deferred tax liabilities	3,470	3,470
	<u>15,249</u>	<u>14,753</u>
Current liabilities		
Borrowings	2,006	3,178
Trade payables	12,200	10,728
Other payables	9,127	10,629
Provision for taxation	-	14
	<u>23,333</u>	<u>24,549</u>
Total liabilities	<u>38,582</u>	<u>39,302</u>
TOTAL EQUITY AND LIABILITIES	<u>167,356</u>	<u>169,635</u>
Net asset per share attributable to ordinary equity holders of the parent (RM)	1.83	1.74

The condensed consolidated balance sheet should be read in conjunction with the audited financial statements for the year ended 31st March 2015 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the first financial quarter ended 30th June 2015

Condensed Consolidated Statements of Cash Flow for the first financial quarter ended 30th June 2015

(The figures have not been audited)

	12 months ended	
	As at 30th June 2015 RM'000	As at 30th June 2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	881	1,626
Depreciation	991	794
Share redemption reserve	2,258	-
Share cancellation	(7,722)	-
Treasury shares	3,182	-
Fair value adjustments	2	-
Interest expense	225	402
Operating profit before working capital changes	(183)	2,822
(Increase)/ Decrease in inventories	(3,644)	(1,477)
(Increase)/ Decrease in receivables	6,378	2,567
(Decrease)/ Increase in payables	(233)	270
Net change in intercompanies balance	-	35
Cash generated from/ (used in) operations	2,318	4,217
Retirement benefits paid	-	12
Income tax paid	(370)	(172)
Interest paid	(225)	-
Net cash from/ (used in) operating activities	1,723	4,057
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property plant and equipment	(1,466)	(1,166)
Disposal of investment	611	-
Net cash from/ (used in) investing activities	(855)	(1,166)

Quarterly report on consolidated results for the first financial quarter ended 30th June 2015

Condensed Consolidated Statements of Cash Flow for the first financial quarter ended 30th June 2015

(The figures have not been audited)

	12 months ended	
	As at 30th June 2015 RM'000	As at 30th June 2014 RM'000
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	-	(402)
Net changes in short term borrowings	(222)	(638)
Repayment of term loans	(431)	273
Repayment of finance lease	-	17
(Repayment)/ proceeds of HP borrowings	927	-
	<u>274</u>	<u>(750)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,142	2,141
CASH AND CASH EQUIVALENTS AT BEGINNING	<u>3,406</u>	<u>3,562</u>
CASH AND CASH EQUIVALENTS AT END	<u>4,548</u>	<u>5,703</u>
 Represented by:		
Cash and bank balances	4,137	6,158
Bank overdrafts	411	(455)
	<u>4,548</u>	<u>5,703</u>

The condensed consolidated cash flow statement should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

Quarterly report on consolidated results for the first financial quarter ended 30th June 2015

Condensed Consolidated Statement of Changes in Equity for the first financial quarter ended 30th June 2015

	-----Attributable to Equity Holders of the Parent-----							Minority Interest	Total Equity	
	Share capital	Irredeemable Convertible Unsecured Loan Stocks	-----Non-Distributable-----							Total
			Share premium	Treasury shares	Warrants reserve	Other reserve	Accumulated profit			
RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000		
3 months ended 30th June 2014										
As at 1 April 2014	54,705	22,249	18,063	(2,573)	81	880	16,920	110,325	7,614	117,939
Movements during the period (cumulative)	-	-	-	-	-	-	-	-	-	-
Net profit for the period	-	-	-	-	-	-	1,157	1,157	-	1,157
At 30th June 2014	<u>54,705</u>	<u>22,249</u>	<u>18,063</u>	<u>(2,573)</u>	<u>81</u>	<u>880</u>	<u>18,077</u>	<u>111,482</u>	<u>7,614</u>	<u>119,096</u>
3 months ended 30 June 2015										
As at 1 April 2015	77,978	22,064	11,787	(3,182)	81	725	21,005	130,458	(125)	130,333
Movements during the period (cumulative)	(7,722)	-	-	3,182	-	2,260	-	(2,280)	-	(2,280)
Net profit for the period	-	-	-	-	-	-	721	721	-	721
At 30th June 2015	<u>70,256</u>	<u>22,064</u>	<u>11,787</u>	<u>-</u>	<u>81</u>	<u>2,985</u>	<u>21,726</u>	<u>128,899</u>	<u>(125)</u>	<u>128,774</u>

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 March 2015 and the accompanying explanatory notes attached to the interim financial statements.

