QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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 2021 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 preceding financial year ended 30 June 2021.

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 2021, except for the following new amendments to the MFRS ("standards") effective from 1 January 2021 which the Group has adopted since the commencement of the current financial year on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7 and MFRS 16 "Interest Rate Benchmark (IBOR) Reform – Phase 2" which provide relevant practical expedient allowing entities to update the effective interest rate for instruments measured at amortised cost and lessees applying the temporary exemption from MFRS 9 to account for any required changes in contractual cash flows that is a direct consequence of IBOR reform, such as, the launch of the 'Malaysia Overnight Rate' in September 2021 and the discontinue publications of the 2 and 12-months Kuala Lumpur Interbank Offered Rate (KLIBOR) from January 2023.
- Amendments to MFRS 16 "Covid-19-Related Rent Concessions beyond 30 June 2021"

The adoption of the above amendments to standards did not have any material impact on the Group's financial statements to-date.

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

Effective for financial year beginning after 1 July 2022
- Amendments to MFRS 3 "Reference to Conceptual Framework"
- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 137 "Onerous Contracts – Cost of Fulfilling a Contract"
- Annual Improvements to MFRS 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 141 "Taxation in Fair Value Measurements"

Effective for financial year beginning after 1 July 2023
- Amendments to MFRS 101 "Classification of Liabilities as Current or Non-Current"
- Amendments to MFRS 101, MFRS Practice Statement 2 and MFRS 108 on "Disclosure of Accounting Policies and Definition of Accounting Estimates"
- Amendments to MFRS 112 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

These amendments to published standards will be adopted on the respective effective dates.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A2 Audit Qualification

The audit report of the Group in respect of the annual financial statements for the financial year ended 30 June 2021 was not subject to any audit qualification.

A3 Seasonality or Cyclicality of Operations

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

A4 Unusual Items Affecting Assets, Liabilities, Net Income or Cash Flows

Hot Rolled Coil (HRC)- being the main raw material for both the Cold Rolled and Steel Tube segments- has been on a declining price trend since April 2022, with the drop extending by more than 35% from its peak beyond the current reporting period. Even-though the net realized and realizable value of inventories were consistently above carrying value in the current reporting period, sales contracted by the Cold Rolled subsidiary in the subsequent period (up to latest practical date) indicate otherwise- necessitating the impairment of its uncommitted inventory to net realizable value amounting to RM6.6 million in the current reporting period. The Steel Tube subsidiary was not affected. Both the subsidiaries have an uncommitted inventory position of around 57.9% at closing.

Besides the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the current financial quarter ended 30 June 2022.

A5 Material Changes in Estimates

There were no material changes in estimates that would have a material effect on the financial results of the Group for the current financial quarter ended 30 June 2022.

A6 Debts and Equity Securities

There were no issuances, cancellations, repurchases, or resale of the Company’s equity securities during the current financial quarter ended 30 June 2022.

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 1.25 times.

	30/06/2022	30/06/2021
Total interest-bearing debts (RM’million)	116.4	87.4
Adjusted Equity (RM’million)	595.1	536.6
Absolute Gearing Ratio	0.20	0.16

Of the total interest-bearing debts as at 30 June 2022, around RM88.0 million was represented by the respective debenture at its Steel Tube and Cold Rolled subsidiaries, whilst RM13.7 million was represented by unsecured interest-bearing supplier’s credit also at the respective operating subsidiaries (see Note B10). Debts of RM14.7 million was secured against a fixed charge on a property and other specific assets to-which the financing relates. Lease liability classification pursuant to MFRS 16 were excluded from the ratio computation as these are contractually non-interest bearing.

