

**HIAP TECK VENTURE BERHAD**  
**(Registration No. 199701005844 (421340-U))**  
**(Incorporated in Malaysia)**

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for third quarter ended 30 April 2023**

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter	Preceding Year Corresponding Quarter	Current Year To-date	Preceding Year Corresponding Period
	30/04/2023	30/04/2022	30/04/2023	30/04/2022
	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>	373,030	456,952	1,131,416	1,196,783
Cost of Sales	(340,629)	(406,211)	(1,123,538)	(1,026,986)
Gross Profit	32,401	50,741	7,878	169,797
Other Income	2,872	1,991	7,002	4,523
Operating Expenses	(13,175)	(12,246)	(36,287)	(31,994)
Profit/(Loss) from Operations	22,098	40,486	(21,407)	142,326
Finance Costs	(4,486)	(2,886)	(14,087)	(9,608)
Finance Income	464	414	1,819	1,582
Share of (loss)/profit of equity-accounted investees, net of tax	(1,461)	3,319	27,377	29,954
<b>Profit/(Loss) Before Tax</b>	16,615	41,333	(6,298)	164,254
Tax expense	(1,085)	(8,879)	(3,909)	(32,420)
<b>Profit/(Loss) for the Period</b>	15,530	32,454	(10,207)	131,834
<b>Other Comprehensive Income</b>				
Fair value profit on other investments	17	77	44	60
Foreign currency translation differences for foreign operations	16	(43)	53	11
	33	34	97	71
<b>Total Comprehensive Income/(Loss)</b>	15,563	32,488	(10,110)	131,905
<b>Profit/(Loss) Attributable to:</b>				
Owners of the parent	15,027	32,210	(11,692)	131,537
Non-Controlling Interests	503	244	1,485	297
	15,530	32,454	(10,207)	131,834
<b>Total Comprehensive Income/(Loss) Attributable to:</b>				
Owners of the parent	15,060	32,244	(11,595)	131,608
Non-Controlling Interests	503	244	1,485	297
	15,563	32,488	(10,110)	131,905
Earnings/(Loss) Per Share (EPS)				
(a) Basic (sen)	0.86	1.85	(0.67)	7.57
(b) Diluted (sen)	0.86	1.86	(0.67)	7.60

The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

**HIAP TECK VENTURE BERHAD**  
**(Registration No. 199701005844 (421340-U))**  
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**Condensed Consolidated Statements of Financial Position as at 30 April 2023**

	<b>30/04/2023</b> <b>(Unaudited)</b>	<b>31/07/2022</b> <b>(Audited)</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	270,550	257,217
Right-of-use assets	4,386	5,067
Investment properties	9,999	10,190
Investment in joint venture	577,213	549,837
Other investments	821	778
Deferred tax assets	2,853	2,853
Other Receivables	27,701	26,737
	<u>893,523</u>	<u>852,679</u>
<b>Current assets</b>		
Inventories	478,009	641,703
Trade and other receivables	363,366	365,630
Current tax assets	17,757	6,103
Other investments	3,678	11,922
Cash and cash equivalents	120,133	150,061
	<u>982,943</u>	<u>1,175,419</u>
<b>Total assets</b>	<b><u>1,876,466</u></b>	<b><u>2,028,098</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	872,654	872,654
Treasury shares	(7,499)	(7,499)
Translation reserves	(273)	(326)
Fair value reserves	(1,788)	(1,832)
Retained earnings	380,443	409,557
	<u>1,243,537</u>	<u>1,272,554</u>
Non-Controlling Interests	1,042	(443)
<b>Total equity</b>	<b><u>1,244,579</u></b>	<b><u>1,272,111</u></b>
<b>Non-current liabilities</b>		
Lease liabilities	3,587	4,239
Deferred tax liabilities	15,037	15,908
	<u>18,624</u>	<u>20,147</u>
<b>Current liabilities</b>		
Loans and borrowings	535,891	608,483
Trade and other payables	74,028	115,204
Lease liabilities	866	845
Derivative liabilities	-	3
Contract liabilities	-	1,129
Current tax payable	2,478	10,176
	<u>613,263</u>	<u>735,840</u>
<b>Total liabilities</b>	<b><u>631,887</u></b>	<b><u>755,987</u></b>
<b>Total equity and liabilities</b>	<b><u>1,876,466</u></b>	<b><u>2,028,098</u></b>
Net assets per share attributable to owners of the parent (RM)	0.71	0.73

The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

**HIAP TECK VENTURE BERHAD**  
**(Registration No. 199701005844 (421340-U))**  
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**Condensed Consolidated Statements of Cash Flows for the period ended 30 April 2023**

