**<u>Quarterly report on consolidated results for the first financial quarter ended 30 September 2019</u>**

## 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 2019 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 the understanding of the changes in the financial position and performance of the Group since the financial year ended 30 June 2019.

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 2019, except for the following new amendments to the MFRS ("standards") effective from 1 January 2019 which the Group has only adopted since the commencement of the current financial year on 1 July 2019:

- MFRS 16 supersedes MFRS 117 'Leases' and the related interpretations.
- IC Interpretation 23 'Uncertainty over Income Tax Treatments' which provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
- Amendments to MFRS 9 'Prepayment features with negative compensation' allow companies to measure some prepayable financial assets with negative compensation at amortised cost.
- Annual Improvements to MFRSs 2015 – 2017 Cycle:
  - Amendments to MFRS 3 'Business Combinations'
  - Amendments to MFRS 112 'Income Taxes'
  - Amendments to MFRS 123 'Borrowing Costs'

The adoption of the above did not have any material impact on the Group's financial statements to-date, other than some reclassifications and adjustments to the Statement of Financial Position pursuant to MFRS 16 as outlined hereinafter.

- MFRS 16

  MFRS 16 eliminates the classification of leases either by finance lease (on balance sheet) or operating lease (off balance sheet) by the lessee, and requires the lessee to recognize both the "rights" and "obligations" of the underlying lease on balance sheet. The lease "rights" is depreciated in accordance with the principles in MFRS116 whilst the lease liability is accreted over time with interest expense recognized in profit or loss. Lessor's accounting of leases under MFRS 16 retains most of the requirements of MFRS 117.

  The Group adopted MFRS 16 retrospectively from 1 July 2019 using the simplified transition approach and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. As such, the reclassifications and adjustments arising from the new leasing rules are recognised in the opening balances of the Statement of Financial Position as at 1 July 2019. Impact from the Group's adoption of MFRS 16 mainly involved its non-cancellable operating rental lease commitments on land and buildings as lessee. The Group's method of accounting for assets leased-out as a lessor remains the same as the preceding periods.

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

A1 **Basis of Preparation & Significant Accounting Policies** (continued)

The table below shows the impact of changes to the condensed consolidated Statement of Financial Position of the Group resulting from the adoption of MFRS 16 as at 1 July 2019:

| Group | As at 30 June 2019 | Effects of adoption of MFRS 16 | As at 1 July 2019 |
|---|---|---|---|
| | RM'000 | RM'000 | RM'000 |
| **Non-current assets** | | | |
| - Right-of-use assets | - | 1,801 | 1,801 |
| - Net investment in subleases | - | 436 | 436 |
| **Current assets** | | | |
| - Trade and other receivables | 94,018 | (37) | 93,981 |
| **Non-current liabilities** | | | |
| - Lease liabilities | - | 1.676 | 1.676 |
| - Deferred tax liabilities | 47,109 | 8 | 47,117 |
| **Current liabilities** | | | |
| - Lease liabilities | - | 524 | 524 |
| **Shareholders' equity** | | | |
| - Retained earnings | 3,778 | (8) | 3,770 |

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 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The initial adoption of the above pronouncement in the next financial year is not expected to have any significant impact on the financial statements of the Group.

A2 **Audit qualification**

The audit report of the Group in respect of the annual financial statements for the financial year ended 30 June 2019 was not subject to any audit qualification.

A3 **Seasonality or cyclicality of operations**

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

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

A4 **Unusual items**

There are no unusual items affecting assets, liabilities, equity, net income or cash flows attributable to its nature, size or incidence during the current financial quarter.

A5 **Changes in estimates**

The Group's Engineering subsidiary applies critical estimates and judgement in accounting for its construction contracts. Over the current financial quarter, there were no material changes made on past estimates. Its last on-going engineering construction contract (Project #2) remains outstanding with small progression from 97.7% completion at the end of the preceding financial quarter to 98.2% at the end of the current financial quarter.

A6 **Debts and equity securities**

There are no issuances, cancellations, repurchases, or resale of the Company's equity securities during the current financial quarter.

