



**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the fourth financial quarter ended 30 June 2017**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(12 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	RM'000	RM'000	RM'000	RM'000
Revenue	185,865	148,330	726,196	566,809
Cost of sales	(163,919)	(117,837)	(637,937)	(488,537)
Gross profit	21,946	30,493	88,259	78,272
Operating expenses	(7,775)	(7,998)	(29,276)	(26,313)
Other operating income/(expense)	323	69	453	194
Net foreign exchange gain/(loss)	(139)	89	(751)	(734)
Profit from operations	14,355	22,653	58,685	51,419
Impairment loss on				
property, plant and equipment	(2,108)	(8,057)	(2,108)	(8,057)
Finance income	397	136	951	448
Finance costs	(3,208)	(2,378)	(11,157)	(11,410)
<b>Profit before tax</b>	9,436	12,354	46,371	32,400
Tax	(2,509)	(3,018)	(12,472)	(8,222)
<b>Profit for the period</b>	6,927	9,336	33,899	24,178
Other comprehensive income				
Asset revaluation reserves:				
- revaluation surplus on				
property, plant and equipment, net of tax	2,989	5,375	2,989	5,375
<b>Total profit and other comprehensive income for the period</b>	<b>9,916</b>	<b>14,711</b>	<b>36,888</b>	<b>29,553</b>
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.44	3.30	11.96	8.56
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016).

**Condensed Consolidated Statements of Financial Position as at 30 June 2017**

(The figures have not been audited)

	As at 30-Jun-17 RM'000	As at 30-Jun-16 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	294,051	304,739
Intangible Assets	20,000	20,000
	<u>314,051</u>	<u>324,739</u>
<b>Current Assets</b>		
Inventories	177,639	96,740
Trade and other receivables	106,248	100,861
Amount owing by holding company	263	6,992
Amount owing by related companies	4,860	5,796
Tax recoverable	250	226
Derivative financial assets	142	705
Cash and bank balances	64,588	27,630
	<u>353,990</u>	<u>238,950</u>
<b>Less: Current Liabilities</b>		
Borrowings	78,610	84,339
Trade and other payables	181,469	116,118
Amount owing to holding company	4,000	0
Amount owing to related companies	1,073	535
Tax payable	2,476	888
Derivative financial liabilities	3,037	3,264
	<u>270,665</u>	<u>205,144</u>
<b>Net Current Assets</b>	<u>83,325</u>	<u>33,806</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	19,769	15,865
Borrowings	4,298	7,241
	<u>24,067</u>	<u>23,106</u>
	<u>373,309</u>	<u>335,439</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	206,363	70,886
Non-distributable reserve	0	134,863
Treasury shares	0	(368)
Asset revaluation reserve	25,534	22,545
Retained earnings	141,412	107,513
<b>Total Equity</b>	<u>373,309</u>	<u>335,439</u>
<b>Net assets per share attributable to owners of the Company</b>	<u>RM1.32</u>	<u>RM1.19</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016).



**Condensed Consolidated Statements of Cash Flows for the fourth financial quarter ended 30 June 2017**

(The figures have not been audited)

	(12 months) 30-Jun-17 RM'000	(12 months) 30-Jun-16 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	46,371	32,400
Adjustments for :		
- Depreciation	15,219	16,015
- (Gain)/loss on disposal of plant and equipment	(123)	(64)
- Plant and equipment written off	30	590
- Impairment loss on property, plant and equipment	2,108	8,057
- Impairment of receivables	346	475
- Net unrealised (gain)/loss on foreign exchange	(196)	(233)
- Interest income	(951)	(447)
- Interest expense	11,157	11,410
Operating profit before changes in working capital	73,961	68,203
Changes in working capital :		
- Inventories	(87,988)	(7,801)
- Trade and other receivables	(4,181)	2,630
- Trade and other payables	72,167	27,995
- Intercompanies balances	12,205	(49)
Cash flows generated from operations	66,164	90,978
- Interest paid	(11,158)	(11,784)
- Interest received	951	447
- Tax paid	(6,921)	(1,499)
Net cash flows generated from/(used in) operating activities	49,036	78,142
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(4,717)	(3,224)
- Proceeds from disposal of property, plant and equipment	328	265
Net cash flows (used in)/generated from investing activities	(4,389)	(2,959)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Disposal of treasury shares	982	23
- Proceeds from bank borrowings	227,520	362,086
- Repayment of bank borrowings	(236,191)	(449,503)
Net cash flows (used in)/generated from financing activities	(7,689)	(87,394)
Net change in cash and cash equivalents	36,958	(12,211)
Cash and cash equivalents at beginning of the financial year	27,630	39,841
Cash and cash equivalents at end of the financial year	64,588	27,630