	<b>Current Year To-date 30/04/2023 RM'000</b>	<b>Preceding Year Corresponding Period 30/04/2022 RM'000</b>
<b><u>Operating Activities</u></b>		
Profit Before Tax	(6,298)	164,254
Adjustments for:		
Dividend income	(93)	(33)
Depreciation of investment properties	191	163
Depreciation of property, plant and equipment	9,821	9,688
Depreciation of right-of use assets	681	138
Finance income:		
Other investments	(226)	(18)
Deposits with licensed banks	(1,593)	(1,564)
Gain on disposal of property, plant and equipment	(4,631)	(2,092)
Finance costs	14,087	9,608
Net overdue interest income	(664)	(529)
Net unrealised foreign exchange loss/(gain)	347	(185)
Property, plant and equipment written off	35	93
Reversal of allowance for impairment loss on trade receivables	-	(105)
Write-down of inventories to net realisable value	3,909	8,587
Share of profit of equity-accounted joint venture, net of tax	<u>(27,377)</u>	<u>(29,954)</u>
Operating (loss)/profit before changes in working capital	(11,811)	158,051
Net changes in inventory	160,024	104,743
Net changes in trade and other receivables	1,960	(193,343)
Net changes in trade and other payables	<u>(42,476)</u>	<u>(6,441)</u>
Cash generated from operations	107,697	63,010
Interest paid	(13,971)	(9,599)
Net overdue interest income	664	529
Net income tax paid	<u>(24,132)</u>	<u>(21,556)</u>
<b>Net cash generated from operating activities</b>	<u>70,258</u>	<u>32,384</u>
<b><u>Investing Activities</u></b>		
Dividend income	93	33
Finance income:		
Other investments	226	18
Deposits with licensed banks	1,593	1,564
Decrease in other investments	8,244	210
Proceeds from disposal of property, plant and equipment	5,231	2,660
Purchase of property, plant and equipment	<u>(24,030)</u>	<u>(8,387)</u>
<b>Net cash used in investing activities</b>	<u>(8,643)</u>	<u>(3,902)</u>
<b><u>Financing Activities</u></b>		
Dividend paid	(17,422)	(17,310)
Payment of lease liabilities	(746)	(151)
Repayment of borrowings (net)	(72,592)	(32,498)
Equity injected by non-controlling interest	-	49
Proceed from issuance of ESOS	-	7,090
<b>Net cash used in financing activities</b>	<u>(90,760)</u>	<u>(42,820)</u>
Net Decrease in Cash and Cash Equivalents	(29,145)	(14,338)
Effect of exchange rate changes	(783)	11
Cash and Cash Equivalents at beginning of period	150,061	158,531
Cash and Cash Equivalents at end of period	<u>120,133</u>	<u>144,204</u>

The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial statements.

HIAP TECK VENTURE BERHAD  
(Registration No. 199701005844 (421340-U))  
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Condensed Consolidated Statements of Changes in Equity for the period ended 30 April 2023

	Attributable to equity holders of the parent								Total Equity RM'000
	Non-distributable				-<Distributable->				
	Share Capital RM'000	Treasury Shares RM'000	Translation Reserves RM'000	Share Option Reserves RM'000	Fair Value Reserves RM'000	Retained Earnings RM'000	Total RM'000	Non- controlling Interests RM'000	
<b>As at end of current quarter ended 30 April 2023</b>									
Opening balance as at 1 August 2022	872,654	(7,499)	(326)	-	(1,832)	409,557	1,272,554	(443)	1,272,111
<b>Total comprehensive income / (loss)</b>	-	-	53	-	44	(11,692)	(11,595)	1,485	(10,110)
<b>Transactions with owners</b>									
Final dividend for the financial year ended 31 July 2022 (Single tier of 1.0 sen)	-	-	-	-	-	(17,422)	(17,422)	-	(17,422)
<b>Transactions with owners</b>	-	-	-	-	-	(17,422)	(17,422)	-	(17,422)
<b>Closing balance as at 30 April 2023</b>	<b>872,654</b>	<b>(7,499)</b>	<b>(273)</b>	<b>-</b>	<b>(1,788)</b>	<b>380,443</b>	<b>1,243,537</b>	<b>1,042</b>	<b>1,244,579</b>
<b>As at preceding year corresponding quarter ended 30 April 2022</b>									
Opening balance as at 1 August 2021	865,088	(7,499)	(369)	6,407	(1,826)	264,923	1,126,724	(843)	1,125,881
<b>Total comprehensive income</b>	-	-	11	-	60	131,537	131,608	297	131,905
<b>Transactions with owners</b>									
Issuance of ordinary shares pursuant to:- - Share options exercised	7,566	-	-	(476)	-	-	7,090	-	7,090
Expired of ESOS	-	-	-	(5,931)	-	5,931	-	-	-
Minority Interest on Acquisition of Subsidiary	-	-	-	-	-	-	-	49	49
Final dividend for the financial year ended 31 July 2021 (Single tier of 1.0 sen)	-	-	-	-	-	(17,310)	(17,310)	-	(17,310)
<b>Transactions with owners</b>	<b>7,566</b>	<b>-</b>	<b>-</b>	<b>(6,407)</b>	<b>-</b>	<b>(11,379)</b>	<b>(10,220)</b>	<b>49</b>	<b>(10,171)</b>
<b>Closing balance as at 30 April 2022</b>	<b>872,654</b>	<b>(7,499)</b>	<b>(358)</b>	<b>-</b>	<b>(1,766)</b>	<b>385,081</b>	<b>1,248,112</b>	<b>(497)</b>	<b>1,247,615</b>

