

INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FIRST FINANCIAL QUARTER ENDED 30 JUNE 2024

EXPLANATORY NOTES

1. BASIS OF PREPARATION

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2024. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2024.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements for the financial year ended 31 March 2024, except for the following Amendments to MFRS which are applicable to its financial statements:

Effective for financial period beginning on or after 1 January 2024:-

- Amendments to MFRS 16 Lease Liability in a Sales and Leaseback
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Non-current Liabilities with Covenants
- Amendments to MFRS 107 Supplier Finance Arrangements
and MFRS 7

Effective for financial period beginning on or after 1 January 2025:-

- Amendments to MFRS 121 Lack of exchangeability

At the date of authorisation of these interim financial statements, the following Standards and amendments to Standards were issued but not yet effective up to the date of issuance of the Group’s financial statements and have not been early adopted by the Group:

Effective for financial period beginning on or after 1 January 2026:-

- Amendments to MFRS 9 Classification and measurement of financial instruments
and MFRS 7

Effective for financial period beginning on or after 1 January 2027:-

- Amendments to MFRS 18 Presentation and disclosure in financial statement
- Amendments to MFRS 19 Subsidiaries without public accountability disclosures

Effective Date Deferred Indefinitely:-

- Amendments to MFRS 10 Consolidated Financial Statements and Sale or Contribution of
and MFRS 128 Assets between an Investor and its Associate or Joint Venture



The Group will adopt the above Standards and amendments to Standards when they become effective in the respective financial periods. The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group.

3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS

There were no audit qualification on the audit report of the preceding reports and financial statements.

4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS

Except for the major festive seasons when activities slow down, the pace of the Company's business generally moves in tandem with the performance of the economy.

5. NATURE AND AMOUNT OF UNUSUAL ITEMS

There were no items of unusual nature, size or incidence which affect the assets, liabilities, equity, net income or cash flows during the current quarter under review.

6. NATURE AND AMOUNT OF CHANGES IN ESTIMATES

There were no major changes in estimates that have a material effect on the current quarter results.

7. DEBT AND EQUITY SECURITIES

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter under review.

8. DIVIDEND PAID

There were no dividends paid during the financial period-to-date.

9. SEGMENTAL INFORMATION

For management purposes, the Group is organised into three reportable operating segments, which comprise the following:

- (a) **Trading & Services**
Trading and marketing of steel products and all types of construction materials and warehousing and storage services.
- (b) **Manufacturing**
Manufacturing and trading of steel purlin, structural steel components and other steel products.
- (c) **Others**
Investment holding and dormant.



9.1 Business Segments

The segment revenue, segment results and segment assets for the financial year ended 31 March 2025 were as follows:

	Trading & Services RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	311,527	5,936	557	-	318,020
Inter-company transactions	52,812	2,352	1,385	(56,549)	-
Total Sales	<u>364,339</u>	<u>8,288</u>	<u>1,942</u>	<u>(56,549)</u>	<u>318,020</u>
RESULTS					
Segment results	(3,277)	(334)	1,044	-	(2,567)
Finance cost	(5,648)	(94)	(142)	-	(5,884)
Interest income	20	11	-	-	31
Share of result in associated company	-	-	43	-	43
Taxation	(117)	-	(258)	-	(375)
(Loss)/Profit for the period	<u>(9,022)</u>	<u>(417)</u>	<u>687</u>	<u>-</u>	<u>(8,752)</u>
ASSETS	<u>1,250,526</u>	<u>37,275</u>	<u>107,162</u>	<u>(237,450)</u>	<u>1,157,513</u>
LIABILITIES	<u>876,651</u>	<u>11,525</u>	<u>35,881</u>	<u>(240,043)</u>	<u>684,014</u>

9.2 Geographical Segments

	3 months ended 30.06.2024 RM'000
External Sales	
Malaysia	186,783
APEC countries	124,503
Other countries	6,733
	<u>318,020</u>

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There was no material event in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter.

11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group for the current quarter under review and financial period to-date.

12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last reports and financial statements.

13. CAPITAL COMMITMENTS

The capital commitments as at 30 June 2024 were as follows:

Commitments in respect of capital expenditure	RM'000
(a) Contracted but not provided for	9,462
(b) Approved but not contracted for	47,781

14. COMMENTARY ON FINANCIAL PERFORMANCE

	Individual Period (1st Quarter)			
	Current Quarter	Preceding Year Corresponding Quarter	Changes	
	30.06.2024 RM'000	30.06.2023 RM'000	RM'000	%
Revenue	318,020	297,211	20,809	7.00%
Operating (Loss)/Profit	(2,809)	18,465	(21,274)	>-100%
(Loss)/Profit Before Interest and Tax	(2,524)	18,740	(21,264)	>-100%
(Loss)/Profit Before Tax	(8,377)	12,486	(20,863)	>-100%
(Loss)/Profit After Tax	(8,752)	9,927	(18,679)	>-100%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(6,094)	9,163	(15,257)	>-100%

For the first quarter ended 30 June 2024, the Group registered revenue of RM318.020 million, an increase of RM20.809 million or 7.00% as compared to the revenue of RM297.211 million for the corresponding quarter of the preceding year. The increase in revenue was mainly due to higher revenue in the Trading & Services division, despite a decrease in revenue recorded in the Manufacturing and Others division.