**(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016).**

**Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2017****Condensed Consolidated Statements of Changes in Equity for the fourth financial quarter ended 30 June 2017**

(The figures have not been audited)

	----- Attributable to owners of the Company -----							Total RM'000
	Non-Distributable Reserve		Other Non-Distributable		Asset			
	Share Capital RM'000	Share Premium RM'000	Capital Reserve N1 RM'000	Paid-in Capital N2 RM'000	Treasury Shares RM'000	Revaluation Reserve RM'000	Retained Earnings RM'000	
<u>12 months ended 30 June 2017</u>								
At 1 July 2016	70,886	19,100	115,754	9	(368)	22,545	107,513	335,439
Comprehensive income for the financial period								
- Profit for the financial period	-	-	-	-	-	-	33,899	33,899
Other comprehensive income for the financial period								
Asset revaluation reserves:								
- revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-	2,989	-	2,989
Total comprehensive income for the financial period	-	-	-	-	-	2,989	33,899	36,888
Disposal of treasury shares	-	-	-	614	368	-	-	982
Transition to no-par value regime on 31 January 2017 <sup>^</sup>	135,477	(19,100)	(115,754)	(623)	-	-	-	-
As at 30 June 2017	<u>206,363</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,534</u>	<u>141,412</u>	<u>373,309</u>
<u>12 months ended 30 June 2016</u>								
At 1 July 2015	70,886	19,100	115,754	-	(383)	17,170	83,335	305,862
Comprehensive income for the financial period								
- Profit for the financial period	-	-	-	-	-	-	24,178	24,178
Other comprehensive income for the financial period								
Asset revaluation reserves:								
- revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-	5,375	-	5,375
Total comprehensive income for the financial period	-	-	-	-	-	5,375	24,178	29,553
Disposal of treasury shares	-	-	-	9	15	-	-	24
As at 30 June 2016	<u>70,886</u>	<u>19,100</u>	<u>115,754</u>	<u>9</u>	<u>(368)</u>	<u>22,545</u>	<u>107,513</u>	<u>335,439</u>

<sup>^</sup> The new Companies Act 2016 (the "Act"), which came into operation on 31 January 2017, abolished the concept of authorised share capital and par value of share capital. Consequently, the amounts standing to the credit of the share premium account and similar non-distributable reserves (ie. Paid-in Capital and the Other Non-Distributable Capital Reserve) become part of the Company's share capital pursuant to the transitional provisions set out in Section 618 (2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use the amount standing to the credit of those accounts totalling RM135,477,307 for purposes as set out in Sections 618 (3) where permitted. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

N1 This arose from the par value reduction exercise from RM1.00 to RM0.25 in Financial Year 2015

N2 This being the gain from disposal of treasury shares

**(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2016).**

## Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

### A1 Basis of Preparation & Significant Accounting Policies

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (MFRS) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (MASB) and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (Bursa Malaysia) Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2016 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited 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 30 June 2016.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2016, except for the following new amendments to the MFRS (standards) effective from 1 January 2016 which the Group shall apply where applicable commencing from the 1st quarter of the current financial year:

- Amendments to MFRS 11 - Joint arrangements which requires an investor to apply the principles of MFRS 3 - Business Combination when it acquires an interest in a joint operation that constitutes a business
- Amendments to MFRS 116 - Property, plant and equipment and MFRS 138 - Intangible assets which clarify that the use of revenue-based methods to calculate the depreciation of an item of property, plant and equipment, or to calculate the consumption of the economic benefits embodied in an intangible asset unless demonstrated to be highly correlated is not appropriate.

The application of the above did not have any financial impact on this quarterly report.