The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the year ended 31 July 2022 and the accompanying explanatory notes attached to the interim financial

**Explanatory Notes on the Quarterly Report – Third Quarter ended 30 April 2023**

**PART A : EXPLANATORY NOTES AS PER MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING**

**1. Basis of preparation**

These interim financial statements are unaudited and have been prepared in accordance with MFRS 134 “Interim Financial Reporting” issued by Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirement of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the Company’s annual audited financial statements for the year ended 31 July 2022. 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 July 2022.

**2. Significant Accounting Policies**

This interim financial report has been prepared based on accounting policies and methods of computation which are consistent with those adopted in the annual audited financial statements for the year ended 31 July 2022.

The Group has not adopted the following standards, interpretations and amendments that have been issued but not yet effective:

***MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2022***

- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018–2020)*

## 2. Significant Accounting Policies (cont'd)

### *MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023*

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS17, *Insurance Contracts – Initial application of MFRS17 and MFRS9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

### *MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed*

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group plans to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 August 2022 for those amendments that are effective for annual periods beginning on or after 1 January 2022, except for amendments to MFRS 1 and MFRS 141 which are not applicable to the Group.
- from the annual period beginning on 1 August 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 which is not applicable to the Group.

The initial application of the abovementioned accounting standards, amendments and interpretations is not expected to have any material financial impact to the current period and prior period financial statements of the Group.

## 3. Audit qualification

There were no audit qualifications on the annual financial statements of the Group for the year ended 31 July 2022.

## 4. Seasonal or cyclical factors

The Group's business operations are not materially affected by any major seasonal factors except during Hari Raya and Chinese New Year festive seasons where business activities generally slow down.

**5. Material unusual items**

There were no items of an unusual nature or amount affecting assets, liabilities, equity, net income or cash flows during the quarter.

**6. Material changes in estimates**

There were no material changes in estimates of amount reported in prior interim period that have material impact in the current quarter under review.

**7. Issuances, cancellation, repurchase, resale and repayment of debt and equity securities**

There were no other issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current quarter under review. As at quarter ended 30 April 2023, a total of 5,492,000 buy-back shares were held as treasury shares and carried at cost.

**8. Dividend paid**

No dividend was paid during the quarter under review.

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## 9. Segment information

The Group's activities are identified into the following business segments:

	← 9 months ended 30 April 2023 →						
	Trading <u>RM'000</u>	Manufac- turing <u>RM'000</u>	Property and Investment <u>RM'000</u>	Transport- ation <u>RM'000</u>	Mining explor- ation <u>RM'000</u>	Others/ Elimination <u>RM'000</u>	Group <u>RM'000</u>
<b>SALES</b>							
- External sales	707,392	420,816	-	78	3,130	-	1,131,416
- Intersegment sales	-	15,250	25,307	1,547	-	(42,104)	-
<b>Total sales</b>	<b>707,392</b>	<b>436,066</b>	<b>25,307</b>	<b>1,625</b>	<b>3,130</b>	<b>(42,104)</b>	<b>1,131,416</b>
<b>RESULTS</b>							
Finance income	748	846	194	31	-	-	1,819
Finance costs	9,314	4,658	115	-	-	-	14,087
Depreciation & amortisation	607	6,294	2,445	283	1,064	-	10,693
Share of profit of joint venture	-	-	-	-	-	27,377	27,377
Segment profit / (loss)	791	(41,054)	4,817	(226)	1,997	27,377	(6,298)

