



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”), International Financial Reporting Standards (“IFRS”), No. 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and the requirements of the Companies Act 2016 in Malaysia. 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 2017.

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 2017.

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 standards that have been issued by Malaysian Accounting Standards Board (“MASB”) but are not yet effective for the Group and for the Company:

Effective for annual periods beginning on or after 1 January 2017

Amendments to MFRS 12 Disclosure of Interest in Other Entities (under Annual Improvements to MFRS 2014-2016 Cycle)

Amendments to MFRS 107 Statement of Cash Flows: Disclosure Initiatives

Amendments to MFRS 112 Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses

Effective for annual periods beginning on or after 1 January 2018

MFRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

MFRS 15 Revenue from Contracts with Customers

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

Amendments to MFRS 4 Insurance Contracts: Applying MFRS 9 Financial Instrument with MFRS 4 Insurance Contracts

Amendments to MFRS 7 Mandatory Date of MFRS 9 and Transition Disclosures

Amendments to MFRS 140 Investment Property: Transfer of Investment Property

Annual Improvements to MFRS 2014 – 2016 Cycle (except for Amendments to MFRS 12 Disclosure of Interest in Other Entities)

IC Int 22 Foreign Currency Transactions and Advance Consideration



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

Effective for annual periods beginning on or after 1 January 2019

MFRS 16 Leases

Effective date yet to be confirmed

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

The initial application of the above standards is not expected to have any material impacts to the financial statements of the Group 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, 2017.

A3 Declaration of audit qualification

The audit report of the Company in respect of the annual financial statements for the year ended 31st March 2017 was not subject to any audit qualification.

A4 Segmental reporting

Segmental analysis for the current financial year to-date

	Revenue (RM)	Profit before interest and tax (RM)
Manufacturing	144,304,765	2,980,830
Trading	3,541,960	(197,776)
Others	8,011,127	28,526,134
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	155,857,852	31,309,188
	=====	=====

A5 Other operating income

	31 March 2018	31 March 2017
	RM'000	RM'000
Insurance	68	-
Interest Received	284	39
Gain on disposal of shares	-	308
Gain on disposal of Fixed Asset	316	(4)
Fair value on investment	3,971	3,497
Fair value on investment property	21,025	
Gain on foreign exchange	-	438
FD interest	3,507	-
Gain on Investment	-	3,354
Machinery rent receivable		1,595
Rental receivable	1,532	(530)
Rental income		93
Scrap sales		45
Slitting & servicing	413	46
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	31,116	7,905



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

A6 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.

A7 Changes in estimates

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

A8 Seasonality or cyclical of operation

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

A9 Dividends Paid

- i) an interim dividend of 2 cent per share and special dividend of 3 cent per share under the single tier system in respect of the financial year ended 31 March 2018 which paid on 03 January 2018.
- ii) an interim dividend of RM0.0024 per Irredeemable Convertible Preference Shares (“ICPS”) which was paid on 08 February 2018.

Save from the above, no other dividend was paid during the financial period ended 31 March 2018.

A10 Valuation of property, plant and equipment

Investment properties have been revalued to fair value according to MFRS140 for the financial year ended 31st March 2017.

A11 Issuances and repayments of debts and equity securities

As at 31 March 2018, out of the total 208,318,936 issued and fully paid ordinary shares 774 shares were held as treasury shares at an average purchase price of RM1.38. The share buyback transactions were financed by internally generated funds.

Save as disclosed above, there were no other issuances, cancellations, resale or repayments of debt and equity securities during the quarter ended 31 March 2018.



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

A12 Changes in the composition of the Group

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

A13 Material events

- i) On 07 March 2018, Park Avenue Construction Sdn Bhd, a wholly owned subsidiary of the Company has entered into a Sale and Purchase of Shares Agreement and Supplemental Agreement with Ch'ng Dickeon and Chua Phaik Fang for the acquisition of 250,000 ordinary shares representing 100% of the issued share capital of Sungguh Gemilang Development Sdn Bhd. for a cash consideration of 1,150,000 and proposed assumption of liabilities of RM10,850,000 making up a total purchase consideration of RM12,000,000.

The Company is still awaiting clearance from authorities for change of ownership of 250,000 ordinary shares.

Save as disclosed above, there is no transaction or event of a material or unusual nature occurring between 31 March 2018 and the date of this announcement.