Debt covenants where applicable were in full compliance for the current financial quarter ended 30 June 2022.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A7 **Dividends Paid**

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

A8 **Segmental Reporting**

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

	Steel Tube	Cold Rolled	Investment Holding	Others	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue					
Total revenue	307,222	496,592	19,973	10,675	834,462
Inter segment	(14,649)	(45,716)	(19,973)	(1,878)	(82,216)
External revenue	292,573	450,876	-	8,797	752,246
Pre-tax profit/(loss)	35,607	45,477	(12,123)	(4,626)	64,335
Segment assets	296,132	487,363	88,246	16,612	888,353

Reconciliation of segment assets to total assets is as follows:

	RM'000
Segment assets	888,353
Deferred tax assets	1,318
Derivative financial asset	4,815
Tax recoverable	438
Total assets	894,924

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

In conjunction with the current financial year ended 30 June 2022, 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 RM4.9 million was credited to the asset revaluation reserve, while the deficits totaling RM3.2 million resulted in write-back of RM0.3 million to income statement in the current quarter due to over-provisions made in preceding quarters.

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.

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 **Fair Value Measurement (continued)**

Financial instruments subjected to fair valuation were categorised into the following fair value hierarchy and were represented in the table below as at 30 June 2022:
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

Recurring fair value measurement	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,600.0	-	-
Foreign Currency Forwards			
as Assets (not hedge accounted)		6.1	-
as Assets (hedge accounted)	-	4,809.1	-
as Liabilities (not hedge accounted)	-	(7.5)	-
Total	2,600.0	4,807.7	-

The Investment in Quoted Shares (see Note B8) is fair valued by way of marking-to-market using the quoted closing price on Bursa Malaysia.

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**

There were no significant events and transactions for the current financial quarter affecting the Group's financial position and performance of its entities, except for that mentioned in Note A4.

A12 **Subsequent Material Events**

There were 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 or Contingent Assets**

There were no contingent liabilities or contingent assets as at the end of the current financial quarter.

A15 **Capital Commitments**

At the end of the current reporting quarter, the Group's Cold Rolled and Steel Tube subsidiaries have an outstanding capital commitment balance of around RM2.9 million and RM1.5 million respectively for plant-equipment. These capital commitments will be payable over established milestones in the next financial year.

The Group's Food Trading subsidiary has an authorized but not contracted for capital commitment of RM2.0 million for the construction of a processing center.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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 30/06/2022	Preceding Year Corresponding Quarter 30/06/2021			Current Year To-date 30/06/2022	Preceding Year Corresponding Period 30/06/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	173,803	154,458	19,345	13%	752,246	738,323	13,923	2%
Operating Profit	6,891	17,614	(10,723)	-61%	72,209	74,313	(2,104)	-3%
Profit Before Interest and Tax	6,739	16,798	(10,059)	-60%	67,868	74,093	(6,225)	-8%
Profit Before Tax	5,866	16,542	(10,676)	-65%	64,335	71,984	(7,649)	-11%
Profit After Tax	7,361	15,830	(8,469)	-53%	49,038	58,408	(9,370)	-16%
Profit Attributable to Ordinary Equity Holders of the Parent	5,093	11,875	(6,782)	-57%	35,721	44,726	(9,005)	-20%

The Group's revenue for the fourth financial quarter ended 30 June 2022 was up by 13% from RM154.5 million to RM173.8 million in the current financial quarter mainly attributable to the absence of 4 weeks of COVID-19 shutdown in the preceding year corresponding quarter. The gross profit in the current financial quarter at RM19.6 million was 34% lower due to lower margin-spreads (between raw material cost vs finished goods selling price) in both the Cold Rolled and Steel Tube segments resulting from weaker demand and declining steel-price trend. The domestic and regional steel market had weakened considerably in the fourth financial quarter due to the fallout from the Ukraine-conflict, raging inflation, rate hikes, reverse-capital-flows, tighten liquidity, and global economic turmoil. Besides, domestic steel demand was also stymied by constraint economic activities attributed to labor-shortages, supply-chain disruption, and falling durable-goods export. Consequently, the Cold Rolled segment recorded a decline in both sales volume and margin-spread whilst the Steel Tube segment recorded higher sales volume but lower margin-spread. Both the steel segments recorded lower pre-tax profit due to higher overheads and net-interest expense, coupled with the Cold Rolled subsidiary's RM6.6 million impairment charge on its inventory (see Note A4). At the same time, the Food Trading segment has also suffered loss of around RM1.4 million for the current financial quarter due to stiff competitions with weaker domestic demand, global supply shortages, as well as inflationary pressure on costs that weigh on margins. As a result, the Group's after-tax profit for the current financial quarter fell by 53% from RM15.8 million to RM7.4 million for the current financial quarter.