The Group has a policy to maintain its Gearing Ratio (measured as interest bearing debts over equity adjusted for the exclusion of intangibles) at below 1.25 times.

| | 30/09/2019 | 30/06/2019 |
|---|---|---|
| Total interest bearing debts in RM'million | 119.2 | 119.6 |
| Adjusted Equity in RM'million | 472.5 | 471.8 |
| Absolute Gearing Ratio | 0.25 | 0.25 |

Of the total interest bearing debts as at 30 September 2019, around RM99.9 million is represented by the respective debenture at its Steel Tube and Cold Rolled subsidiaries, whilst RM18.6 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Lease liability classification pursuant to MFRS 16 are excluded from the ratio computation as these are contractually non-interest bearing.

Debt covenants where applicable are in full compliance for the current financial quarter ended 30 September 2019, except for the Cold Rolled subsidiary's Debt Service Cover Ratio due to its preceding year's operating loss position, which cuts into the rolling 12 months. However, the subsidiary is expected to comply with the said covenant by the current financial year end.

A7 **Dividends paid**

No dividend was declared or paid in the current financial quarter.

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

A8 **Segmental reporting**

The Group's 'year-to-date' segmental information based on the nature-of-business is as follows:

| | Steel Tube | Cold Rolled | Engineering | Investment Holding | Others | Total |
|---|---|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | | | | | | |
| Total revenue | 59,953 | 131,693 | 135 | 2,606 | 480 | 194,867 |
| Inter segment | (433) | (7,676) | - | (2,415) | (349) | (10,873) |
| External revenue | 59,520 | 124,017 | 135 | 191 | 131 | 183,994 |
| Pre-tax profit/(losses) | 1,973 | 1,529 | (427) | (1,752) | (105) | 1,218 |
| Segment assets | 188,621 | 424,217 | 4,997 | 93,222 | 3,001 | 714,058 |

Reconciliation of segment assets to total assets is as follows:

| | RM'000 |
|---|---|
| Segment assets | 714,058 |
| Deferred tax assets | 1,232 |
| Derivative financial asset | 771 |
| Tax recoverable | 594 |
| | 716,655 |

A9 **Valuation of Property, Plant and Equipment (PPE)**

The valuation of PPE has been brought forward from the audited financial statements for the financial year ended 30 June 2019 and adjusted for depreciation where applicable to reflect the current period's ending net carrying value.

A10 **Fair value measurement**

Except for the financial instruments disclosed below which are fair valued, 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 are categorised into the following fair value hierarchy and are represented in the table below as at 30 September 2019:

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

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

A10 **Fair value measurement** (continue)

Financial instruments subjected to fair valuation are categorised into the following fair value hierarchy and are represented in the table below as at 30 September 2019: (continued)

| Recurring fair value measurement | Fair Value RM'000 | | |
|---|---|---|---|
| Foreign Currency Forwards | Level 1 | Level 2 | Level 3 |
| as Assets (not hedge accounted) | - | 6.6 | - |
| as Assets (hedge accounted) | - | 764.8 | - |
| as Liabilities (hedge accounted) | - | (154.0) | - |
| Total | - | 617.4 | - |

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

A11 **Significant events and transactions**

The Steel Tube subsidiary has incepted two additional trade lines facilities of RM10 million and RM15 million respectively from two local financial institutions in the current financial quarter. Both trade facilities incorporate a fixed and floating charge against the present and future assets of the said subsidiary (with the exception of its acquired leasehold land and building which is separately charged to the mortgage lender) and are secured against corporate guarantees from its immediate holding company.

A12 **Subsequent material events**

There are no known material subsequent events up-till the date of this report which may affect the Group's financial position and performance of its entities.

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

There were no changes to the composition of the Group during the current financial quarter.

A14 **Contingent liabilities**

There were no contingent liabilities for the current financial quarter.

A15 **Capital commitments**

At the end of the current reporting quarter, the Group's Cold Rolled subsidiary has an outstanding capital commitment balance of around RM16.7 million. From this amount, RM3.7 million has been committed for the construction of a new Acid Regeneration Plant and RM13.0 million for the revamp of Continuous Pickling Line. The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM2.2 million for plant-equipment. These capital commitments will be payable over established milestones on the current financial year.