A14 Material commitments

Property, plant and equipment

- Authorized and contracted for

Group (RM'000)

2,000



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

	3 months ended	
	31 March 2018	31 March 2017
	RM'000	RM'000
Revenue	42,491	47,295
Profit before tax	12,735	11,262

The Group generated revenue of approximately RM42.49 million for the 4th quarter ended 31 March 2018 compared to revenue of RM47.29 million generated for the preceding year correspond quarter. The turnover decreased by RM4.8million or 10.15% was mainly due to decrease in revenue in metal processing division attributed by lower selling price and completing project of metal roofing division.

The Group recorded profit before tax of RM12.73million for the 4th quarter ended 31 Mac 2018 which represented increase of approximately RM1.47 million or 13% as compare to profit before tax of RM11.265million for the preceding year corresponding quarter. The increase in profit are mainly due to other income.(refer other income notes A5 page 8).

B2 Financial review for current quarter compared with immediate preceding quarter

	Current Quarter 31 March 2018	Immediate Preceding Quarter 31 Dec 2017	Changes (Amount/ %)
	RM'000	RM'000	RM'000
Revenue	42,491	32,831	
Profit Before Interest and Tax	13,763	14,724	
Profit before tax	12,735	14,517	
Profit after tax	12,425	13,569	
Profit Attributable to Ordinary Equity Holders Of the parent holders of the parent	12,425	13,569	

The Group's registered revenue of RM42,49million for the current quarter under review as compared to RM32,831million in the preceding quarter. Decrease in turnover mainly attributed to the decrease of revenue in metal processing division and metal roofing division. The Group made profit before tax of RM12.74million for current quarter compared to profit before tax of RM14.52 million for the preceding quarter. The increase in profit are mainly due to other income.(refer other income notes A5 page 8).



B3 Prospects of the current financial year

The Board of Directors is of the view that the business environment for the manufacturing and trading of steel products will continue to be challenging due to the volatility in steel prices and increase in competitiveness in the construction and other related industries. However, the Company will continue to strive to maintain the growth and profitability of the earlier quarters to ensure a satisfactory year end closing results.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Taxation

Taxation comprises:-

	Current Year Quarter 31/03/2018 RM'000	Cumulative Quarters Current Year To Date 31/03/2018 RM'000	Preceding Year Corresponding Period 31/03/2017 RM'000
Current year expense	-	-	-
Provision of Income tax	(310)	(1,542)	(832)
	(310)	(1,542)	(832)
Current year Deferred tax provision	-	-	-
	(310)	(1,542)	(832)



B6 Other Investments

	RM 31 March 2018	RM 31 March 2017
Non-current		
Available for sale financial assets:		
At fair value:		
- Quoted securities in Malaysia	367,242	367,242
- Addition	41,751,686	-
	<u>62,118,928</u>	<u>367,242</u>
Held-to-maturity investments		
At cost:		
- Loan stocks quoted in Malaysia	250,694	250,694
	----- 42,369,622	----- 617,936
	=====	=====
Market value of:		
- Quoted securities	42,166,486	367,242
- Loan stocks	203,136	157,941
	=====	=====

B7 Status of corporate proposals

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



B8 Status of Utilisation of Proceeds

The Company received proceeds amounting to RM97,794million from the issuance of 1,222,426,720 Irredeemable Convertible Preference Shares (“ICPS”) at an issue price of RM0.08 per ICPS in December 2017. The proceeds have been utilized in the following manner as at 31 March 2018:-

Purpose	Approved utilisation RM'000	Amount utilised RM'000	Balance unutilized RM'000
Purchase of new equipment/machineries	6,550	4,078	2,472
Investment in new business	30,000	27,359	2,641
Upgrading of building	10,000	886	9,114
Working capital	50,244	31,000	19,244
Expenses in relation to the Proposal (ICPS)	1,000	763	237
Total :	97,794	64,086	33,708

B9 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.

