



Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2023

Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the financial year ended 30 June 2023

| | Individual Quarter | | Cumulative Quarters | |
|--|---------------------------|-----------------------|----------------------------|-----------------------|
| | Current Year | Preceding Year | (12 months) | (12 months) |
| | Quarter | Corresponding | Current | Preceding Year |
| | 30/06/23 | 30/06/22 | Year | Corresponding |
| | RM'000 | RM'000 | To date | Period |
| | 30/06/23 | 30/06/22 | 30/06/23 | 30/06/22 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 162,190 | 173,803 | 549,663 | 752,246 |
| Cost of sales | (145,408) | (147,570) | (505,877) | (619,673) |
| Reversal of/(Write-down) of inventories | 101 | (9,975) | (11,004) | (9,975) |
| Gross profit | 16,883 | 16,258 | 32,782 | 122,598 |
| Operating expenses | (11,484) | (11,792) | (43,065) | (48,235) |
| Other operating income/(expenses), net | 414 | (530) | 1,811 | (4,874) |
| Net foreign currency gain/(loss) | 502 | (434) | 881 | (668) |
| Profit/(Loss) from operations | 6,315 | 3,502 | (7,591) | 68,821 |
| (Impairment)/write back on property, plant and equipment | (6,922) | 348 | (6,917) | (3,155) |
| Write back/(impairment) on receivables | 18 | (500) | 111 | (1,186) |
| Finance income | 500 | 370 | 1,537 | 1,378 |
| Finance costs | (1,656) | (1,243) | (5,616) | (4,911) |
| (Loss)/Profit before tax | (1,745) | 2,477 | (18,476) | 60,947 |
| Tax (expense)/credit | (75) | 4,008 | 1,464 | (12,784) |
| Net (loss)/profit for the financial year | (1,820) | 6,485 | (17,012) | 48,163 |
| Other comprehensive income/(loss) (net of tax): | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | |
| Foreign currency translation reserve: | | | | |
| - Currency translation differences | (591) | 163 | (723) | 374 |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Asset revaluation reserve: | | | | |
| - revaluation surplus on property, plant & machinery, net of tax | 9,172 | 1,836 | 9,172 | 1,836 |
| - revaluation right-of-use assets, net of tax | 7,649 | 3,033 | 7,649 | 3,033 |
| Total comprehensive income/(loss) for the financial year | 14,410 | 11,517 | (914) | 53,406 |
| Total comprehensive income/(loss) for the financial year attributable to: | | | | |
| Owners of the Company | 11,679 | 8,379 | (163) | 39,219 |
| Non-controlling interests | 2,731 | 3,138 | (751) | 14,187 |
| | 14,410 | 11,517 | (914) | 53,406 |
| (Loss)/Earnings per share attributable to owners of the Company (sen): | | | | |
| Basic | (0.47) | 1.22 | (3.72) | 9.75 |
| Diluted | N/A | N/A | N/A | N/A |

(The unaudited 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 2022).

**Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2023****Condensed Consolidated Statements of Financial Position as at 30 June 2023**

(The figures have not been audited)

