

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 Hari Raya Aidilfitri and Chinese New Year celebrations.

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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.

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 30 September 2016.

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

A final single-tier dividend of 4.0% (2.0 sen per ordinary share) , amounting to RM3,523,161 in respect of the financial year ended 31 December 2015 was paid on 19 August 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	111,358	336,995	1,216	-	449,569
Inter-segment revenue	2,671	56,418	3,401	(62,490)	-
Total Revenue	114,029	393,413	4,617	(62,490)	449,569
Segment Result	6,111	26,467	1,500	(1,944)	32,134
Profit from operations					32,134
Finance costs					(9,002)
Interest Income					534
Share of results of associates					2,013
Profit before tax					25,679

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 30/09/2016

RM'000

Property, plant and equipment

Authorized and contracted for 228

Authorized and not contracted for 449

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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 RM151.56 million and RM11.89 million respectively. Though revenue reduced slightly by 2.2% over the same quarter of last year, PBT for the quarter under review has increased substantially by 284.3% over the same period last year, this was mainly due to strong improvement in sales margin in line with some rebound in steel prices as well as on-going efficiencies improvement in operations and supply chain management. The shutdown of a major local manufacturing supplier also indirectly benefited the Group as we can now source steel materials from many other suppliers, including oversea suppliers which are more competitive in pricing , delivery management and quality. As such, YTD PBT were also substantially higher at RM 25.68 million, being 119.6% higher than the same period last year as a result of the effects mentioned above besides taking in positive contributions from the associate company .

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 marginally by 1.0% from RM153.03 million to RM151.56 million. However , PBT for the quarter under review improved by about 38.3% from RM8.6 million of the immediate preceding quarter to RM11.9 million this quarter. The improvement was mainly due to better margin on rebound steel prices , better sources of supplies as well as the continuous improvement in operational efficiencies and cost control.

B3 Prospects

During the quarter under review, Malaysia GDP grew at 4.3%, slightly better than the prior quarter. However domestic market demand remained sluggish with Ringgit further weaken against US dollar upon the completion of USA Presidency election. Notwithstanding that, some liberation in steel import was seen as a result of the shutdown of a major local manufacturing plant in the 1st quarter of the year , consequently the Group was able to secure better source of suppliers and enhanced overall product margin. Against this backdrop, the Board foresees the remaining period of the year to remain challenging and expects the overall financial performance of the year to be better than the prior year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

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B5 Tax expenses

	Current Quarter 30/09/2016 RM'000	Current Year To Date 30/09/2016 RM'000
Current taxation	2,791	4,797
Deferred taxation	(702)	464
In respect of prior years	82	82
	2,171	5,343

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 30 September 2016 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	80,143	13,153
Unsecured	119,975	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	200,118	13,153

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

On 24 November 2016, the Board declared an interim single-tier dividend of 2.0% (1.0 sen per ordinary share), amounting to RM1,774,167.50 in respect of the financial year ending 31 December 2016 and payable on 16 February 2017.

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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 30/09/2016	Preceding Quarter 30/09/2015	Current Year to date 30/09/2016	Preceding Year to date 30/09/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	7,562	254	15,885	4,688
Weighted average number of ordinary shares in issue ('000)	175,448	175,083	175,416	175,083
Basic earnings per share (sen)	4.31	0.15	9.06	2.68

Diluted

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 30/09/2016	Preceding Quarter 30/09/2015	Current Year to date 30/09/2016	Preceding Year to date 30/09/2015
Net profit attributable to ordinary shareholders (RM'000)	7,562	254	15,885	4,688
Weighted average number of ordinary shares in issue ('000)	175,448	175,083	175,416	175,083
Effect of dilution – ESOS ('000)	4,014	-	4,014	-
Weighted average number of ordinary shares in issue ('000) – diluted	179,462	175,083	179,430	175,083
Diluted earnings per share (sen)	4.21	0.15	8.85	2.68

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B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 30/09/2016 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	160,098	144,621
- Unrealised	(10,912)	(10,056)
	149,186	134,565
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,557	19,206
- Unrealised	(1,784)	554
	170,959	154,325
Less: Consolidation adjustments	(36,235)	(31,963)
Total group retained profits as per consolidated accounts	134,724	122,362

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/09/2016 RM'000	Current Year To Date 30/09/2016 RM'000
(a) Interest income	198	534
(b) Other income	1,422	3,002
(c) Interest expense	(2,946)	(9,002)
(d) Depreciation and amortization	(2,624)	(8,428)
(e) Provision (for) and written off of receivables	(65)	(1,145)
(f) Provision (for) and written off of inventories	(362)	(1,025)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	785	(710)
(i) Foreign exchange gain/(loss) - Realised and unrealized	(127)	(430)
(j) Gain / (loss) on derivatives	99	(171)
(k) Exceptional items	N/A	N/A