The Group has not adopted the following new standards, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

- Amendments to MFRS 107 - Statement of Cash Flows & Disclosure Initiative (effective from 1 January 2017)
- Amendments to MFRS 112 - Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses (effective from 1 January 2017)
- MFRS 9 - Financial Instruments (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". The complete version of MFRS 9 was issued in November 2014.
- MFRS 15 - Revenue from contracts with customers (effective from 1 January 2018) replaces MFRS 118 - Revenue and MFRS 111 - Construction contracts and related interpretations.
- MFRS 16 - Leases (effective from 1 January 2019) supersedes MFRS 117 - Leases and the related interpretations.

The Group is of the opinion that the abovementioned new standards, amendments to standards and interpretations are unlikely to have any material financial impact to the Group upon their initial application when effective.



**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A2 Declaration of audit qualification**

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2016 was not subject to any audit qualification.

**A3 Seasonality or cyclicity of operations**

The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Chinese New Year festive months.

**A4 Unusual items**

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

**A5 Changes in estimates**

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

**A6 Debts and equity securities**

Other than the disposal of 150,000 treasury shares as outlined below, there were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

	Treasury Shares		Contribution to Paid-in Capital (RM)
	Number	Sen/share	
Opening 1 Apr 2017	150,000	36.79	554,053
disposal on 26 Apr 2017	(1,000)	84.00	428
disposal on 28 Apr 2017	(149,000)	83.33	68,528
Closing 30 Jun 2017	-	-	623,009

Footnote: "Paid-in-Capital" has been reclassified into "Paid-Up Capital" pursuant to the transition provision Sec 618(2) of the Companies Act 2016 in-relation to the abolishment of the "par-value" concept.

The Group has a policy to maintain its Gearing Ratio (measured as interest bearing debts over shareholders' equity adjusted for the exclusion of intangibles) at below 1.5 times.

	30 Jun 2017	30 Jun 2016
Total interest bearing debts in RM million	249.6	191.1
Adjusted Shareholders' funds in RM million	353.3	315.4
Gearing Ratio	0.71	0.61

Of the total interest bearing debts as at 30 June 2017, around RM82.9m is represented by the respective debenture at its two main operating subsidiaries, whilst the balance is represented by interest-bearing unsecured suppliers' credit also at the respective operating subsidiaries. (See Note B10). The higher absolute gearing for the current quarter ended is attributed to higher trade credits drawn to finance higher inventory carrying value of RM177.6m (as compared to RM96.7m as at 30 June 2016) due to higher average inventory cost per tonne by about 21% and higher volume by around 52%. Debt covenants where applicable are in full compliance for the current financial quarter ended 30 June 2017.

**A7 Dividend paid**

During the financial quarter, there was no dividend paid by the Company.



**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A8 Segmental reporting**

The Group's year-to-date segmental information by business segments is as follows:

	<u>Cold Rolled</u> RMø000	<u>Steel Tube</u> RMø000	<u>Others</u> RMø000	<u>Total</u> RMø000
<b>Revenue</b>				
Total revenue	482,110	266,829	7,315	756,254
Inter segment	(27,611)	-	(2,447)	(30,058)
External revenue	454,499	266,829	4,868	726,196
Pre-tax profit	16,094	30,014	263	46,371
Segment assets	467,870	199,088	692	667,650
	RMø000			
Segment assets	667,650			
Derivative assets	142			
Tax recoverable	249			
	<u>668,041</u>			

The businesses of the Group are carried out entirely in Malaysia. Pre-tax Profit to Segment Assets Employed percentage for the Steel Tube Segment at 15.1% is significantly higher than the Cold Rolled Segment at 3.4% partly due to the fact that the Steel Tube Segment does not own the factories and building (fair valued at around RM100 million as at 30 June 2017) which are rented from its ultimate Shareholding Company and sister company for a monthly sum of RM455,400.

**A9 Valuation of property, plant and equipment**

In-conjunction with the current financial year ended 30 June 2017, the Group's property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the said revaluation, the surpluses net deferred tax amounting to RM3.0 million was credited to the asset revaluation reserve while the deficits less reversal of provision for impairment charge on planned assets write-off totaling RM2.1 million was charged to profit or loss as an impairment loss in the current quarter.

**A10 Fair Value Measurement**

Except for the financial instruments disclosed below which are fair valued by valuation methods, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximate their fair values.