| | As at 30/06/23 RM'000 | As at 30/06/22 RM'000 |
|--|--------------------------------------|--------------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 315,893 | 315,791 |
| Right-of-use assets | 96,440 | 87,671 |
| Deferred tax assets | 590 | 637 |
| | <u>412,923</u> | <u>404,099</u> |
| Current assets | | |
| Inventories | 178,369 | 286,798 |
| Trade receivables | 67,656 | 71,096 |
| Other receivables, deposits and prepayments | 6,108 | 4,383 |
| Financial assets at fair value through profit or loss | 5,003 | 2,600 |
| Derivative financial assets | 1,062 | 4,815 |
| Current tax recoverable | 1,442 | 438 |
| Deposits with licensed banks | 37,151 | 91,340 |
| Cash and bank balances | 43,902 | 23,411 |
| | <u>340,693</u> | <u>484,881</u> |
| Less: | | |
| Current liabilities | | |
| Trade payables | 27,958 | 154,576 |
| Other payables and accrued liabilities | 17,400 | 20,495 |
| Contract liabilities | 6,419 | 7,838 |
| Derivative financial liabilities | - | 8 |
| Short-term borrowings | 90,863 | 80,135 |
| Lease liabilities | 300 | 319 |
| Current tax provision | 746 | 2,800 |
| | <u>143,686</u> | <u>266,171</u> |
| Net current assets | <u>197,007</u> | <u>218,710</u> |
| | <u>609,930</u> | <u>622,809</u> |
| Capital and reserves attributable to owners of the Company | | |
| Share capital | 250,208 | 250,208 |
| Other non-distributable capital reserves | 93,681 | 80,459 |
| Retained profits | 65,596 | 79,354 |
| | <u>409,485</u> | <u>410,021</u> |
| Non-controlling interests | <u>125,124</u> | <u>125,502</u> |
| Total equity | <u>534,609</u> | <u>535,523</u> |
| Non-current liabilities | | |
| Long-term borrowings | 10,734 | 22,520 |
| Lease liabilities | 2,299 | 1,909 |
| Deferred income on grant | 5,731 | 5,884 |
| Deferred tax liabilities | 56,557 | 56,973 |
| | <u>75,321</u> | <u>87,286</u> |
| Net assets | <u>609,930</u> | <u>622,809</u> |
| Net assets per share attributable to owners of the Company (RM) | <u>1.14</u> | <u>1.14</u> |

(The unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2023

Condensed Consolidated Statements of Cash Flows for the financial year ended 30 June 2023

(The figures have not been audited)

| | (12 months) 30/06/23 RM'000 | (12 months) 30/06/22 RM'000 |
|---|-----------------------------------|-----------------------------------|
| (Loss)/Profit before tax | (18,476) | 60,947 |
| Adjustments for: | | |
| - Amortisation of deferred income on grant | (153) | (153) |
| - Depreciation and amortisation | 17,018 | 16,086 |
| - Fair value (gain)/loss on financial assets at fair value through profit or loss | (269) | 588 |
| - Loss/(gain) on disposal of property, plant and equipment | 179 | (91) |
| - Net unrealised (gain)/loss on foreign exchange | (954) | 508 |
| - Reversal of property, plant and equipment written off | (255) | - |
| - Impairment on property, plant and equipment | 6,917 | 3,155 |
| - Inventories write off | 150 | 489 |
| - Write-down of inventories | 11,004 | 9,975 |
| - (Write back)/impairment on receivables | (111) | 1,186 |
| - Provision for onerous contract reversed during the year | - | (15) |
| - Finance income | (1,537) | (1,378) |
| - Finance costs | 5,616 | 4,911 |
| Operating profit before changes in working capital | 19,129 | 96,208 |
| Changes in working capital: | | |
| - Inventories | 97,286 | (69,062) |
| - Receivables, deposits and prepayments | 11,602 | (32,944) |
| - Payables and accrued liabilities | (134,591) | 47,469 |
| - Contract liabilities | (1,420) | (15,544) |
| Tax paid (net) | (5,851) | (9,178) |
| Net cash (used in)/generated from operating activities | (13,845) | 16,949 |
| Investing activities: | | |
| - Purchase of property, plant and equipment | (10,345) | (11,474) |
| - Purchase of financial assets at fair value through profit or loss | (2,132) | (3,304) |
| - Proceeds from disposal of property, plant and equipment | 245 | 506 |
| - Proceeds from disposal of financial assets at fair value through profit or loss | 7 | 116 |
| - Interest received | 1,537 | 1,378 |
| Net cash used in investing activities | (10,688) | (12,778) |
| Financing activities: | | |
| - Interest paid | (5,865) | (5,038) |
| - Proceeds from borrowings | 274,754 | 322,322 |
| - Repayment of borrowings | (276,977) | (307,445) |
| - Principal payment of lease liabilities | (341) | (242) |
| Net cash (used in)/generated from financing activities | (8,429) | 9,597 |
| Net change in cash & cash equivalents | (32,962) | 13,768 |
| Cash & cash equivalents at beginning of the financial year | 114,751 | 100,929 |
| Currency translation differences | (736) | 54 |
| Cash & cash equivalents at end of the financial year | 81,053 | 114,751 |