For the full financial year ended 30 June 2022 (FYE22), the Group recorded a 2% higher revenue and 12% higher gross profit compared to the previous year. FYE22's results would have surpassed the preceding financial year's performance should it not been for a 6 weeks COVID-19 shutdown cost in 1st quarter of FYE22 and an unexpected inventory impairment of RM6.6 million that was taken up at the Cold Rolled subsidiary in 4th quarter FYE22. At 'gross-profit' levels, both the Cold Rolled and Steel Tube segments had performed better for the full FYE22 by 27% (before the impairment on inventory) and 6% respectively compared to FYE21.

The Group recorded a lower EBITDA of RM10.9 million (down by 50%) for the current financial quarter, compared to the preceding year corresponding quarter's EBITDA of RM21.7 million. For the year-on-year comparison, the Group's EBITDA was RM88.0 million, which was about 3% lower than the preceding financial year.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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

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

	Current Quarter 30/06/2022	Immediate Preceding Quarter 31/03/2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	173,803	176,602	(2,799)	-2%
Operating Profit	19,647	22,406	(2,759)	-12%
Profit Before Interest and Tax	6,739	18,056	(11,317)	-63%
Profit Before Tax	5,866	17,223	(11,357)	-66%
Profit After Tax	7,361	11,405	(4,044)	-35%
Profit Attributable to Ordinary Equity Holders of the Parent	5,093	8,280	(3,187)	-38%

The Group's revenue for the 4th quarter ended 30 June 2022 declined by 2% to RM173.8 million, as compared to the immediate-preceding quarter, mainly owing to drop in steel prices. The steel market condition in the current financial quarter had deteriorated compared to 3rd quarter, as steel prices began to decline from April onwards with business sentiment and demand turned weaker due to raging inflation, rate hikes, labor shortage, and capital reverse-flows. China's property crisis and COVID lockdowns coupled with recessionary pressure in major economies further weighted-down steel demand across the region. Gross-margins for both the Cold rolled and Steel Tube segments were considerably weaker in the current financial quarter compared to the last quarter. The Group's performance was further dragged down by the Cold Rolled subsidiary's inventory impairment charge of RM6.6 million in 4th quarter (see Note A4). At this juncture, the Food Trading operations have yet to contribute positively to the Group's bottom line given its pre-tax loss of RM1.4 million for the current financial quarter against the immediate-preceding quarter's pre-tax loss of RM1.7 million.

As a result, the Group registered a significant lower pre-tax profit of RM5.9 million (down by 66%), compared with the immediate-preceding quarter's pre-tax profit of RM17.2 million. Correspondingly, the Group's after-tax profit for the current financial quarter was lower at RM7.4 million compared to the immediate-preceding quarter after-tax profit of RM11.4 million.

The Group recorded a significantly lower EBITDA of RM10.9 million (decreased by 59%) for the current financial quarter compared to the immediate-preceding quarter's EBITDA of RM26.4 million.

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

B3 **Prospects for the next financial year**

The Country's GDP has rebounded since the COVID19 restrictions upliftment and transition into the 'endemic phase'. However, the recovery has largely been consumption-driven. Industrial/ business growth remained uneven and thwarted by the multifront external shocks from the Ukraine-conflict & sanctions, raging inflation, rate hikes, reverse-capital-flows, tighten liquidity, and global economic turmoil. These conditions are likely to persist into the 1st half of the next financial year with the heightened geopolitical risks in Europe and East-Asia.