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**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 (1st quarter) | | Changes | | Cumulative Period | | Changes | |
|---|---|---|---|---|---|---|---|---|
| | Current Year Quarter 30/09/2019 | Preceding Year Corresponding Quarter 30/9/2018 | | | Current Year To-date 30/09/2019 | Preceding Year Corresponding Period 30/9/2018 | | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 183,994 | 196,575 | (12,581) | -6% | 183,994 | 196,575 | (12,581) | -6% |
| Operating Profit | 2,309 | 2,597 | (288) | -11% | 2,309 | 2,597 | (288) | -11% |
| Profi Before Interest and Tax | 2,263 | 2,485 | (222) | -9% | 2,263 | 2,485 | (222) | -9% |
| Profit Before Tax | 1,218 | 1,127 | 91 | 8% | 1,218 | 1,127 | 91 | 8% |
| Profit/(Loss) After Tax | 606 | (926) | 1,532 | 165% | 606 | (926) | 1,532 | 165% |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 508 | (1,389) | 1,897 | 137% | 508 | (1,389) | 1,897 | 137% |

The Group's revenue for the first financial quarter ended 30 September 2019 is 6% lower at RM184 million as compared to RM196.6 million achieved in the preceding year's corresponding quarter. At segment level, the revenue contribution from the Steel Tube segment has drastically declined by 22% whilst the Cold Rolled segment has increased by 4% respectively for the current financial quarter compared to the preceding year's corresponding quarter. The Steel Tube segment suffered reduced sales volume by 18% as well as lower average selling price by 6% respectively, which significantly impacted its contribution to the Group's revenue. The accretion in the Cold Rolled segment contribution was mainly due to higher sales volume by 13% despite achieving a lower average selling price by around 6% for the current financial quarter. The Engineering segment's revenue contribution has also significantly dropped by 86% due to the tail end of its remaining construction contract (i.e. Project #2) and in the absence of any further new engagements during the current financial quarter.

The Group recorded a pre-tax profit of RM1.2 million for the current financial quarter compared to a pre-tax profit of RM1.1 million in the preceding year's corresponding quarter. The Group managed to achieve a slightly higher pre-tax profit mainly due to the Cold Rolled segment which managed to turn around from its pre-tax losses of RM1.5 million in the preceding year's corresponding quarter to a pre-tax profit of RM1.5 million for the current financial quarter. In addition, the absence of a depreciation charged on one of the Group's factory building which has reached the end of its accounting useful life has further strengthen the current financial quarter's results. At the post-tax level, the Group recorded an after-tax profit of RM0.6 million for the current financial quarter compared to the preceding year's corresponding quarter after-tax losses of RM0.9 million.

The Group recorded a lower EBITDA of RM6.3 million for the current financial quarter compared to the preceding year's corresponding quarter's EBITDA of RM7.6 million, due to weaker operations' results.

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

B2 **Material change in the loss before tax as compared to the immediate preceding quarter**

| | Current Quarter 30/09/2019 | Immediate Preceding Quarter 30/06/2019 | Changes | |
|---|---|---|---|---|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 183,994 | 152,158 | 31,836 | 21% |
| Operating Profit | 2,309 | 50,427 | (48,118) | -95% |
| Profit Before Interest and Tax | 2,263 | 49,136 | (46,873) | -95% |
| Profit Before Tax | 1,218 | 47,814 | (46,596) | -97% |
| Profit After Tax | 606 | 44,998 | (44,392) | -99% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 508 | 46,273 | (45,765) | -99% |

The Group's revenue for the current financial quarter at RM184 million is 21% higher compared to the immediate preceding quarter's at RM152.2 million, mainly due to the significant contribution from its Cold Rolled segment (up RM33 million or 36%). The Cold Rolled segment performance recorded a significant improvement with increased in sales volume (up 35%) despite a lower average selling price (down 1%) for the current financial quarter compared with the immediate preceding quarter. The Steel Tube segment's sales volume was relatively flat compared with the preceding financial quarter but gross margin was marginally lower.