(The unaudited Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2023

Condensed Consolidated Statements of Changes in Equity for the financial year ended 30 June 2023

(The figures have not been audited)

| | ----- Attributable to owners of the Company ----- | | | | | Non-controlling Interests | Equity | |
|---|---|---|------------------------------|-----------------------------|-------------------------------|------------------------------|-----------------|-----------------|
| | ----- Non-distributable capital reserves ----- | | | | | | | |
| | Share Capital RM'000 | Asset Revaluation Reserve RM'000 | Warrant Reserve RM'000 | Other Reserves RM'000 | Retained Profits RM'000 | Total RM'000 | Total RM'000 | Total RM'000 |
| <u>30 June 2023</u> | | | | | | | | |
| At 1 July 2022 | 250,208 | 76,807 | 3,568 | 84 | 79,354 | 410,021 | 125,502 | 535,523 |
| Total comprehensive loss for the financial year | - | 13,945 | - | (723) | (13,385) | (163) | (751) | (914) |
| Non-controlling interests: | | | | | | | | |
| - change in effective interest | - | - | - | - | (373) | (373) | 373 | - |
| At 30 June 2023 | 250,208 | 90,752 | 3,568 | (639) | 65,596 | 409,485 | 125,124 | 534,609 |
| <u>30 June 2022</u> | | | | | | | | |
| At 1 July 2021 | 250,208 | 72,993 | 3,568 | (290) | 44,323 | 370,802 | 113,853 | 484,655 |
| Total comprehensive income for the financial year | - | 3,814 | - | 374 | 35,031 | 39,219 | 14,187 | 53,406 |
| Dividend payable to non-controlling interests of a subsidiary | - | - | - | - | - | - | (2,538) | (2,538) |
| At 30 June 2022 | 250,208 | 76,807 | 3,568 | 84 | 79,354 | 410,021 | 125,502 | 535,523 |

(The unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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 2022 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 preceding financial year ended 30 June 2022.

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 2022, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2022 which the Group has adopted since the commencement of the current financial year on 1 July 2022:

- Annual Improvements to MFRS 9 ‘Fees in the 10% Test for Derecognition of Financial Liabilities’ clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments do not change the current accounting for business combinations on acquisition date. The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, Contingent Liabilities and Contingent Assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.
- Amendments to MFRS 116 ‘Proceeds Before Intended Use’ prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss. The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.
- Amendments to MFRS 137 ‘Onerous Contracts - Cost of Fulfilling a Contract’ clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

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



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies (continued)

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 2023

- Amendments to MFRS 101 and MFRS Practice Statement 2 on “Disclosure of Accounting Policies”
- Amendments to MFRS 108 on "Definition of Accounting Estimates"
- Amendments to MFRS 112 ‘Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules’

Effective for financial year beginning after 1 July 2024

- Amendments to MFRS 16 "Lease Liability in a Sale and Leaseback”
- Amendments to MFRS 101 “Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-Current”

These amendments to published standards will be adopted when effective.

A2 Audit Qualification

The audit report of the Group in respect of the annual financial statements for the financial year ended 30 June 2022 was not subject to any audit qualification.

A3 Seasonality or Cyclicity 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

There were no other unusual items affecting assets, liabilities, equity, net income or cash flows that were unusual because of their nature, size or incidence in the current financial quarter.

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 2023.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

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 2023.

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.

| | <u>30/06/2023</u> | <u>30/06/2022</u> |
|---|-------------------|-------------------|
| Total interest-bearing debts (RM’million) | 129.2 | 116.4 |
| Adjusted Equity (RM’million) | 590.6 | 591.9 |
| Absolute Gearing Ratio | 0.22 | 0.20 |

Of the total interest-bearing debts as at 30 June 2023, around RM88.2 million was represented by the respective debenture at its Steel Tube and Cold Rolled Coil subsidiaries, whilst RM27.6 million was represented by unsecured interest-bearing supplier’s credit at the respective operating subsidiaries (see Note B10). Debts of RM13.4 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 are excluded from the ratio computation as these are contractually non-interest bearing.

