

PART A: EXPLANATION NOTES AS PER MFRS 134

A1 Basis of Preparation

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2015.

The explanatory notes attached to these condensed consolidated 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 financial year ended 31 December 2015.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2015, except for the adoption of the following Amendments and Annual Improvements to Standards which are effective for annual periods beginning on or after 1 January 2016:

- Annual Improvements to MFRSs 2012-2014 Cycle
- Amendments to MFRS 10, MFRS 12 and MFRS 128 *Investment Entities : Applying the Consolidation Exception*
- Amendments to MFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*
- MFRS 14 *Regulatory Deferral Accounts*
- Amendments to MFRS 101 : *Disclosure Initiative*
- Amendments to MFRS 116 and MFRS 138 *Clarification of Acceptable Methods of Depreciation and Amortisation*
- Amendments to MFRS 116 and MFRS 141 *Agriculture : Bearer Plants*
- Amendments to MFRS 127 *Equity Method in Separate Financial Statements*

The above standards, amendments and annual improvements do not have significant impact on the financial reporting of the Group.

A2 Audit Report of Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2015 was not qualified.

A3 Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive seasons such as Chinese New Year celebrations.

A4 The nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence

There was no unusual item in the quarterly financial statement under review.

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A5 Changes in estimates

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities for the current quarter ended 31 March 2016.

A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares

There was no dividend paid for the quarter ended 31 March 2016.

A8 Segment Information for the current financial year to date

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Investment</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External Sales	33,627	110,935	408	-	144,970
Inter-segment revenue	1,431	21,871	639	(23,941)	-
Total Revenue	35,058	132,806	1,047	(23,941)	144,970
Segment Result	1,465	5,930	36	(78)	7,353
Profit from operations					7,353
Finance costs					(3,167)
Interest Income					184
Share of results of associates					822
Profit before tax					5,192

No analysis by geographical area has been presented as its year to date contribution was less than 10% to the combined results of all segments revenue or results or assets.

A9 Valuations of property, plant and equipment

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

A10 Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter under review.

A11 The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations

There were no changes in the composition of the Company for the financial period under review.

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2015

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

A13 Capital commitments

As at 31/03/2016

RM'000

Property, plant and equipment

Authorized and contracted for 1,937

Authorized and not contracted for 720

PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES (PART A OF APPENDIX 9B)

B1 Review of performance of the company and its principal subsidiaries for the current quarter and financial year to date (YTD)

Group revenue and Profit before taxation ("PBT") for the quarter under review were RM144.97 million and RM5.19 million respectively. Though revenue for the quarter were lower than the same period of last year by 13.0%. PBT increased slightly by 1.3% for the same period.

Lower revenue for the period under review were mainly due to the effect of slower market demand coupled with depressing steel prices for most parts of the quarter. While improved PBT were partly due to the gains of the associate company which reported gains on strengthen ringgit at the end of the quarter under review.

B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter

Compared to the immediate preceding quarter, Group revenue for the quarter under review reduced by 3.9% from RM150.82 million to RM144.97 million. PBT for the quarter under review also reduced from RM8.41 million in the immediate preceding quarter to RM5.19 million the current quarter, higher PBT of the immediate preceding quarter were mainly due to substantial foreign exchange gain by the associate company as compared to current period. Besides that, downward trend of steel prices ~~in~~during most part of the quarter has also caused the squeeze in margin and financial performance of the quarter under review.

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B3 Prospects

Malaysia's real GDP grew at a slower pace of 4.2% y-o-y in 1Q 2016, from 4.5% in 4Q 2015. Domestic demand remained as the key driver of growth, albeit losing momentum in the first three months of the year. As a result, outlook for real GDP growth for the rest of the year is expected to slow down amid volatility of currency and crude oil prices. Against this backdrop, steel industry remained challenging with excess capacities though prices recovered slightly towards the end of the quarter under review.

In this regard, the Board will continue its cautious and pragmatic moves in its strategic action plans in order to continue generating satisfactory financial results for the rest of the financial year under review .

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2016 RM'000
Current taxation	832	832
Deferred taxation	241	241
In respect of prior years	-	-
	1,073	1,073

B6 The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.

Not applicable.

B7 Group bank borrowings:

Total group borrowings as at 31 March 2016 are as follows:-

	Short Term Borrowing RM'000	Long Term Borrowing RM'000
Denominated in Ringgit Malaysia:		
Secured	67,508	16,353
Unsecured	131,734	-
Denominated in US Dollar:		
Secured		-
Unsecured	-	-
Total Bank Borrowings	199,242	16,353

B8 Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

B9 Dividend

The Directors do not recommend any interim dividend for the current quarter under review.

B10 Earnings per share

Basic

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Current Quarter 31/03/2016	Preceding Quarter 31/03/2015	Current Year to date 31/03/2016	Preceding Year to date 31/03/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	3,151	2,600	3,151	2,600
Weighted average number of ordinary shares in issue ('000)	175,083	175,083	175,083	175,083
Basic earnings per share (sen)	1.80	1.49	1.80	1.49

Diluted

The diluted earnings per share is not disclosed as it is not applicable.

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B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 31/03/2016 RM'000	As at Preceding Financial Year Ended 31/12/2015 RM'000
Total retained profits / (accumulated losses) of the Company and the subsidiaries:		
- Realised	148,799	144,621
- Unrealised	(11,008)	(10,056)
	137,791	134,565
Total retained profits / (accumulated losses) from associates companies:		
- Realised	21,235	19,206
- Unrealised	(653)	554
	158,373	154,325
Less: Consolidation adjustments	(32,860)	(31,963)
Total group retained profits as per consolidated accounts	125,513	122,362

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/03/2016 RM'000	Current Year To Date 31/03/2016 RM'000
(a) Interest income	184	184
(b) Other income	347	347
(c) Interest expense	(3,167)	(3,167)
(d) Depreciation and amortization	(2,733)	(2,733)
(e) Provision (for) and written off of receivables	(279)	(279)
(f) Provision (for) and written off of inventories	(305)	(305)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(152)	(152)
(j) Gain / (loss) on derivatives	(392)	(392)
(k) Exceptional items	N/A	N/A