The Group registered a small pre-tax profit of RM1.2 million compared with the immediate preceding quarter's sizable pre-tax profit of RM47.8 million. The contrast in performance is due to the one-off gain recognised by its Engineering subsidiary in the preceding financial quarter on its onerous construction contract (Project #1) upon commercial closure settlement totaling around RM50 million. In contrast, the Engineering subsidiary recorded a net loss of around RM0.4 million in the current financial quarter. The combined Steel segments recorded a higher pre-tax profit of RM3.5 million in the current period compared to RM0.8 million in the preceding financial quarter. Consequently, the Group recorded a lower post-tax profit of RM0.6 million for the current quarter as compared to a post-tax profit of RM45 million in the immediate preceding quarter.

The Group recorded a much lower EBITDA of RM6.3 million for the current financial quarter compared to the immediate preceding quarter's EBITDA of RM55.5 million.

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

**B3 Prospects for the remaining financial year**

The Nation's 3rd fiscal quarter of 2019 (which correspond with the Group's 1st financial quarter for the financial year 2020) grew marginally lower again at 4.4% quarter-on-quarter (compared to the 2nd and 1st quarters at 4.9% and 4.5% respectively). Growth continued to be driven primarily by private consumption supported by healthy labor-market conditions, as 'investment' declined for the 8th consecutive quarters to a new low whilst 'export' felled for the first time since Q3 2016 across sectors attributed to the deteriorated global economy resulting from the prolonged USA-China trade conflict and rise in trade protectionism. Business confidence remains weak with an emerging cycle of subdued corporate performance and contraction of capital investment.

In tandem with the weak market conditions, the steel industry remained difficult over the 1st financial quarter ended September 2019. Declining investment in asset structures coupled with the property overhang continue to weigh down steel demand, whilst the announced revival of major infrastructural projects are still far from kicking-in. However, the Group's Cold Rolled subsidiary recorded a mild rebound for the 1st financial quarter with a small net profit of around RM0.4 million at entity level - bucking the preceding financial year's four consecutive quarters of losses – as higher anti-dumping duties on specific exporters kicked in from May 2019 onwards. The marginally upward trending raw coil prices in July and August had supported profits in those months but was significantly cut-back with sharp price declines in September. The whiplash negative price movement amid a skittishly soft market had resulted in a visibly poor performance by the Group's Steel Tube subsidiary for the current financial quarter compared to the preceding quarters.

Performance outlook for the next two financial quarters is expected to remain weak taking into consideration of the following:

- continuing subdued market conditions
- planned line-shutdown for four weeks for capital asset project implementation at the Cold Rolled operation
- seasonal festive period's lows

The later part on the 2nd half of the financial year may offer some respite on back of the following:

- expected positive contribution from the capital asset projects
- possible easing of global trade-conflicts and resulting better market conditions
- possible kicking-in of higher steel demand from those revived major infrastructural projects
- possible positive outcome on existing efforts to close-off remaining loopholes on product dumping from abroad particularly Vietnam and China
- possible commercial closure of the Engineering subsidiary's last onerous construction contract (Project #2)

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

The Group did not issue any profit forecast or profit guarantee.

**Quarterly report on consolidated results for the first financial quarter ended 30 September 2019**

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

B5 **Profit/(Loss) before tax**

The following expenses have been charged in arriving at profit/(loss) before tax:

| | Current year quarter 30/09/2019 RM'000 | Preceding year corresponding quarter 30/09/2018 RM'000 | Current year to-date 30/09/2019 RM'000 | Preceding year corresponding period 30/09/2018 RM'000 |
|---|---|---|---|---|
| Depreciation and amortisation | (4,036) | (5,054) | (4,036) | (5,054) |
| Interest expenses | (1,487) | (1,600) | (1,487) | (1,600) |
| Interest income | 441 | 242 | 441 | 242 |
| Loss provision reversed on onerous contracts | 93 | 663 | 93 | 663 |
| FX differences (loss)/gain | (1,756) | (3,930) | (1,756) | (3,930) |
| FX derivatives gain/(loss) | 1,568 | 3,718 | 1,568 | 3,718 |

B6 **Taxation**

Taxation comprises:

| | Current year quarter 30/09/2019 RM'000 | Preceding year corresponding quarter 30/09/2018 RM'000 | Current year to date 30/09/2019 RM'000 | Preceding year corresponding period 30/09/2018 RM'000 |
|---|---|---|---|---|
| Current tax expense | | | | |
| Current year | (534) | (2,621) | (534) | (2,621) |
| Deferred tax expense | | | | |
| Current year | (78) | 568 | (78) | 568 |
| | (612) | (2,053) | (612) | (2,053) |

B7 **Profit on sale of unquoted investments and / or properties**

The Group did not engage in any sale 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.