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:

| | <u>Steel Tube</u> | <u>Cold Rolled Coil</u> | <u>Investment Holding</u> | <u>Others</u> | <u>Total</u> |
|-----------------------|-------------------|-------------------------|---------------------------|---------------|--------------|
| | RM’000 | RM’000 | RM’000 | RM’000 | RM’000 |
| <u>Revenue</u> | | | | | |
| Total revenue | 272,923 | 292,256 | 14,023 | 9,569 | 588,771 |
| Inter segment | - | (23,208) | (14,023) | (1,877) | (39,108) |
| External revenue | 272,923 | 269,048 | - | 7,692 | 549,663 |
| Pre-tax profit/(loss) | 8,100 | (6,916) | (12,338) | (7,322) | (18,476) |
| Segment assets | 250,601 | 400,525 | 87,031 | 12,365 | 750,522 |



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental Reporting (continued)

Reconciliation of segment assets to total assets is as follows:

| | <u>RM'000</u> |
|-----------------------------|----------------|
| Segment assets | 750,522 |
| Deferred tax assets | 590 |
| Derivative financial assets | 1,062 |
| Current tax recoverable | <u>1,442</u> |
| Total assets | <u>753,616</u> |

A9 Valuation of Property, Plant and Equipment (PPE) and Rights-of-Use (ROU) Assets

In conjunction with the current financial year ended 30 June 2023, the Group's PPE and ROU Assets 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 RM16.8 million was credited to the asset revaluation reserve, while the deficits totaling RM6.4 million was charged to profit or loss as impairment in the current financial year.

A significant portion of the said impairment charge was attributed to the Cold Rolled Coil subsidiary's new Acid Regeneration Plant or ARP (commissioned and capitalised in the middle of the previous financial year), which incurred a RM3.2 million impairment or an additional 14.6% against its carrying depreciated value as at 30 June 2023. The combined depreciation and impairment charge on the ARP (with a rated economic useful life of 20 years) for the first full year amounted to 15.7% of its initial carrying cost.

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 deposits, cash and bank balances, receivables, short-term borrowings and payables approximate their fair values.

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 2023:

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 | 3,002.0 | - | - |
| Investment Funds | - | 2,000.7 | - |
| Foreign Currency Forwards | | | |
| as Assets (hedge accounted) | - | 1,061.9 | - |
| Total | 3,002.0 | 3,062.6 | - |



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

PART A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Fair Value Measurement (continued)

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

The fair value of Investment Funds are determined based on independent fund valuations.

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.

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 Coil subsidiary and Steel Tube subsidiary have an outstanding capital commitment that has been approved and contracted for of around RM1.3 million and RM2.4 million respectively for the upgrading of their existing plant and machineries. These capital commitments will be payable over established milestones in the next financial year.

The Group's Food Trading subsidiary has approved but not contracted for capital commitment of RM1.0 million for the construction of a processing center.

The Group's subsidiary in United Kingdom has approved but not contracted for capital commitment of RM0.07 million for the purchases of new equipment.

At the Company level, it has capital commitment that has been approved and contracted for of approximately RM0.4 million for the replacement of one of the factory roofing structures. This capital commitment will be payable in the next financial year.