Specific to the domestic steel industry, the sullen market conditions will likely persist into the 1st half of the next financial year. Domestic steel demand will likely continue to be stymied by constraint industrial activities (due to labor-shortages, supply-chain disruption, and falling durable goods export) amidst declining/ weak steel prices, and cautious consumer sentiment (due to inflation). The ripple-effects from China's property crisis and zero COVID lockdowns are also expected to continue to weigh-down on regional and domestic steel demand and prices. That coupled with the rise in production cost (on almost everything), may result in our steel segments confronting a triple whammy of lower sales volume, lower gross-margin, and higher costs in 1st half of the next financial year. However, some comfort can be drawn on emerging signs that the 'steel-price-decline' is flattening; and the Government's effort to resolve labor-supply issues is progressing. The 2nd half of the next financial year may offer respite and upside potential if the existing tumultuous global situation starts to wear out - instead of tipping further towards deterioration and deeper chasm. In summary, the outlook for the next financial is highly volatile and challenging with significant downside pressure on bottom-line.

Likewise, for the Group's food operations, the business climate also foresees to remain challenging over the next financial year due to protracted food supply chain disruptions and ongoing inflationary pressures. Food businesses are expected to see only a gradual rebound in demand in the following year, despite the lifted restrictions encourage consumptions. Food price inflation is changing consumer food purchases behaviour and preferences. Hence, to remain competitive in the market, it is a good time for our food segment to evaluate alternatives so that the Group can get its products to market on a timely and cost-efficient basis to capitalise on changing preferences.

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 FOURTH QUARTER ENDED 30 JUNE 2022

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

B5 **Profit Before Tax**

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

	Current year quarter 30/06/2022 RM'000	Preceding year corresponding quarter 30/06/2021 RM'000	Current year to-date 30/06/2022 RM'000	Preceding year corresponding period 30/06/2021 RM'000
Depreciation and amortisation:				
- property, plant and equipment	(3,640)	(3,676)	(14,297)	(14,730)
- right-of-use assets (leasehold lands)	(402)	(350)	(1,491)	(1,400)
- right-of-use assets (rented properties)	(98)	(60)	(298)	(237)
Finance cost on:				
- borrowings	(1,202)	(764)	(4,806)	(3,335)
- lease liabilities	(41)	(20)	(105)	(83)
Finance income:				
- interest on deposits with financial institutions	370	527	1,378	1,307
- net investment in subleases	-	-	-	1
Write back/(impairment) on:				
- property, plant and equipment	348	71	(3,155)	(4,329)
- receivables	(500)	(887)	(1,186)	(908)
- inventories	(6,586)	-	(6,586)	-
Inventories write off	-	-	(489)	-
Loss provision reversed on onerous contracts	-	-	-	8
FX differences (loss)/gain	(5,925)	1,483	(5,979)	3,228
FX derivatives gain/(loss)	5,491	(1,230)	5,311	(3,022)

B6 **Taxation**

Taxation comprises:

	Current year quarter 30/06/2022 RM'000	Preceding year corresponding quarter 30/06/2021 RM'000	Current year to date 30/06/2022 RM'000	Preceding year corresponding period 30/06/2021 RM'000
Current tax expense				
- Current year	(2,144)	(1,749)	(8,804)	(8,801)
- Over provision in prior years	(952)	-	(603)	171
Deferred tax expense				
- Current year	4,591	1,037	(5,890)	(4,904)
	1,495	(712)	(15,297)	(13,534)

In the current financial quarter, the Cold Rolled subsidiary recognized deferred tax credit on Reinvestment Allowance on qualifying capital expenditure up to 70% of statutory income totaling RM2.8 million; and on past unrecognized business losses totaling RM1.4 million (since the allowable carry forward period for absorption has been extended by legislature from 7 years to 10 years).

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 sale of unquoted investments and / or properties in the current financial quarter.

B8 **Purchase or Disposal of Quoted Securities**

On 14 June 2022, its listed subsidiary, Mycron Steel Berhad (MSB) subscribed for 10 million Unitrade Industries Bhd's IPO (Initial Public Offerings) shares at 32 sen/share for a total outlay of RM 3.2 million, which represented around 0.64% of Unitrade's enlarged post-IPO share capital. The investment represents 0.7% of the Group's last FYE 21 audited net asset value. The investment was made by MSB at the recommendation of its steel subsidiaries. Unitrade is our Steel Tube segment's single largest customer with a long business relation history. Unitrade is unrelated to the Group or any of its directors or management. Unitrade's share price closed at 26 sens/share on 30 June 2022, resulting in a mark-to-market loss of RM0.6 million charged to income statement in the current financial quarter. This is also reflected in Note A10 as a financial instrument fair valued at Level 1 hierarchy. There is no holding-period moratorium on the investment, and MSB is free to deal as it sees fit.