**Quarterly report on consolidated results for the first financial quarter ended 30 September 2019**

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

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, denominated entirely in Ringgit Malaysia from lending institutions as at 30 September 2019 undertaken by its Steel subsidiaries are as follows:

| | RM'000 |
|---|---|
| Short-term borrowings | |
| Secured | 79,940 |
| Long-term borrowings | |
| Secured | 20,644 |
| Total borrowings | 100,584 |

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' on a year-to-date basis is outlined below:

| | RM'000 |
|---|---|
| Total Borrowings' opening balance at 1 July 2019 | 110,139 |
| Inflow from drawdown | 45,690 |
| Outflow on repayment | (55,245) |
| Closing balance at 30 September 2019 | 100,584 |

Based on the above borrowings, the Group's gearing ratio is around 0.21 times. The Group's Steel Tube subsidiary also draw on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM18.6 million as at 30 September 2019. Inclusive of these interest bearing trade credits, the Group's absolute gearing ratio as at 30 September 2019 is around 0.25 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 incepted 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.

B11 **Outstanding derivatives** (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 September 2019 are outlined below:

Non-designated

| FX Forward Contracts (SGD/RM) as non-designated hedging instrument | | | | |
|---|---|---|---|---|
| | Notional Value '000 | | Fair Value RM'000 | |
| Maturity | Short SGD | Long RM | Financial Asset | Financial Liability |
| Less than 1 year | 480 | 1,463 | 6.6 | - |

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 RM'000 | | | Notional Value '000 | | Fair Value RM'000 | |
| Maturity | Long USD | Short RM | Financial Asset | Financial Liability | Maturity | Short USD | n.a. | Financial Asset | Financial Liability |
| Less than 1 year | 38,646 | 161,769 | 764.8 | 154.0 | Matching | 38,646 | n.a. | 154.0 | 764.8 |

Besides the above unrealised positions, the Group has recorded a total realised net gain of around RM1.0 million from its FX Forward Contracts as hedging instruments with corresponding realised net loss of around RM1.1 million from its hedged items 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 at the contracted rate 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.

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

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

At the Group level, off balance sheet financial instruments as at the close of the current financial quarter are bank guarantees issued by its indirect subsidiaries amounting to RM3.6 million as security for inbound supply of goods and services; and corporate guarantees issued by its listed Mycron Steel Bhd to lenders for borrowings extended to the steel subsidiaries amounting to RM95.2 million as at 30 September 2019.

At Company level, there are no off balance sheet financial instruments and commitments at the close of the current financial quarter.

B13 **Material litigation**

At the close of the current financial quarter, there are no material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group. 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 as at the date of this report.

B14 **Dividends**

The Company did not declare or pay any interim dividend in the current financial quarter.

B15 **Earnings/(Loss) per share**

(i) Basic earnings /(loss) per ordinary share

| | Current year quarter 30/09/2019 | Preceding year corresponding quarter 30/09/2018 | Current year to date 30/09/2019 | Preceding year corresponding period 30/09/2018 |
|---|---|---|---|---|
| Profit/(Loss) attributable to owners of the Company (RM'000) | 508 | (1,389) | 508 | (1,389) |
| Weighted average number of ordinary shares in issue ('000) | 359,418 | 286,532 | 359,418 | 286,532 |
| **Basic earnings /(loss) per share (sen)** | **0.14** | **(0.48)** | **0.14** | **(0.48)** |

(ii) Diluted loss per ordinary share

No diluted loss per share is presented as the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 40 sens) is above the market price of the listed mother share at the close of the current financial quarter.

**Quarterly report on consolidated results for the first financial quarter ended 30 September 2019**

This interim financial report has been authorised 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
27 November 2019