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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 (4 th quarter) | | Changes | | Cumulative Period | | Changes | |
|---|--|--|----------|-------|---------------------------------------|---|-----------|-------|
| | Current Year Quarter 30/06/2023 | Preceding Year Corresponding Quarter 30/06/2022 | | | Current Year To-date 30/06/2023 | Preceding Year Corresponding Period 30/06/2022 | | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 162,190 | 173,803 | (11,613) | -7% | 549,663 | 752,246 | (202,583) | -27% |
| Operating Profit/(Loss) | 6,315 | 3,502 | 2,813 | 80% | (7,591) | 68,821 | (76,412) | -111% |
| (Loss)/Profit Before Interest and Tax | (589) | 3,350 | (3,939) | -118% | (14,397) | 64,480 | (78,877) | -122% |
| (Loss)/Profit Before Tax | (1,745) | 2,477 | (4,222) | -170% | (18,476) | 60,947 | (79,423) | -130% |
| (Loss)/Profit After Tax | (1,820) | 6,485 | (8,305) | -128% | (17,012) | 48,163 | (65,175) | -135% |
| (Loss)/Profit Attributable to Ordinary Equity Holders of the Parent | (1,675) | 4,402 | (6,077) | -138% | (13,385) | 35,031 | (48,416) | -138% |

The Group's revenue for the fourth financial quarter ended 30 June 2023 was down by 7% from RM173.8 million to RM162.2 million in the current financial quarter. The drop in revenue was mainly due to lower unit selling price (down 19%) in tandem with lower market steel prices for both Cold Rolled Coil and Steel Tube segments.

The Group's gross profit was slightly higher (up by 4%) in the current financial quarter compared to the preceding year's corresponding financial quarter as there was a write-down on inventories of RM10.0 million in the preceding year's corresponding financial quarter. Correspondingly, the Group's operating profit stood at RM6.3 million for the current financial quarter was higher by 80% compared to the preceding year's corresponding financial quarter.

However, the Group incurred a pre-tax loss of RM1.7 million for the current financial quarter, in contrast to a pre-tax profit of RM2.5 million in the corresponding financial quarter of the prior year. This shift was triggered by an impairment charge of RM6.4 million on property, plant and equipment (PPE), following a revaluation exercise conducted for the current financial quarter. The unusually high PPE impairment was mainly related to the new Acid Regeneration Plant under the Cold Rolled Coil subsidiary, where the independent valuer deemed the initial year's non-linear decline in market value as a common phenomenon (see Section A9). After-tax loss of the Group for the current financial quarter was RM1.8 million versus the preceding year's corresponding financial quarter after-tax profit of RM6.5 million (benefited from a prior year net credit tax adjustment of RM4.0 million).

Revaluation surplus (net of tax) on PPE and ROU Assets for the current financial quarter amounting to RM16.8 million (up by 2.5 folds over year before of RM4.9 million) was classified in 'other comprehensive income'. In that regard, the Group recorded a total comprehensive income of RM14.4 million for the current financial quarter as against RM11.5 million in the preceding year's corresponding financial quarter.

The Group recorded a higher EBITDA of RM10.5 million for the current financial quarter, compared to the preceding year's corresponding financial quarter's EBITDA of RM7.5 million. For the full financial year, the Group's EBITDA stood at RM9.1 million (FY2022: EBITDA of RM84.6 million).



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 JUNE 2023

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 30/06/2023 | Immediate Preceding Quarter 31/03/2023 | Changes | |
|--|-------------------------------|---|---------|-------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | 162,190 | 128,885 | 33,305 | 26% |
| Operating Profit | 6,315 | 322 | 5,993 | 1861% |
| (Loss)/Profit Before Interest and Tax | (589) | 325 | (914) | -281% |
| Loss Before Tax | (1,745) | (602) | (1,143) | -190% |
| Loss After Tax | (1,820) | (655) | (1,165) | -178% |
| Loss Attributable to Ordinary Equity Holders of the Parent | (1,675) | (483) | (1,192) | -247% |

The Group’s revenue for the current financial quarter was 26% higher, from RM128.9 million in the immediate preceding financial quarter up to RM162.2 million in the current financial quarter. This was mainly attributable to higher sales volume achieved by both the Cold Rolled Coil and Steel Tube segments (up by 23%).

Benefiting from robust contribution from both the Cold Rolled Coil and Steel Tube segments, the gross profit performance for the current financial quarter amounted to RM16.9 million (up 89% compared to the immediate-preceding financial quarter of RM8.9 million). Correspondingly, operating profit increased from RM0.3 million to RM6.3 million in the current financial quarter. However, the performance for the current financial quarter narrowed down to a pre-tax loss of RM1.7 million after recognising an impairment charge on property, plant and equipment of RM6.4 million pursuant to revaluation. After-tax loss of the Group was higher at RM1.8 million compared to the immediate-preceding financial quarter’s after-tax loss of RM0.7 million.

