

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

NOTES TO FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 OCTOBER 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 2014.

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 2014 except for the adoption of the following MFRSs during the current financial period:

MFRSs	Effective for annual periods beginning on or after
IC Interpretation 21 <i>Levies</i>	1 January 2014
Amendments to MFRS 10, MFRS 12 and MFRS 127 <i>Investment Entities</i>	1 January 2014
Amendments to MFRS 119 <i>Defined Benefits Plans : Employee Contributions</i>	1 July 2014
Amendments to MFRS 132 <i>Offsetting Financial Assets and Financial Liabilities</i>	1 January 2014
Amendments to MFRS 136 <i>Recoverable Amount Disclosures for Non-Financial Assets</i>	1 January 2014
Amendments to MFRS 139 <i>Novation of Derivatives and Continuation of Hedge Accounting</i>	1 January 2014
Amendments to MFRSs contained in the document entitled “ <i>Annual Improvements 2010 – 2012 Cycle</i> ”	1 July 2014
Amendments to MFRSs contained in the document entitled “ <i>Annual Improvements 2011 – 2013 Cycle</i> ”	1 July 2014

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
MFRS 9 <i>Financial Instruments</i>	To be announced
MFRS 9 <i>Financial Instruments (Hedge Accounting and amendments to MFRS 9, MFRS 7 and MFRS 139)</i>	To be announced
MFRS 14 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to MFRS 11 <i>Accounting for Acquisitions of Interest in Joint Operations</i>	1 January 2016
Amendments to MFRS 116 & MFRS 138 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016

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 year 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

Save as disclosed below, there were no cancellation, repurchases, resale and repayment of debt and equity securities for the financial period ended 31 October 2014:-

The Company had disposed 1,323,423 of its own shares at a total cash consideration of RM2,325,383. The highest and the lowest price per share disposed were at RM1.72 and RM1.80 respectively.

7. Dividend paid

No dividend had been paid for current financial quarter ended 31 October 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>31-10-2014</u>	<u>31-10-2013</u>	<u>31-10-2014</u>	<u>31-10-2013</u>
	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>	<u>RM'000</u>
<u>Revenue</u>				
- Local	111,495	105,463	111,495	105,463
- Overseas	9,567	14,875	9,567	14,875
	<u>121,062</u>	<u>120,338</u>	<u>121,062</u>	<u>120,338</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

There were no changes in the composition of the Group for the current financial year to date.

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 RM322 million.

12. Capital commitments

Authorised capital commitments not provided for in the financial statements as at 31 October 2014:

	RM'000
Contracted but not provided for	<u>5,297</u>
	<u>5,297</u>

13. Review of Performance

The Group achieved total turnover of RM121.1 million for the current quarter ended 31 October 2014, an increase of 0.7% or RM0.8 million from RM120.3 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 local market demand.

The profit before tax for current quarter under review was 6.7% lower than the preceding year corresponding quarter ended 31 October 2013. These were mainly due to reduce in product profit margin and increased in financial cost.

14. Variation of results against preceding quarter

The Group's revenue has decreased by 4.1% from RM126.2 million preceding quarter to RM121.1 million in this quarter. The decrease in revenue is primarily due to decrease in oversea market demand.

The Group registered a profit before taxation of RM7.9 million, a decrease of RM3.2 million as compared to the preceding quarter ended 31 July 2014, which was recorded at RM11.1 million. The decreased on the profit before tax for the current quarter under review was mainly due to reduce in the reversal for impairment losses of receivables and decreased in 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 31 October 2014 RM'000	Current Year To Date 31 October 2014 RM'000
Profit before tax is arrived at after charging / crediting		
Allowance / (Reversal) for diminution in value of inventories	5,445	5,445
Allowance / (Reversal) for impairment losses of receivables	1,063	1,063
Depreciation and amortisation	2,086	2,086
Gain / (Loss) on disposal of property, plant & equipment	29	29
Gain / (Loss) on financial instrument	(43)	(43)
Gain / (Loss) on foreign exchange	430	430
Interest Expenses	1,275	1,275
Interest Income	163	163
Other Income	5	5

18. Taxation

	Current Quarter Ended 31 October 2014 RM'000	Current Year To Date 31 October 2014 RM'000
Income Tax		
- Current year	(1,190)	(1,190)
- Prior year	0	0
	<u>(1,190)</u>	<u>(1,190)</u>
Deferred Tax		
- Current year	(966)	(966)
- Prior year	(21)	(21)
	<u>(2,177)</u>	<u>(2,177)</u>

The Group's effective tax rate for the period ended 31 October 2014 was higher than the statutory tax rate mainly due to certain expenses which are not deductible for tax purposes.

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.

20. Group Borrowings and Debt Securities

a) Group borrowings as at 31 October 2014 are as follows: -

	Unsecured RM'000	Secured RM'000	TOTAL RM'000
<i>Short term borrowings</i>			
Bank Overdrafts	-	-	-
Other borrowings	123,295	-	123,295
	<u>123,295</u>	<u>-</u>	<u>123,295</u>
<i>Long term borrowings</i>			
	6,617	-	6,617
	<u>129,912</u>	<u>-</u>	<u>129,912</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 31 October 2014 are as follows:

<u>Forward foreign exchange contracts</u>	Notional amount <u>RM'000</u>	Fair Value <u>RM'000</u>	Fair Value Net gain / (loss) <u>RM'000</u>
- Bank Sell USD	0	0	0
- Bank Buy USD	3,204	3,251	(47)

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

A first and final single tier dividend of 2.91 sen per ordinary share of RM0.50 each held in the Company in respect of the financial year ended 31 July 2014 will be proposed for shareholders' approval at the forthcoming Annual General Meeting.

24. Earnings Per Share

	Current Year Quarter 31-10-2014	Preceding Year Corresponding Quarter 31-10-2013	Current Year To Date 31-10-2014	Preceding Year Corresponding period 31-10-2013
a) Basic Earnings per share				
Net profit attributable to shareholders (RM'000)	5,712	6,074	5,712	6,074
Weighted average no. of Ordinary shares in issue ('000)	274,118	271,471	274,118	271,471
Basic earnings per share (sen)	2.089	2.236	2.089	2.236

The calculation of earnings per share has been adjusted retrospectively to reflect the changes in the number of shares as a result of the bonus issue, which was completed on 4 September 2014.

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 period RM'000	As at end of last financial year RM'000
Total retained earnings of the Group		
- Realised	176,325	237,534
- Unrealised	8,631	9,256
	<hr/>	<hr/>
	184,956	246,790
Consolidation adjustments and eliminations	(47,564)	(47,782)
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Total retained profits as per statement of financial position	137,392	199,008