The Group registered an operating loss of RM2.809 million for the current quarter, a decrease in operating profit by RM21.274 million as compared to RM18.465 million for the corresponding quarter of the preceding year. The Group registered a loss before tax ("LBT") of RM8.377 million for the current quarter, a decrease in PBT of RM20.863 million as compared to PBT of RM12.486 million in the corresponding quarter of the preceding year. The decrease in operating profit and PBT were mainly attributable to lower average selling prices and impairment of financial assets.

Trading & Services division's revenue increased by RM23.044 million to RM311.527 million for the current quarter compared to RM288.483 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM19.855 million to LBT of RM8.905 million for the current quarter as compared to segment PBT of RM10.950 million for the corresponding quarter of the preceding year. The increase in segment revenue was mainly attributable to higher sales volumes despite lower



average selling prices. However, PBT declined due to the margin compression and was further impacted by the impairment of financial assets.

Manufacturing division's revenue decreased by RM1.439 million to RM5.936 million for the current quarter compared to RM7.375 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM0.795 million to LBT of RM0.417 million for the current quarter as compared to PBT of RM0.378 million for the corresponding quarter of the preceding year. The lower segment revenue was primarily due to lower average selling prices despite higher sales volumes, while higher segment LBT was mainly attributable to higher production costs and impairment loss on inventories.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	Changes	
	30.06.2024	31.03.2024	RM'000	%
	RM'000	RM'000		
Revenue	318,020	293,714	24,306	8.28%
Operating (Loss)/ Profit	(2,809)	14,921	(17,730)	>-100%
(Loss)/ Profit Before Interest and Tax	(2,524)	15,148	(17,672)	>-100%
(Loss)/ Profit Before Tax	(8,377)	9,153	(17,530)	>-100%
(Loss)/ Profit After Tax	(8,752)	7,327	(16,079)	>-100%
(Loss)/ Profit Attributable to Ordinary Equity	(6,094)	5,159	(11,253)	>-100%

The Group registered revenue of RM318.020 million in the current quarter which was RM24.306 million or 8.28% higher than the revenue of RM293.714 million for the immediate preceding quarter. The higher revenue was mainly attributable to higher sales volumes despite lower average selling prices in Trading and Services division, and lower sales volumes coupled with lower average selling prices in the Manufacturing divisions.

The Group operating profit decreased by RM17.730 million to operating loss of RM2.809 million in the current quarter as compared to an operating profit of RM14.921 million for the immediate preceding quarter. The PBT of the Group decreased by RM17.530 million to LBT of RM8.377 million in the current quarter compared to PBT of RM9.153 million for the immediate preceding quarter. The decreased in both operating profit and PBT were mainly attributable to lower average selling prices and impairment of financial assets during the current quarter under review.

Trading & Services division's revenue increased by RM26.548 million to RM311.527 million for the current quarter compared to RM284.979 million for the immediate preceding quarter. The segment PBT decreased by RM15.705 million to LBT of RM8.905 million in the current quarter as compared to segment PBT of RM6.800 million for the immediate preceding quarter. The higher segment revenue was mainly due to higher sales volumes despite lower average selling prices. The decreased in PBT was mainly attributable to lower average selling prices and impairment of financial assets during the current quarter under review.

Manufacturing division's revenue decreased by RM1.713 million to RM5.936 million for the current quarter compared to RM7.649 million for the immediate preceding quarter. The segment PBT decreased by RM0.659 million to LBT of RM0.417 million for the current quarter as compared to segment PBT of RM0.242 million for the immediate preceding quarter. The lower segment revenue was mainly due to lower sales volumes coupled with lower average selling prices. The higher LBT



was mainly attributable to lower revenue, higher production costs and impairment loss on inventories during the current quarter under review.

16. PROSPECTS

According to International Monetary Fund, global economy growth is projected to remain stable at 3.2 percent in 2024 and 3.3 percent in 2025. The momentum on global disinflation is anticipated to be gradual due to persistent service price inflation which may prolong high interest rates. Additionally, escalating trade tensions and increased policy uncertainty are contributing factors.