B9 **Status of Corporate Proposals**

There were 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 June 2022 undertaken by its Steel and Food subsidiaries were as follows:

	RM'000
Short-term borrowings	
Secured	80,135
Long-term borrowings	
Secured	22,520
Total borrowings	102,655

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

	RM'000
Total Borrowings' opening balance at 1 July 2021	87,421
Inflows from drawdown	304,284
Outflows on repayment	(289,407)
Non-cash item	
Plant and equipment acquired via hire purchase arrangement	357
Closing balance at 30 June 2022	102,655

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

B10 **Group Borrowings and Debt Securities (continued)**

Based on the above, the Group's bank gearing ratio was around 0.17 times. Besides the said borrowings, the Group's Steel Tube subsidiary also drawn on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM13.7 million. Inclusive of that, the Group's absolute gearing ratio as at 30 June 2022 was around 0.20 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.

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 June 2022 were 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	360	1,134	6.1	7.5

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	27,497	116,340	4,809.1	-	Matching	27,497	n.a.	-	4,809.1

Besides the above unrealised positions, the Group has recorded a total realised net gain of around RM0.5 million from its FX Forward Contracts as hedging instruments with corresponding realised net loss of around RM0.6 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.

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

B11 **Outstanding Derivatives (continued)**

(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.

B12 **Off Balance Sheet Financial Instruments and Commitments**

At the Group level, off-balance-sheet financial instruments as at the date of this announcement were bank guarantees issued by its subsidiaries amounting to RM3.9 million as security for inbound supply of goods and services; and corporate guarantees issued by its listed subsidiary, Mycron Steel Berhad to lenders for borrowings extended to its steel subsidiaries amounting to RM102.2 million as at 30 June 2022.

At the Company level, off-balance-sheet financial instruments as at the date of this announcement was a corporate guarantee issued to a supplier as security for inbound supply of goods and services extended to its steel subsidiaries amounting to RM20 million as at 30 June 2022.

B13 **Material Litigation**

At the close of the current financial quarter, there were 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 was 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 **Dividend**

The Company did not declare any dividend for the financial period ended 30 June 2022.

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

B15 **Earnings per Share**

(i) Basic Earnings per Ordinary Share

	Current year quarter 30/06/2022	Preceding year corresponding quarter 30/06/2021	Current year to date 30/06/2022	Preceding year corresponding period 30/06/2021
Profit/(Loss) attributable to owners of the Company (RM'000)				
- Continuing operations	5,093	11,875	35,721	44,768
- Discontinued operations	-	-	-	(42)
	5,093	11,875	35,721	44,726
Weighted average number of ordinary shares in issue ('000)	359,418	359,418	359,418	359,418
Basic earnings/(loss) per share (sen)				
- Continuing operations	1.42	3.30	9.94	12.45
- Discontinued operations	-	-	-	(0.01)
	1.42	3.30	9.94	12.44

(ii) Diluted Earnings per Ordinary Share

	Current year quarter 30/06/2022*	Preceding year corresponding quarter 30/06/2021	Current year to date 30/06/2022*	Preceding year corresponding period 30/06/2021
Profit/(Loss) attributable to owners of the Company (RM'000)				
- Continuing operations	N/A	11,875	N/A	44,768
- Discontinued operations	N/A	-	N/A	(42)
	N/A	11,875	N/A	44,726
Total number of ordinary shares in issue ('000)	N/A	426,365	N/A	426,365
Diluted earnings/(loss) per share (sen)				
- Continuing operations	N/A	2.78	N/A	10.50
- Discontinued operations	N/A	-	N/A	(0.01)
	N/A	2.78	N/A	10.49

* No diluted earnings per share was presented in the current financial quarter/period as the issued and listed warrants were in an anti-dilutive position given that its exercisable price (at 40 sen) is above the listed market price of the mother share at the close of the current financial quarter.

QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2022

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

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
30 August 2022