Financial instruments subjected to fair valuation methods are categorised into the following fair value hierarchy and are represented in the table below as at 30 June 2017:

- Level 1: based on unadjusted quoted prices in active markets for identical assets and liabilities
- Level 2: based on observable inputs not included within level 1
- Level 3: based on unobservable inputs



**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A10 Fair Value Measurement** (continued)

<u>Recurring fair value measurement</u>	Fair Value RMø000		
	Level 1	Level 2	Level 3
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	5.6	0
as Assets (hedge accounted)	0	136.5	0
as Liabilities (not hedge accounted)	0	(109.7)	0
as Liabilities (hedge accounted)	0	(2,927.2)	0
Total	0	(2,894.8)	0

The Foreign Currency Forwards are fair valued by way of marking-to-market using reference bankø published forward rates.

**A11 Significant events and transactions**

There were no significant events or transactions for the current quarter affecting the Groupø financial position and performance of its entities.

**A12 Subsequent material events**

On 23 August 2017, the Company announced a proposed renounceable Rights Issue of 1-for-5 shares held with free detachable Warrants of 1-for-2 Rights Shares subscribed. The proposed fund raising exercise aims to raise a minimum of RM10.8 million and a maximum of RM28.3 million to fund the steel businessesø capital expenditure program and working capital.

Besides the above, there were no other material events occurring between 1 July 2017 and the date of this announcement that warrant adjustments or disclosure to the financial statements for the quarter ended 30 June 2017.

**A13 Changes in the composition of the Group**

There is no change to the composition of the Group during the current financial quarter.

**A14 Contingent liabilities or contingent assets**

There are no contingent liabilities or contingent assets as at the end of the reporting quarter.

**A15 Changes in Financial Year End Date**

There is no change to the financial year end date during the current financial quarter.

**A16 Capital Commitments**

At the end of the current reporting quarter, the Groupø Cold Rolled subsidiary has an outstanding capital commitment of around USD0.85m (RM3.65m) for the supply and installation of new motor-drives for its ørolling millø The said capital commitment will be payable over five milestones running into calendar year 2018.



**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**
**B1 Review of the performance of the Company and its principal subsidiaries**

	Individual Period (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/6/2017	Preceding Year Corresponding Quarter 30/6/2016			Current Year To-date 30/6/2017	Preceding Year Corresponding Period 30/6/2016		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	185,865	148,330	37,535	25%	726,196	566,809	159,387	28%
Operating Profit	14,355	22,653	(8,298)	-37%	58,685	51,419	7,266	14%
Profit Before Interest and Tax	12,247	14,596	(2,349)	-16%	56,577	43,362	13,215	30%
Profit Before Tax	9,436	12,354	(2,918)	-24%	46,371	32,400	13,971	43%
Profit After Tax	6,927	9,336	(2,409)	-26%	33,899	24,178	9,721	40%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	6,927	9,336	(2,409)	-26%	33,899	24,178	9,721	40%

For the 4<sup>th</sup> quarter ended 30 June 2017, the Group registered a total revenue of RM185.9 million as compared to RM148.3 million achieved in the preceding year's corresponding quarter - mainly due to higher unit selling price and sales volume for the current quarter. In comparison with the preceding year's corresponding quarter, the average unit selling price for the Cold Rolled subsidiary for the current quarter is up 45%, whilst the Steel Tube subsidiary's average unit selling price is up 14% and sales volume is up 19%.

The Group recorded a lower profit before tax of RM9.4 million for the current quarter as compared to RM12.4 million in the preceding year's corresponding quarter. The weaker performance for the current quarter compared to the preceding year's corresponding quarter is mainly attributed to the lower gross profit achieved of RM21.9 million (preceding year's corresponding quarter gross profit: RM30.5 million) due to lower sales volume and higher unit conversion cost from lower production volume in the Cold Rolled segment. Consequently, the Group recorded an after-tax profit of RM6.9 million for the current quarter as compared to the preceding year's corresponding quarter of RM9.3 million. The Group's lower performance for the current quarter compared to the preceding year's corresponding quarter can largely be attributed to the early Ramadan and Hari Raya festive period saddling the current quarter which resulted in poorer sales for June 2017.

The Group recorded a lower EBITDA at RM18.2 million compared to the preceding year's corresponding quarter of RM27.2 million.