	← 9 months ended 30 April 2022 →						
	Trading <u>RM'000</u>	Manufac- turing <u>RM'000</u>	Property and Investment <u>RM'000</u>	Transport- ation <u>RM'000</u>	Mining explor- ation <u>RM'000</u>	Others/ Elimination <u>RM'000</u>	Group <u>RM'000</u>
<b>SALES</b>							
- External sales	616,307	577,340	-	15	3,121	-	1,196,783
- Intersegment sales	-	3,523	16,874	1,808	-	(14,225)	7,980
<b>Total sales</b>	<b>616,307</b>	<b>580,863</b>	<b>16,874</b>	<b>1,823</b>	<b>3,121</b>	<b>(14,225)</b>	<b>1,204,763</b>
<b>RESULTS</b>							
Finance income	534	1,029	1	18	-	-	1,582
Finance costs	5,927	3,681	-	-	-	-	9,608
Depreciation & amortisation	580	6,665	1,400	283	1,061	-	9,989
Share of profit of joint venture	-	-	-	-	-	29,954	29,954
Segment profit	47,162	81,764	3,369	18	1,986	29,954	164,254

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## 10. Valuation of property, plant and equipment

The valuations of property, plant and equipment have been brought forward without amendments from the previous annual report.

## 11. Significant events

There were no material events subsequent to the end of the interim period up to the date of this report.

## 12. Changes in the composition of the Group

There were no significant changes in the composition of the Group during the quarter under review.

## 13. Changes in contingent liabilities and assets

The Group has no contingent liabilities and assets as at 30 April 2023.

## 14. Capital commitments

The amount of commitments not provided for in the interim financial reports as at 30 April 2023 is as follows:

	<b>RM'000</b>
Property, plant and equipment - Authorised and contracted for	59,500

## 15. Related party transactions

Related party transactions for the quarter under review in which certain Directors have direct/indirect interest are as follows:

	<b>Group</b>	
	<b>Current year quarter</b>	<b>Current year- to-date</b>
	<b>30.04.2023</b>	<b>30.04.2023</b>
	<b>RM'000</b>	<b>RM'000</b>
Purchases of steel products by certain wholly owned subsidiaries of the Group from JK Ji Seng Sdn.Bhd.	101,141	281,273
Rent of office space by Hiap Teck Venture Berhad from Pedoman Cekap Sdn. Bhd.	249	747

These transactions have been entered into in the normal course of business and at arm's length basis and on terms no more favorable to the related party than those generally available to the public and are not detrimental to minority shareholders.

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**PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS**

**16. Review of performance**

Table 1: Financial review for current quarter and financial year to date for the quarter ended 30 April 2023.

	Individual Quarter		Changes		Cumulative Quarter		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter	Amount	%	Current Year To-date	Preceding Year Corresponding Period	Amount	%
	30/04/2023	30/04/2022	RM'000	%	30/04/2023	30/04/2022	RM'000	%
<b>Revenue</b>	373,030	456,952	(83,922)	-18%	1,131,416	1,196,783	(65,367)	-5%
<b>Gross profit</b>	32,401	50,741	(18,340)	-36%	7,878	169,797	(161,919)	-95%
<b>Profit / (Loss) from operations</b>	22,098	40,486	(18,388)	-45%	(21,407)	142,326	(163,733)	-115%
<b>Share of (loss) / profit of equity-accounted investees, net of tax</b>	(1,461)	3,319	(4,780)	-144%	27,377	29,954	(2,577)	-9%
<b>Profit / (Loss) before tax</b>	16,615	41,333	(24,718)	-60%	(6,298)	164,254	(170,552)	-104%
<b>Profit / (Loss) for the period</b>	15,530	32,454	(16,924)	-52%	(10,207)	131,834	(142,041)	-108%
<b>Profit / (Loss) attributable to:</b>								
Owners of the parent	15,027	32,210	(17,183)	-53%	(11,692)	131,537	(143,229)	-109%
Non-controlling interests	503	244	259	106%	1,485	297	1,188	400%
	15,530	32,454	(16,924)	-52%	(10,207)	131,834	(142,041)	-108%

In the current quarter under review, the Group's revenue declined 18% to RM373.030 million from RM456.952 reported in the corresponding quarter in the preceding year. The decline was primarily attributed to lower average selling prices and sales volumes during the current quarter.

The Trading division posted a 5% decrease in revenue to RM227.857 million compared to RM240.939 million recorded in the preceding year's corresponding quarter, mainly due to lower average selling prices. Similarly, the Manufacturing division reported a substantial decline in revenue, dropping by 29% to RM152.319 million from RM215.894 million in the preceding year's corresponding quarter. The decline was the result of lower average selling prices and a decline in sales volumes.

