

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 31 December 2016.

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

An interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,860,864.40 in respect of the financial year ended 31 December 2016 was paid on 16 February 2017.

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	154,984	464,882	1,618	-	621,484
Inter-segment revenue	3,170	73,912	7,050	(84,132)	-
Total Revenue	158,154	538,794	8,668	(84,132)	621,484
Segment Result	7,940	40,718	8,537	(9,187)	48,008
Profit from operations					48,008
Finance costs					(12,069)
Interest Income					894
Share of results of associates					2,999
Profit before tax					39,832

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 31/12/2016
	RM'000
Property, plant and equipment	
Authorized and contracted for	122
Authorized and not contracted for	-

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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 for the current quarter and year-to-date were RM 171.9 million and RM 621.5 million respectively. This gave rise to an increase of 14.0 % and 0.7 % respectively over the same period last year. Profit before tax (“PBT”) for the current quarter increased from RM 8.4 million last year to RM 14.2 million this year while YTD Profit before tax were higher at RM 39.8 million as compared to RM 20.1 million of the same period last year. The strong improvement in both the current quarter and YTD performance despite marginally growth in sales revenue was mainly due to better sales margin obtained from more reliable material supplies since first quarter of the year as well as rebounded steel prices. Besides, the Group also equity accounting for positive contributions of an associate company which reported heavy losses in the previous year.

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 increased by 13.4% from RM151.6 million to RM171.9 million. Profit before tax for the quarter under review also increased from RM11.9 million in the immediate preceding quarter to RM14.2 million, this was mainly due to better margin on higher steel material prices better sources of supplies as well as the continuous improvement in operational efficiencies and costs control.

B3 Prospects

For the year 2016, Malaysian real GDP slowed to 4.2% when compared to 5.0 % in the preceding year, amid a slowdown in domestic demand. Going forward, uncertainties remained though it was projected by the authorities that Malaysian economy will continue to grow at about the same rate amid expectation of a stronger than expected recovery in exports in line with the weak Ringgit. On the supply side of steel materials, competitions remained keen amid rebounded prices while China continues to tighten the excess capacities situation. Notwithstanding that, the Group is expected to continue benefiting from the liberation in steel imports amid competitive steel material pricing from oversea supplies. Against this backdrop, the Board envisage the next reporting year to remain very challenging and will continue to adopt cautious and pragmatic approach in strategic and operational maneuver in order to continue generating a satisfactory performance for the new financial year.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

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B5 Tax expenses

	Current Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2016 RM'000
Current taxation	3,366	8,163
Deferred taxation	481	945
In respect of prior years	(44)	38
	3,803	9,146

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 December 2016 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	63,568	11,229
Unsecured	151,886	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	215,454	11,229

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 recommend a final single-tier dividend of 2.0 sen per ordinary share, amounting to RM3,774,376.80 in respect of the financial year ended 31 December 2016, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company

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 31/12/2016	Preceding Quarter 31/12/2015	Current Year to date 31/12/2016	Preceding Year to date 31/12/2015
Net profit/(loss) attributable to ordinary shareholders (RM'000)	8,455	5,971	24,340	10,659
Weighted average number of ordinary shares in issue ('000)	176,089	175,083	175,959	175,083
Basic earnings per share (sen)	4.80	3.41	13.83	6.09

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 31/12/2016	Preceding Quarter 31/12/2015	Current Year to date 31/12/2016	Preceding Year to date 31/12/2015
Net profit attributable to ordinary shareholders (RM'000)	8,455	5,971	24,340	10,659
Weighted average number of ordinary shares in issue ('000)	176,089	175,083	175,959	175,083
Effect of dilution – ESOS ('000)	6,627	-	6,627	-
Weighted average number of ordinary shares in issue ('000) – diluted	182,716	175,083	182,586	175,083
Diluted earnings per share (sen)	4.63	3.41	13.33	6.09

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B11 Realised and unrealised profits/losses disclosure

	As at Current Financial Period Ended 31/12/2016 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	173,032	144,621
- Unrealised	(10,614)	(10,056)
	162,418	134,565
Total retained profits / (accumulated losses) from associates companies:		
- Realised	23,874	19,206
- Unrealised	(1,115)	554
	185,177	154,325
Less: Consolidation adjustments	(41,998)	(31,963)
Total group retained profits as per consolidated accounts	143,179	122,362

B12 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2016 RM'000	Current Year To Date 31/12/2016 RM'000
(a) Interest income	360	894
(b) Other income	2,420	5,422
(c) Interest expense	(3,067)	(12,069)
(d) Depreciation and amortization	(3,549)	(11,977)
(e) Provision (for) and written off of receivables	108	(1,037)
(f) Provision (for) and written off of inventories	(302)	(1,327)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	N/A	N/A
(h) Impairment of assets	(268)	(978)
(i) Foreign exchange gain/(loss) - Realised and unrealized	404	(26)
(j) Gain / (loss) on derivatives	612	441
(k) Exceptional items	N/A	N/A