**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)****B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter**

	Current Quarter	Immediate	Changes	
	30/6/2017	Preceding Quarter	31/3/2017	
	RM'000	RM'000	RM'000	%
Revenue	185,865	192,139	(6,274)	-3%
Operating Profit	14,355	13,401	954	7%
Profit Before Interest and Tax	12,247	13,401	(1,154)	-9%
Profit Before Tax	9,436	10,796	(1,360)	-13%
Profit After Tax	6,927	7,363	(436)	-6%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	6,927	7,363	(436)	-6%

The Group's revenue at RM185.9 million for the current 4<sup>th</sup> quarter is around 2% lower than the immediate preceding quarter's RM192.1 million. The lower revenue for the current quarter is mainly attributed to the overall slower sales in June 2017 due to the early Ramadan and Hari Raya festive period.

The Group registered a lower pre-tax profit of RM9.4 million compared with the immediate preceding quarter's pre-tax profit of RM10.8 million mainly due to the impairment loss on property, plant and equipment of RM2.1 million in the current quarter. Correspondingly, the Group recorded a lower net-tax profit of RM6.9 million compared to a net-tax profit of RM7.4 million in the immediate preceding quarter.

The Group recorded a higher quarterly EBITDA at RM18.2 million compared to the preceding quarter's RM17.2 million.

**B3 Prospects for the next financial year**

The Country's strong headline GDP growth for the 1<sup>st</sup> half of 2017 was in-tandem with all-time high inflation-rate fuelled by prolonged weak currency and rising cost. Eroded purchasing power parity against all major and regional currencies has become rather permanent, and this does not bode well for its economy as wealth are destroyed, whilst costlier everything suppresses demand, savings, capital investments, and economic returns. The Country's economic prospect for the next financial year would like stay fragile as structural issues besieging the nation remained largely intact and have manifested. Disruption risks from regional geopolitical tension and impending domestic general election further add to its downside risk.

Specific to the domestic Steel industry, it faced challenges in rising costs, soft demand, and sharp swings in raw steel prices during the current financial year. Despite the difficult conditions, the overall sentiment of the domestic steel industry for the current financial year has been cautiously positive as up-stream's frailties no longer burden the entire steel value chain. China's control of its excess steel capacity has boosted regional steel prices and earned positive re-rating of the industry; but the tighter capacity has also resulted in quicker respond to slowdown or rise in demand with sharper swings in raw steel prices. In this regard, market consensus on a likely economic slowdown in China by the next financial year may result in a sharp tumble from current high raw steel prices. Even though the Group's business performance is not directly correlated to raw steel price movement, any sharp downswings may negatively affect margins due to overarching industrial-buying behaviour. The contrary would apply if the current buoyant raw steel price continues its bull-run into the most part of next financial year.

Business outlook for the Group's Cold-Rolled-Coil and Steel Tubes for the next financial year is expected to remain cautious with greater volatility and squeeze on margins. However, the Group's flat-steel products serving a wide spectrum of industrial applications and downstream-manufacturing for both the domestic and export markets should sustain a positive performance, barring any severe external shocks. The Group's prospects for the next financial year should be cautiously positive.



**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**

**B4 Variance of actual profit from forecast profit**

This is not applicable to the Group.

**B5 Profit before taxation**

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 30 Jun 2017 RMø000	Preceding Year Corresponding Quarter Ended 30 Jun 2016 RMø000	Current Year To Date Ended 30 Jun 2017 RMø000	Preceding Year Corresponding Period Ended 30 Jun 2016 RMø000
Depreciation	3,870	4,031	15,219	16,015
Interest income	(397)	(136)	(951)	(448)
Interest expense	3,208	2,378	11,157	11,410
FX differences (gain)/loss	(4,264)	1,427	3,751	(458)
FX derivatives loss/(gain)	4,403	(1,516)	(3,000)	1,192

**B6 Taxation**

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2017 RMø000	Preceding Year Corresponding Quarter Ended 30 Jun 2016 RMø000	Current Year To Date Ended 30 Jun 2017 RMø000	Preceding Year Corresponding Period Ended 30 Jun 2016 RMø000
Current tax (expense)/credit				
Current period	(2,045)	(1,238)	(8,486)	(2,765)
Deferred tax (expense)/income				
Current period	(464)	(1,780)	(3,986)	(5,458)
	(2,509)	(3,018)	(12,472)	(8,223)

**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)****B7 Profit on sale of unquoted investments and / or properties**

The Group did not engage in any sales of unquoted investments and / or properties in the current financial quarter.

**B8 Purchase or disposal of quoted securities**

There are no purchases or disposals of quoted securities in the current financial quarter.