The Group recorded a higher EBITDA of RM10.5 million for the current financial quarter compared to the immediate-preceding financial quarter’s EBITDA of RM4.5 million.

B3 Prospects for the next financial year

The uncertain global economy is anticipated to linger in next financial year. The drawn-out geopolitical conflict in the West and tension in the East continue to cast a long shadow on the world economy, which could intensify with more restrictions on trade and cross-border movements of capital as well as contribute to additional volatility in global commodity prices. On top of that, China’s recovery underperforms, headwinds from persistently high inflation with elevated interest rates constraining room for discretionary spending and raising the risk of debt distress, are also expected to put a dampener on global economic activity.



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B3 Prospects for the next financial year (continued)

The Group ended the current financial year in a loss position with steep contraction in sales volume especially for steel related products, mirroring the weak performance of the nation's manufacturing sector (including steel) as reflected in its Purchasing-Managers-Index's ten straight months of contraction. Similar contraction is seen in major exporting nations as global trades shrunk. These negative conditions are expected to persist till next financial year. Moreover, the slow economic recovery in China (its domestic steel demand is lagging output – pushing down steel prices with the excesses flooding Southeast Asia region) will not only limit Southeast Asia's growth but also persistently exert pricing and margin pressure on the regional steel industry. The revival of the shelved KL-Singapore Fast-Rail project, if realised, would improve sentiment.

For the domestic food trading and distribution industry, pent-up spending by consumers has been cooling down. Sales are expected to undergo a slowed growth in the first half of the next financial year, particularly in the absence of noteworthy festive intervals. Also, during this period, many retail businesses are adopting a cautious approach when it comes to building up their food inventory for inventory optimization. As a result, the distress of wholesale food traders and distributors is compounded not just by increased operational costs, a weakened currency (Ringgit), and imported food inflation, but also by the necessity to contend with competitors for a greater market share. To enhance our competitive advantage, the Group are working assiduously to further sharpen, simplify and streamline our operating processes and thereby drive business agility and increase profitability. Concurrently, the Group will focus on securing more new customers, broadening their array of products and value-added services, and vigilantly observing evolving consumer trends to adjust to shifting market conditions.

In summary, the Group's prospects outlook for the next financial year remains cautious with the possibility of tepid rebound in the 2nd half, in line with World Trade Organisation and World Bank's projection for the regional steel and food trading industry.

B4 Variance of Actual Profit from Forecast Profit

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



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B5 (Loss)/Profit Before Tax

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

| | Current year quarter <u>30/06/2023</u> RM'000 | Preceding year corresponding quarter <u>30/06/2022</u> RM'000 | Current year to-date <u>30/06/2023</u> RM'000 | Preceding year corresponding period <u>30/06/2022</u> RM'000 |
|---|--|---|--|--|
| Depreciation and amortisation: | | | | |
| - property, plant and equipment | (3,752) | (3,640) | (15,083) | (14,297) |
| - right-of-use assets (leasehold lands) | (391) | (402) | (1,564) | (1,491) |
| - right-of-use assets (rented properties) | (102) | (98) | (371) | (298) |
| Finance costs on: | | | | |
| - borrowings | (1,607) | (1,202) | (5,372) | (4,806) |
| - lease liabilities | (49) | (41) | (244) | (105) |
| Finance income: | | | | |
| - interest on deposits with licensed banks | 500 | 370 | 1,537 | 1,378 |
| Write back/(impairment) on: | | | | |
| - property, plant and equipment | (6,922) | 348 | (6,917) | (3,155) |
| - receivables | 18 | (500) | 111 | (1,186) |
| Write-down of inventories | 101 | (9,975) | (11,004) | (9,975) |
| Inventories write off | (104) | - | (150) | (489) |
| Fair value (loss)/gain on financial assets | | | | |
| at fair value through profit or loss | (153) | (600) | 269 | (588) |
| FX differences gain/(loss) | (932) | (5,925) | (4,346) | (5,979) |
| FX derivatives (loss)/gain | 1,434 | 5,491 | 5,227 | 5,311 |
| | ===== | ===== | ===== | ===== |