On domestic front, Malaysia's economy expanded by 5.9 percent in the second quarter of 2024 compared to 4.2 percent in the previous quarter. The growth is attributed to stronger domestic demand and a further expansion in exports. Malaysia's economy is expected to continue its growth momentum, supported by both domestic and export-driven factors, with a favorable outlook this year. The Malaysian steel industry while facing a mixed outlook, shaped by both opportunities and challenges, benefits from the potential ongoing infrastructure projects that are likely to drive demand.

In Singapore, the economy grew by 2.9 percent in the second quarter of 2024, slightly down from 3.0 percent in the previous quarter. The construction sector has experienced a 3.8 percent increase, bolstered by an increase in public sector construction output. Singapore's economy is projected to grow between 2 percent and 3 percent this year by anticipating a recovery in semiconductors and other exports. The Singaporean steel industry is expected to grow modestly, primarily driven by demand in the construction sector.

The Board anticipates that the Group's prospect and performance for the financial year ending 31 March 2025 will remain challenging due to the highly competitive environment. Key concerns include global economic uncertainties, the softening of global steel prices, ongoing geopolitical tensions, the impact of high energy costs, interest rates, inflation, and exchange rates fluctuations. The Group will maintain agility in navigating these challenges and continue its strategic focus on servicing the customers by providing total solutions in quality products and services. The Group will also work to optimise current operations while remaining vigilant in managing external risks.

17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT

The Group did not issue any profit forecast or profit guarantee for the financial year ending 30 June 2024.

18. TAXATION

The tax figures comprise of:

	3 months ended
	30.06.2024
	RM'000
Income tax	
- Current year taxation	375
- Prior year taxation	-
Deferred tax	-
	<u>375</u>



The Group's effective tax rate for the current quarter under review was lower than the statutory tax rate of 24% mainly due to loss reported during the current quarter, despite certain expenses not being deductible for tax purposes.

19. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the latest practical date from the issuance of this report.

20. BORROWINGS

The Group's borrowings as at 30 June 2024 are as follows:

	As At End of Current Quarter 30.06.2024 RM'000	As At End of Immediate Preceding Quarter 31.03.2024 RM'000
<u>Short Term borrowings</u>		
Secured	450,727	419,335
<u>Long Term borrowings</u>		
Secured	25,759	27,550
Total borrowings	476,486	446,885

The Group's borrowings increased by RM29.601 million in the current quarter to RM476.486 million compared with the immediate preceding quarter of RM446.885 million, mainly attributable to higher trade receivables during the current quarter under review.

The Group's borrowings are denominated in Ringgit Malaysia.

21. FINANCIAL DERIVATIVE INSTRUMENTS

Forward foreign exchange contracts are used to hedge foreign exchange risks associated with some of the transactions' exposure. As at end of the current quarter under review, the outstanding forward foreign currency exchange contracts are as follows:

Type of Derivatives	Contract/Notional Value (RM'000)	Fair Value (RM'000)
Forward currency contracts	164,870	165,775

The fair value changes have been recognised in the financial statements.

22. MATERIAL LITIGATION

There was no material litigation for the quarter under review.

23. DIVIDEND

The Board of Directors does not recommend any dividend in respect of the financial quarter ended 30 June 2024.

24. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the parent for the period by the number of weighted average number of ordinary shares of the Company in issue for the respective period as follows:

	Individual Quarter		Cumulative Quarter	
	30.06.2024	30.06.2023	30.06.2024	30.06.2023
(Loss)/ Profit attributable to owners of the parent (RM'000)	(6,094)	9,163	(6,094)	9,163
Number of ordinary shares in issue ('000)	418,459	418,459	418,459	418,459
(Loss)/ Earnings per share (sen)				
- Basic	(1.46)	2.19	(1.46)	2.19
- Diluted	N/A	N/A	N/A	N/A

Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current quarter/period-to-date as there are no potential ordinary shares to be issued.

25. INCLUDED IN THE TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ARE THE FOLLOWINGS:

	3 months ended 30.06.2024 RM'000	Cumulative 3 months Ended 30.06.2024 RM'000
Interest Income	31	31
Other Income including Investment Income	354	354
Interest Expenses	5,884	5,884
Depreciation & Amortisation	2,099	2,099



Provision for/Write off of Receivables	3,066	3,066
Provision for/Write off of Inventories	54	54
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	-	-
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	807	807
- Unrealised	(2,346)	(2,346)
Gain/(Loss) on Derivatives	-	-
Impairment of Goodwill	-	-

26. AUTHORISATION FOR ISSUE

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 26 August 2024.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
SSM Practising Certificate No. 201908000717
Company Secretary
26 August 2024
Selangor Darul Ehsan