**B9 Status of corporate proposals**

There are no outstanding corporate proposals as at the date of this announcement.

**B10 Group borrowings and debt securities**

The Group's borrowings from lending institutions as at 30 June 2017, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Secured	78,610
<u>Long-term borrowings:</u>	
Secured	4,298
Total borrowings	<u>82,908</u> =====

Based on the above, the Group's bank-gearing ratio is around 0.24 times. Besides the said borrowings, the Group's Cold Rolled subsidiary and the Steel Tube subsidiary also draw on interest-bearing trade credits from their respective raw-coil suppliers with outstanding amounts of RM112.5 million and RM54.2 million respectively as at 30 June 2017. Inclusive of this, the Group's absolute-gearing ratio as at 30 June 2017 is around 0.71 times.

**B11 Outstanding Derivatives**

The Group has entered into forward foreign currency exchange contracts (FX forwards) to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar (USD) and certain sales denominated in Singapore Dollar (SGD). In this regard, the Group covers its USD exposure at the range of 80% to 90% depending on the length of the forward period and the availability of FX facilities.

The Group designates eligible hedge relations on FX forwards entered to cover its USD and/or SGD exposure for the purpose of hedge accounting. These are designated as fair value hedges with the arising mark-to-market foreign currency fair value gain/ (loss) of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and or accounts payables in USD or accounts receivables in SGD) being charged to the Statement of Profit or Loss.



**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**

**B11 Outstanding Derivatives (continued)**

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 June 2017 are outline below:

**Non-designated**

FX Forward Contracts (SGD/RM) as non-designated hedging instrument				
	Notional Value :000		Fair Value RM000	
Maturity	Short SGD	Long RM	Financial Asset	Financial Liability
Less than 1 year	300	942	5.6	3.0

**Non-designated**

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value :000		Fair Value RM000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	1,495	6,535	-	106.7

**Designated**

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value :000		Fair Value RM000			Notional Value :000		Fair Value RM000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	35,353	155,542	136.5	2,927.2	Matching	35,353	n.a.	2,927.2	136.5

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM5.9 million from its FX Forward Contracts incepted for hedging purposes over the current financial year.

- (i) Risk associated with the derivatives

Counter-Party Risk

The Forward FX contracts are entered into with domestic licensed financial institutions which have extended FX lines to the Group. The associated Counter-Party risk is negligible.

- (ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the Forward FX contracts are incepted. Upon maturity of the Forward FX contracts, domestic currency is exchanged for the foreign currency to meet its obligations.

- (iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in foreign currency exchange rates closely with the objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.



**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**

**B12 Off balance sheet financial instruments and commitments**

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued amounting to RM3.5 million being security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries, Mycron Steel CRC Sdn. Bhd. and Melewar Steel Tube Sdn. Bhd. amounting to RM110.7 million as at 30 June 2017.

**B13 Material litigation**

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 and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

**B14 Dividend**

The Company did not declare any dividend for the financial period ended 30 June 2017.

**B15 Earnings per share**

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Jun 2017	Preceding Year Corresponding Quarter Ended 30 Jun 2016	Current Year To Date Ended 30 Jun 2017	Preceding Year Corresponding Period Ended 30 Jun 2016
Profit/(loss) attributable to owners (RM000)	6,927	9,336	33,899	24,178
Weighted average number of ordinary shares in issue (net of treasury shares) (000)	283,545	282,545	283,333	282,515
Basic earnings per share (sen)	2.44	3.30	11.96	8.56

(ii) Diluted earnings per ordinary share

This is not applicable to the Group.



**PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)**

**B16 Realised and Unrealised Profits/Losses Disclosure**

	As at 30/6/2017 RM'000	As at 30/6/2016 RM'000
Total retained profits of the Company and its subsidiaries:		
- Realised	159,361	123,363
- Unrealised	(17,731)	(15,632)
	<u>141,630</u>	<u>107,731</u>
Add: Consolidation adjustments	<u>(218)</u>	<u>(218)</u>
Total group retained profits as per consolidated accounts	<u>141,412</u>	<u>107,513</u>

This interim financial statements have been authorized for issue by the Board of Directors on the date set-forth below.

By order of the Board  
LILY YIN KAM MAY (MAICSA 0878038)

Secretary  
Kuala Lumpur  
28 August 2017