	As at 4 th quarter ended 2018					
	Long term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
Secured						
Bank Overdrafts	-	-	-	-	-	-
Bankers Acceptance	-	-	-	1,917,025	-	1,917,025
Term Loan	-	4,128,827	-	1,828,975	-	5,957,802
Unsecured						
Term Loan	-	-	-	-	-	-
Hire Purchase	-	2,211,341	-	-	-	2,211,341
TOTAL	-	6,341,168	-	3,746,000	-	10,087,168



B9 Group borrowings and debt securities – con't

	As at 4 th quarter ended 2017					
	Long term		Short term		Total borrowings	
	Foreign denomination	RM denomination	Foreign denomination	RM denomination	Foreign denomination	RM denomination
Secured						
Bank Overdrafts	-	-	-	-	-	-
Bankers Acceptance	-	-	-	2,771,000	-	2,771,000
Term Loan	-	-	-	1,464,466	-	1,464,466
Revolving Credit	-	-	-	4,000,000	-	4,000,000
Unsecured						
Term Loan	-	5,503,237	-	-	-	5,503,237
Hire Purchase	-	2,974,276	-	-	-	2,974,276
TOTAL	-	8,477,513	-	8,235,466	-	16,712,979

B10 Material litigation

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/l 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.

In the midst of preparing bundle of documents, 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.



B10 Material litigation – con't

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

As the claim and counter claim are above RM250,000.00, the Sessions Court Judge has transferred the matter to Sessions Court 1. Parties have filed in their Bundles of Documents respectively and the Court has fixed 15th and 16th March 2016 for full trial.

The Company and PAC have called Mr. Ng Chin Nam as the sole witness and whereas Defendant himself together with Mr. Sia Seow Cheng from Messrs Cheong Wai Meng & Van Buerle came as Defendant's witnesses.

After the full trial, the Court has fixed for parties to file written submission on 27th May 2016. Initially the Judge has fixed the matter for decision on 27th June 2016. However the Judge has further adjourned the matter to 22nd July 2016 for Decision. Decision was delivered by the Sessions Court Judge, whereby Plaintiff's claim for the sum of RM279,696.00 is allowed with costs and whereas Defendant's counter claim is dismissed with costs.

On 3rd August 2016, the Plaintiff's solicitor has received a Notice of Appeal dated 2nd August 2016 from Defendant's solicitor, Messrs Rommel & A. Nagarajan. However Messrs Kumar & Co. has taken over from Messrs Rommel & A. Nagarajan.

Prior to the full hearing of the appeal, Plaintiffs have filed in an application for security for costs against Defendant. Parties have exhausted the Affidavits and parties have orally submitted before the High Court Judge on 20th April 2017.

On 29th May 2017, Respondents' application security for costs has been granted whereby the Appellant is required to pay RM20,000.00 as security for costs and RM2,000.00 for the costs of the said application, whereby the Appellant has thereafter paid the sum of RM22,000.00 being the security for costs and the costs of the application.

The Court has fixed the matter on 22nd September 2017 for parties to file written submission and the hearing will be fixed on 3rd October 2017 before the Judge.

On 29th November 2017, the High Court Judge has delivered his judgment whereby the Defendant shall pay the judgment sum of RM216,884.15 to Plaintiffs.

Thereafter, Messrs Wong & Loh have filed a Bankruptcy Notice against Defendant for a sum of RM285,191.73 including costs and interest from the Defendant on 23rd February 2018.

On 21st May 2018, Messrs Wong & Loh have served the Bankruptcy Notice to Messrs Weng On & Associates upon Defendant's instruction. Currently, parties are in the midst of negotiating.

The Court has fixed the next case management on 6th June 2018.

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



B11 Dividends

The Board of Directors of the Company has recommended:

- i) an interim dividend of 2 cent per share under the single tier system in respect of the financial year ended 31 March 2018 which paid on 25 May 2018.
- ii) an interim dividend of RM0.0016 per Irredeemable Convertible Preference Shares (“ICPS”) which was paid on 25 May 2018.

Save for the above no any other dividends for the period ended 31 March 2018.

B12 Earnings per Share

- (i) Basic earnings per ordinary share

The earnings per share is calculated by dividing the net profits attributable to owners of the parent of RM15,748,447 by the number of ordinary shares in issue during the current quarter after treasury shares of 152,263,590.

- (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.

B13 Realised and unrealised profits/losses disclosure

The retained profits as at 31 March 2018 and 31 March 2017 is analysed as follows:-

	Current financial Year	As at the end of last financial year
	31 March 2018 RM'000	31 March 2017 RM'000
Total retained profits/ (accumulated losses) of the Company and its subsidiaries:		
- Realised	(22,059)	(22,409)
- Unrealised	-	3,285
	<hr/>	<hr/>
Less: Consolidation adjustments	(22,059) 45,760	(19,124) 45,760
	<hr/>	<hr/>
Total Group retained profit as per consolidated financial statements	23,701 =====	26,636 =====