B6 Taxation

Taxation comprises:

| | Current year quarter <u>30/06/2023</u> RM'000 | Preceding year corresponding quarter <u>30/06/2022</u> RM'000 | Current year to date <u>30/06/2023</u> RM'000 | Preceding year corresponding period <u>30/06/2022</u> RM'000 |
|---------------------------------|--|---|--|--|
| Current tax expense | | | | |
| - Current year | (1,288) | (1,960) | (2,675) | (8,620) |
| - Under provision in prior year | (117) | (952) | (69) | (603) |
| Deferred tax expense | | | | |
| - Current year | 1,330 | 6,920 | 4,208 | (3,561) |
| | (75) | 4,008 | 1,464 | (12,784) |



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

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 2023 undertaken by its Steel subsidiaries were as follows:

| | <u>RM'000</u> |
|------------------------------|-----------------------|
| <u>Short-term borrowings</u> | |
| Secured | 90,863 |
| <u>Long-term borrowings</u> | |
| Secured | <u>10,734</u> |
| Total borrowings | <u><u>101,597</u></u> |

At the close of the current financial period, the Cold Rolled Coil subsidiary fell-short in meeting a 'Debt-Service-Cover-Ratio' covenant in-relation to its short-term tradeline borrowings, and has since sought indulgence from two affected lenders. Arising from that, the Group has reclassified RM4.3 million in 'long-term borrowings' to 'short-term borrowings' as reflected in the above. The said subsidiary and the Group remain in comfortable net current assets position after the reclassification. The continuing availability of the aforementioned debt facility to the said subsidiary is unaffected.

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

| | <u>RM'000</u> |
|--|-----------------------|
| Total Borrowings' opening balance at 1 July 2022 | 102,655 |
| Inflows from drawdown | 274,754 |
| Outflows on repayment | (276,977) |
| <u>Non-cash item</u> | |
| Plant and equipment acquired via hire purchase arrangement | 1,165 |
| Closing balance at 30 June 2023 | <u><u>101,597</u></u> |



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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 RM27.6 million. Inclusive of that, the Group’s absolute gearing ratio as at 30 June 2023 was around 0.22 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 designated for hedge accounting as at 30 June 2023 were outlined below:

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 Assets | Financial Liabilities | Maturity | Short USD | N/A | Financial Assets | Financial Liabilities |
| Less than 1 year | 10,663 | 48,775 | 1,061.9 | - | Matching | 10,663 | N/A | - | 1,061.9 |

Besides the above unrealised positions, the Group has recorded a total realised net gain of around RM4.2 million from its FX Forward Contracts as hedging instruments with corresponding realised net loss of around RM4.3 million from its ‘foreign currency obligations & assets’ 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.



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B11 Outstanding Derivatives (continued)

(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 RM8.7 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 RM100.5 million as at 30 June 2023.

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 RM20.0 million as at 30 June 2023.

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 had 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 2023.



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

B15 Earnings per Share

(i) Basic (Loss)/Earnings per Ordinary Share

| | Current year quarter 30/06/2023 | Preceding year corresponding quarter 30/06/2022 | Current year to date 30/06/2023 | Preceding year corresponding period 30/06/2022 |
|---|---------------------------------------|--|---------------------------------------|---|
| (Loss)/Profit attributable to owners of the Company (RM'000) | (1,675) | 4,402 | (13,385) | 35,031 |
| Weighted average number of ordinary shares in issue ('000) | 359,418 | 359,418 | 359,418 | 359,418 |
| Basic (loss)/earnings per share (sen) | (0.47) | 1.22 | (3.72) | 9.75 |

(ii) Diluted (Loss)/Earnings per Ordinary Share

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

These interim financial statements have 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 2023