

ASTINO BERHAD
(Company No.: 523085-X)
(Incorporated in Malaysia)
AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 APRIL 2014

1. Basis of preparation of the Financial Statements

The Interim Financial Statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (“MFRS”) 134, Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad’s (“Bursa Malaysia”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 July 2013.

The accounting policies and methods of computation adopted by the Group in these quarterly financial statements are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 July 2013 except for the adoption of the following MFRSs during the current financial period:

MFRSs	Effective for annual periods beginning on or after
MFRS 10 <i>Consolidated Financial Statements</i>	1 January 2013
MFRS 11 <i>Joint Arrangements</i>	1 January 2013
MFRS 12 <i>Disclosure of Interests in Other Entities</i>	1 January 2013
MFRS 13 <i>Fair Value Measurement</i>	1 January 2013
MFRS 119 <i>Employee Benefits (amended in 2011)</i>	1 January 2013
MFRS 127 <i>Separate Financial Statements (amended in 2011)</i>	1 January 2013
MFRS 128 <i>Investments in Associates and Joint Ventures (amended in 2011)</i>	1 January 2013
IC Interpretation 20 <i>Stripping Costs in the Production Phase of a Surface Mine</i>	1 January 2013
Amendments to MFRS 1 <i>Government Loans</i>	1 January 2013
Amendments to MFRS 7 <i>Disclosures – Offsetting Financial Assets and Financial Liabilities</i>	1 January 2013
Amendments to MFRS 10, MFRS 11 and MFRS 12 <i>Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance</i>	1 January 2013
Amendments to MFRSs contained in the document entitled “ <i>Annual Improvements 2009 – 2011 Cycle</i> ”	1 January 2013

The adoption of the above pronouncements did not have any significant impact on the financial statements of the Group.

The Group have not applied the following MFRSs which have been issued but are not yet effective:

MFRSs	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
MFRS 9 <i>Financial Instruments</i>	1 January 2015

Management foresees that the initial application of the above MFRSs will not have any significant impact on the financial statements.

2. Disclosure of the qualification on the preceding annual financial statements

There was no qualification on the Group's preceding annual financial statements.

3. Seasonal or Cyclical Factors

The business of the Group was not affected significantly by cyclical factors as it does not have any distinguishable cycle.

4. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flow that are unusual because of their size, or incidence

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

5. Changes in estimates of amounts reported in prior interim period of the current financial period or in prior financial years

There was no material changes in the estimates of amounts reported in prior interim period of the current financial year or in prior financial years.

6. Issuance, cancellations, repurchases, resale and repayments of debt and equity securities

There were no cancellation, repurchases, resale and repayment of debt and equity securities for the financial period ended 30 April 2014.

7. Dividend paid

A first and final single tier dividend of 5.68 sen per ordinary share of RM0.50 each in respect of the financial year ended 31 July 2013 was paid on 25 Apr 2014.

8. Segmental Reporting

a) Operating Segment

Information about operating segments has not been reported separately as the Group's profit or loss, assets and liabilities are mainly confined to a single operating segment, namely the manufacture and sale of metal building related products.

b) Geographical segment

	<u>Individual quarter ended</u>		<u>Cumulative quarter ended</u>	
	<u>30-04-2014</u>	<u>30-04-2013</u>	<u>30-04-2014</u>	<u>30-04-2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Revenue</u>				
- Local	109,809	108,977	323,998	340,864
- Overseas	17,091	16,498	39,947	47,898
	<u>126,900</u>	<u>125,475</u>	<u>363,945</u>	<u>388,762</u>

9. Material Events not reflected in the Financial Statements

There were no material subsequent events to be disclosed as at the date of this report.

10. Changes in the composition of the Group

On 10 February 2014, Ooi Joo Kee & Brothers Sdn. Bhd. ("OJK"), a wholly owned subsidiary of the Company had acquired one (1) ordinary share of RM1.00 each in Richhill Capital Sdn Bhd

("Richhill") representing 50% of the total issued and paid up capital of Richhill ("Investment") with the balance of 50% hold by the related party, Cooldec Industries Sdn Bhd at par.

Save as disclosed above, there were no changes in the composition of the Group during the current financial period.

11. Contingent Liabilities or Contingent Assets

As at the date of report the total corporate guarantee given by the Company to secure credit facilities to its subsidiary companies are RM320 million.

12. Capital commitments

Authorised capital commitments not provided for in the financial statements as at 30 April 2014:

	RM'000
Contracted but not provided for	12,177
	<u>12,177</u>

13. Review of Performance

The Group achieved total turnover of RM126.9 million for the current quarter ended 30 April 2014, an increase of 1.1% or RM1.4 million from RM125.5 million recorded in the preceding year's corresponding quarter. The increase in Group turnover for the current quarter was mainly due to the increase in the demand of the Group's products.

The profit before tax for current quarter under review was 16.5% higher than the preceding year corresponding quarter ended 30 April 2013. These were mainly due to the reversal for diminution in value of stocks and reduce in financial costs.

14. Variation of results against preceding quarter

The Group's revenue has increased by 8.7% from RM116.7 million preceding quarter to RM126.9 million in this quarter. The increase in revenue is primarily due to increase in overseas market demand.