EXPLANATORY NOTES : (AS PER MFRS 134)**A1 Basis of Preparation**

The condensed consolidated interim financial statements ("Report") are unaudited and have been prepared in accordance with applicable Malaysian Financial Reporting Standards ("MFRS") No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. This Report also complies with IAS 34: Interim Financial Reporting issued by the International Accounting Standards Board ("IASB").

The accounting policies and methods used in preparing the quarterly financial statements are consistent and should be read in conjunction with the audited financial statements for the financial year ended 31st March 2015.

These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31st March 2015.

A2 Basic of measurement

The unaudited financial statements of the Group have been prepared on the historical cost basis other than as disclosed.

The explanation and financial impacts on transition to MFRSs are disclosed below:

(i) Property, plant and equipment - Deemed cost exemption

The Group has previously adopted the transitional provisions available on the first application of the MASB Approved Accounting Standards IAS 16 (Revised) Property, Plant and Equipment, which was effective for periods ending on or after 1 September 1998. By virtue of this transitional provision, the Group had recorded certain property, plant and equipment at revalued amounts, but had not adopted a policy of regular revaluation, and continued to carry those assets on the basis of their previous revaluations subject to continuity in its depreciation policy and the requirement to write down the assets to their recoverable amounts for impairment adjustments.

Upon transition to MFRSs, the Group has elected to measure all its property, plant and equipment using the cost model under MFRS 116 Property, Plant and Equipment. At the date of transition to MFRSs, the Company elected to apply the optional exemption to use the previous revaluation of the said assets, adjusted for depreciation, if any, as deemed cost under MFRSs.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to their fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to their fair value measurement is unobservable.

(ii) Foreign currency translation differences

Under FRSs, the Group recognised foreign currency translation differences in other comprehensive income and accumulated the amount in the foreign currency translation reserve in equity.

Upon transition to MFRSs, the Group has elected to deem all foreign currency translation differences that arose prior to the date of transition in respect of all foreign operations to be nil at the date of transition.

A2.1 Standards issued but not yet effective

The Group and the Company have not applied the following new MFRSs, amendments to MFRSs and IC Int that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the Group and for the Company:

Amendments to MFRSs and IC Int effective for financial periods beginning on or after 1 January 2014

MFRS 10, 12 and 127	Consolidated Financial Statements, Disclosure of Interests in Other Entities and Separate Financial Statements: Investment Entities
MFRS 132	Financial Instruments: Presentation - Offsetting Financial Assets and Financial Liabilities
MFRS 136	Recoverable Amount Disclosures for Non-Financial Assets
MFRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Int 21	Levies

Effective for financial periods beginning on or after 1 July 2014

Amendments to MFRS 119	Defined Benefit Plans : Employee Contributions
Annual improvements to MFRSs 2010-2012 Cycle	
Annual improvements to MFRSs 2011-2013 Cycle	

EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)**Effective date yet to be confirmed**

Amendments to MFRS 7	Financial Instrument: Disclosures - Mandatory Date of MFRS 9 and Transition Disclosures
MFRS 9	Financial Instruments (2009,2010)
MFRS 9	Hedge Accounting and Amendments to MFRS 9, MFRS 7 and MFRS 139

The initial application of the above standards is not expected to have any financial impacts to the financial statements upon adoption.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with the most recent annual audited financial statements for the year ended 31st March, 2015.



EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)

A3 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the year ended 31st March 2015 was not subject to any audit qualification.

A4 Segmental reporting

Segmental analysis for the current financial year to-date

	Revenue (RM)	Profit/ (loss) From Operations (RM)
Manufacturing	15,970,913	1,079,488
Trading	10,107,729	(200,169)
Others	589,314	229,278
	<u>26,667,956</u>	<u>1,108,597</u>

A5 Unusual items

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A6 Changes in estimates

There were no changes in estimates of amount used in our previous reporting having a material impact in the current reporting.

A7 Seasonality or cyclical nature of operation

The business of the Group is generally neither non-cyclical nor seasonal except for decreased activities during the festive season.

A8 Dividend

No dividend has been declared for the period.

A9 Valuation of property, plant and equipment

Investment properties have been revalued to fair value according to MFRS140 for the financial year ended 31st March 2015.

EXPLANATORY NOTES: (AS PER BURSA SECURITIES LISTING REQUIREMENT – PART A OF APPENDIX 9B)**A10 Issuances and repayments of debts and equity securities**

The Company repurchased 1,136,900, 1,234,000, 828,400 of its issued ordinary shares from the open market on 02 June 2015, 03 June 2015 and 17 June 2015 respectively.

On 25 June 2015, the Company cancelled its 7,721,756 of its treasury shares.

There were no other issuances and repayments of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current quarter and financial year to date.

A11 Changes in the composition of the Group

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

A12 Subsequent material events

To the best knowledge of the Directors, there is no transaction or event of a material or unusual nature occurring between 31st March 2015 and the date of this announcement.

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

	3 months ended	
	30 June 2015	30 June 2014
Revenue	26,668	34,696
Profit before tax	881	1,626

The Group's revenue for the 1st quarter ended 30 June 2015 recorded at RM26.668million, compare to revenue of RM34.696million for the preceding year correspondence quarter. Revenue decrease by RM8,028 Million or about (23,14%) mainly attributed to the decrease of revenue in the trading of metal recycling. Division.

The Group made profit before tax of RM0.881million for the 1st quarter ended 30 June 2015 compare to profit before tax of RM1,626million for the preceding year corresponding quarter. The decrease in profit mainly contributed by lower revenue and weaker selling price in trading of material recycling division.

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

	3 months ended	
	30 June 2015	31 March 2015
Profit before tax	881	2,843

The Group posted profit before tax of RM0.881million for the 1 quarter ended 30 June 2015 compare to profit before tax of RM2.843million for the immediate preceding quarter. The decrease in profit mainly contributed by lower revenue and weaker selling price of steel products in Manufacturing and Trading sector,

B3 Prospects of the current financial year

The Board of Directors is of the view of the challenging environment arising from volatility of foreign currency and steel prices, the Board expect the business environment for the manufacturing and trading of steel products to be challenging. The GST also impacted the Group. However with more effective credit management the Board expect to maintain positive results in coming financial year.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Taxation

Taxation comprises:-

	Current Year Quarter 30/06/2015 RM'000	Cumulative Quarters	
		Current Year To Date 30/06/2015 RM'000	Preceding Year Corresponding Period 30/06/2014 RM'000
Current year expense	-	-	-
Provision of Income tax	(161)	(161)	(469)
	(161)	(161)	(469)
Current year Deferred tax provision	-	-	-
	(161)	(161)	(469)



B6 Other Investments

	RM 30 th June 2015	RM 31 st March 2015
Non-current		
Available for sale financial assets:		
- Shares quoted in Malaysia,	2,542,737	3,153,654
- Quoted unit trusts in Malaysia, at cost	28,471	28,471
	<u>2,571,208</u>	<u>3,182,125</u>
- Unquoted shares, at cost	2,999,838	2,999,838
- Less: Accumulated impairment losses	(882,061)	(882,061)
	<u>2,117,777</u>	<u>2,117,777</u>
	<u>4,688,985</u>	<u>5,299,902</u>
Held to maturity investments:		
- Loan stocks quoted in Malaysia, at cost	2,310,000	2,310,000
	<u>6,998,985</u>	<u>7,609,902</u>
Market value of:		
- Shares quoted in Malaysia	2,229,770	3,153,654
- Quoted unit trusts	28,471	28,471
- Loan stocks quoted in Malaysia	2,310,000	2,194,500

B7 Status of corporate proposals

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



B8 Group borrowings and debt securities

There were no bank borrowings other than as detailed below and debt securities as at the end of the reporting period.

	Short Term RM '000	Long Term RM '000
Secured		
Bankers' acceptances	663	-
Bank Overdraft	(24)	-
Term loan	1,367	7,276
Hire Purchase Loan	-	4,036
	<u>2,006</u>	<u>11,312</u>

B9 Material litigation

a) Kuala Lumpur High Court, Civil Suit No.22NCC-177-05/2014

On 13 June 2014, the Company together with SMPC Industries Sdn. Bhd. ("SISB"), Mr. Ooi Chieng Sim ("OCS") and Affin Bank Berhad ("Affin") ("the Defendants") was served with a writ of summons and statement of claim dated 22 May 2014 by a former director of the Company, Machendran a/l Pitchai Chetty ("the Plaintiff").

The Writ of Summons arose from the Plaintiff's claims on the following:

- The Plaintiff seeks a declaration that he be relieved of his personal guarantee of RM18,000,000 issued in favour of Affin for a term loan granted to SISB,
- In the alternative, the Company and SISB be ordered to make good/or otherwise indemnify the Plaintiff to the full extent of the term loan outstanding to Affin,
- Unspecified sum of general damages to be ascertained from the date the Plaintiff relinquished his position as Managing Director of the Company in August 2013 until the Plaintiff is relieved of the personal guarantee, and
- General damages against the Defendants with interest of 5% per annum from the date of judgement to the date of realisation and costs.