The Group registered a profit before taxation of RM14.0 million, an increase of RM7.7 million as compared to the preceding quarter ended 31 January 2014, which was recorded at RM6.3 million. The increased on the profit before tax for the current quarter under review was mainly due to improve of product profit margin.

15. Prospects

Overall business environment remains challenging on both domestic and global market. The local steel industries are expected to face a squeeze in profit margin due to the weak domestic demand and steel prices and high raw material costs and volatility of foreign currency.

Thus, to meet the challenging ahead, the Group will continue to explore the possibility of producing new metal building materials products to penetrate into new market for local and overseas other than continue provide better service to customer.

16. Profit Forecast and Profit Guarantee

Not applicable.

17. Profit for the period

	Current Quarter Ended 30 April 2014 RM'000	Current Year To Date 30 April 2014 RM'000
Profit before tax is arrived at after charging / crediting		
Allowance / (Reversal) for diminution in value of inventories	(1,345)	7,995
Allowance / (Reversal) for impairment losses of receivables	(325)	(1,081)
Depreciation and amortisation	2,049	6,114
Gain / (Loss) on disposal of property, plant & equipment	0	302
Gain / (Loss) on financial instrument	447	718
Gain / (Loss) on foreign exchange	(558)	(923)
Interest Expenses	965	3,275
Interest Income	88	271
Other Income	10	86

18. Taxation

	Current Quarter Ended 30 April 2014 RM'000	Current Year To Date 30 April 2014 RM'000
Income Tax		
- Current year	(3,285)	(6,464)
- Prior year	0	0
	<u>(3,285)</u>	<u>(6,464)</u>
Deferred Tax		
- Current year	(408)	(927)
- Prior year	50	(372)
	<u>(3,643)</u>	<u>(7,763)</u>

The Group's effective tax rate for the period ended 30 April 2014 was approximately to the statutory tax rate.

19. Corporate Proposals

Save as disclosed below, there is no other corporate proposal that has been announced but not yet completed by the Group as at the date of this report:

On 2 June 2014, the Company had announced the following proposals:

- Proposed bonus issue of up to 137,059,000 new ordinary shares of RM0.50 each in the Company on the basis of one (1) bonus share for every one (1) existing share entitlement date to be determined;
- Proposed increase in the authorised share capital from RM100,000,000 comprising 200,000,000 shares to RM200,000,000 comprising 400,000,000 ordinary shares; and
- Proposed amendments to the Memorandum of Association of the Company to facilitate the implementation of the proposed increase in Authorised Share Capital.

20. Group Borrowings and Debt Securities

a) Group borrowings as at 30 April 2014 are as follows: -

	Unsecured RM'000	Secured RM'000	TOTAL RM'000
<i>Short term borrowings</i>			
Bank Overdrafts	-	-	-
Other borrowings	103,309	24	103,333
	<u>103,309</u>	<u>24</u>	<u>103,333</u>
<i>Long term borrowings</i>			
	5,971	-	5,971
	<u>109,280</u>	<u>24</u>	<u>109,304</u>

b) Group borrowings denominated in foreign currencies are as follows:

	Unsecured RM'000	Secured RM'000	TOTAL RM'000
	5,654	-	5,654
United States Dollar	<u>5,654</u>	<u>-</u>	<u>5,654</u>

21. Financial Assets / (Liabilities) At Fair Value Through Profit Or Loss

The details of the outstanding derivative financial instruments of the Group with maturity date less than 1 year, as at 30 April 2014 are as follows:

<u>Forward foreign exchange contracts</u>	Notional amount RM'000	Fair Value RM'000	Fair Value Net gain / (loss) RM'000
- Bank Sell USD	0	0	0
- Bank Buy USD	3,120	3,136	16

22. Changes in Material Litigation

As at the date of this report, neither the Company nor any of its subsidiaries are engaged in any material litigation, claim or arbitration, either as plaintiff or defendant and the Directors of the Company are not aware of any proceedings pending or threatened against the Company or its subsidiary companies or of any other facts likely to give rise to any proceedings which might materially or adversely affect the position or business of the Group financially or otherwise.

23. Dividends

There was no dividends have been declared for the financial year ended 31 July 2014.

24. Earnings Per Share

	Current Year Quarter 30-04-2014	Preceding Year Corresponding Quarter 30-04-2013	Current Year To Date 30-04-2014	Preceding Year Corresponding period 30-04-2013
a) Basic Earnings per share				
Net profit attributable to shareholders (RM'000)	10,407	9,079	21,058	25,714
Weighted average no. of Ordinary shares in issue during the period ('000)	135,736	136,414	135,736	136,414
Basic earnings per share (sen)	7.667	6.656	15.514	18.850
b) Diluted Earnings per share				

The Group has no dilution in its earnings per ordinary share in the period under review / financial year-to-date as there are no dilutive potential ordinary shares.

25. Realised and Unrealised Profit or (Losses) Disclosure

The breakdown of the retained profits of the Group as at the end of the reporting period, into realised and unrealised profit or (losses), is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010. Total retained profits / (accumulated losses) of the Company and its subsidiary companies are analysed as follows:

	Current financial year RM'000	As at end of last financial year RM'000
Total retained earnings of the Group		
- Realised	226,674	214,068
- Unrealised	12,252	11,272
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	238,926	225,340
Consolidation adjustments and eliminations	(47,860)	(47,622)
Total retained profits as per statement of financial position	<hr/>	<hr/>
	191,066	177,718