The Company, SISB and OCS have filed Memorandum of Appearance on 26 June 2014 and thereafter Defence was filed on 07 July 2014. The Company, SISB and OCS have also filed an application for transfer of proceedings to Penang Court on 08 August 2014 which was eventually dismissed with costs in the cause.

Subsequently a Consent Judgment has been entered between the Plaintiff and Affin on 17 September 2014, whereby Affin has agreed to discharge Plaintiff as the guarantor. The Plaintiff has filed an application to amend his Statement of Claim on 4 November 2014 and the said application was granted on 5 December 2014.

Upon receiving Plaintiff's amended Statement of Claim dated 5 December 2014 and filing our amended Defence on 19 December 2014, Plaintiff has then filed in an application for discovery of documents against the Company and SISB. However, Plaintiff's application for discovery of documents was dismissed with costs of RM3,000 payable to the Company and SISB on 9 February 2015.

a) Kuala Lumpur High Court, Civil Suit No.22NCC-177-05/2014 (con't)

In the meantime, the Company has also filed an application to add in a counter claim against Plaintiff for the sum of RM450,349.80 pursuant to the terms in the Cooperation Agreement dated 07 June 2011. The Court has fixed for hearing on 16 February 2015 for the Company's application.

The Court on 1st October 2014 have fixed a new date of 22-23 March 2015 as hearing date for the full trial from 19 – 20 November 2014 previously.

Both parties have attended full trial on 22.23 March 2015, whereby the Plaintiff has given his statement and cross examined by the Defendant's lawyers. The Court has fixed 9-10 July 2015 and 24 July 2015 for continued full trial.

The full trial is fixed on 17, 27 August 2015. The Court has further fixed the full trial on 18, 19 and 20 January 2016.

Prior to the writ of summons and statement of claim, the Company has on 27 February 2014 announced that it proposes to undertake a Rights Issue with Warrants, which was approved by Bursa Malaysia Securities Berhad on 12 August 2014 which part of the proceeds will be utilised to settle the outstanding term loan with Affin which currently fully settled.

b) Penang Session Court, Summons No.A52NCC-156-07/2014

On 09 July 2014, the Company together with a subsidiary of the Company, Park Avenue Construction Sdn. Bhd. ("PAC") ("Plaintiff") have filed a civil suit against Machendran a/ Pitchai Chetty ("Defendant") to recover the sum of RM279,696.00 including interest at 5% per annum on the said amount calculated from 17 June 2014 until date of realisation and cost for breach of fiduciary duties as a director of the Company and of the subsidiary.

Subsequently the matter has been transferred to Butterworth Sessions' court and thereafter the Defendant has filed his Defence and Counter claim on 29 September 2014. Amongst his counter claim was for the outstanding salary of RM156,455.65 together with EPF which were due and owe by the Company and PAC. The Company and PAC then filed their Reply and Defence towards Defendant's Counter Claim on 17 October 2014.

Defendant has filed an application to amend his Defence and Counter Claim on 15 January 2015, whereby the Company has no objection against the application. Defendant filed his amended Defence and counter claim on 13 February 2015 Both Parties have filed Ikatan Pleading and Ikatan Dokumen Bersama The Court has fix on 09 June and 7 August 2015 for mention.

The next mention date is been fixed on 23 September 2015 for both parties to comply the Common Agreed Bundle of Documents.

Except the above, there are no material litigations pending as at the date of this announcement.

B10 Dividend

The Board of Directors of the Company has not recommended any dividend for the period ended 30 June 2015.

B11 Dividend Payable

The Board of Directors of the Company has not recommended any dividend payable for the period ended 30 June 2015.

B12 Earnings per share

(i) Basic earnings per ordinary share

The earnings per share is calculated by dividing the net profit attributable to shareholders of RM720,274 by the number of ordinary shares in issue during the current quarter after treasury shares of 70,256,253.

(ii) Diluted earnings per ordinary share

The diluted earnings per share is not presented as the assumed conversion of potential ordinary share are anti-dilutive.

B12 Realised and unrealised profits/losses disclosure

The retained profits as at 30 June 2015 and 31 March 2015 is analysed as follows:-

	Current financial period 30 June 2015 RM'000	As at the end of last financial year 31 March 2015 RM'000
Total retained profit/ (accumulated loss) of the Company and its subsidiaries:		
- Realised	(22,526)	(19,934)
- Unrealised	-	(3,312)
	<u>(22,526)</u>	<u>(23,247)</u>
Less: Consolidation adjustments	44,252	44,252
Total Group retained profit as per consolidated financial statements	<u><u>21,726</u></u>	<u><u>21,005</u></u>