The Group's profit from operations for the current quarter amounted to RM22.098 million, reflecting a decline compared to the preceding year's corresponding quarter of RM40.486 million. The decrease was attributed to lower selling prices and higher costs of goods sold, despite a positive impact from the reversal of Write-down of Inventories to Net Realisable Value, which amounted to RM10.847 million during the quarter.

Overall, the Group achieved a profit before tax of RM16.615 million in the current quarter, as compared to RM41.333 million in the corresponding quarter of the preceding year. The decrease was primarily due to a lower profit margin for the Group's downstream operating subsidiaries, which were impacted by lower average selling prices. Additionally, there was a share of loss from a JV entity amounted to RM1.461 million which mainly due to an adverse foreign exchange translation impact compared to a share of profit of RM3.319 million in preceding year's corresponding quarter.

## 17. Comparison with immediate preceding quarter's results

Table 2: Financial review for current quarter compared with immediate preceding quarter

	Individual Quarter		Changes	
	Current Year Quarter	Immediate Preceding Quarter	Amount	%
	30/04/2023	31/01/2023		
	RM'000	RM'000	RM'000	%
<b>Revenue</b>	373,030	360,558	12,472	3%
<b>Gross profit</b>	32,401	12,580	19,821	158%
<b>Profit from operations</b>	22,098	1,553	20,545	1323%
<b>Share of (loss) / profit of equity-accounted investees, net of tax</b>	(1,461)	27,527	(28,988)	-105%
<b>Profit before tax</b>	16,615	25,083	(8,468)	-34%
<b>Profit for the period</b>	15,530	23,058	(7,528)	-33%
<b>Profit attributable to:</b>				
Owners of the parent	15,027	22,420	(7,393)	-33%
Non-controlling interests	503	638	(135)	-21%
	15,530	23,058	(7,528)	-33%

During the current quarter under review, the Group's revenue grew 3% to RM373.030 million from RM360.558 million reported in the immediate preceding quarter (2Q2023). This growth was attributed to higher steel prices and an increase in sales volumes.

Correspondingly, the Group achieved a significant improvement in profit from operations during the current quarter, recording RM22.098 million compared to RM1.553 million in the immediate preceding quarter. This improvement was primarily driven by the reversal of Write-down of Inventories to Net Realisable Value, amounting to RM10.847 million in the current quarter, as well as an enhanced profit margin.

However, the Group reported a decline in profit before tax for the current quarter, amounting to RM16.615 million, in comparison to RM25.083 million in the immediate preceding quarter. This decrease was primarily due to a share of loss from a joint venture (JV) entity, amounting to RM1.461 million, as opposed to a share of profit of RM27.527 million in the immediate preceding quarter. The share of loss was attributed to an adverse foreign exchange translation impact in the current quarter.

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## 18. Prospects

The most recent World Economic Outlook, published by the International Monetary Fund (IMF), indicates a return to uncertainty in the global outlook. This uncertainty stems from a combination of factors, including financial sector turmoil, high inflation, the ongoing repercussions of Russia's invasion of Ukraine, and the enduring impact of the COVID-19 pandemic spanning three years. The baseline forecast, assuming containment of recent financial sector stresses, projects a decline in growth from 3.4% in 2022 to 2.8% in 2023, before settling at 3.0% in 2024.

In the first quarter of 2023, the Malaysian economy demonstrated strong growth, expanding by 5.6%. However, in line with the recent global economic forecast provided by the IMF, Malaysia's GDP growth is anticipated to moderate in 2023, primarily attributed to the slowdown in external demand caused by the weakening global trade landscape. The central bank, however, said robust domestic demand will continue to drive economic expansion, maintaining its 2023 growth forecast at between 4% and 5%.

According to the April 2023 Short Range Outlook (SRO) published by the World Steel Association, global steel demand is expected to experience a rebound of 2.3% in 2023, reaching a total of 1,822.3 million MT. Furthermore, the report projects a growth rate of 1.7% in 2024, leading to a total global steel demand of 1,854.0 million MT.

Persistent inflation and high-interest rates in most economies are expected to hinder the recovery of steel demand in 2023, despite the positive factors such as China's reopening, Europe's resilience in the face of the energy crisis, and the easing of supply chain bottlenecks. Although steel prices showed a rebound in the first quarter of 2023, they have since experienced a downward trend due to volatile and uncertain market conditions. Additionally, domestic demand for steel remains stagnant as the rollout of mega infrastructure projects is delayed.

Amidst the backdrop of a challenging business environment and prevailing market uncertainties, the Group will remain vigilant and continue to implement prudent procurement strategies and effective inventory management in order to optimise financial performance and preserve balance sheet strength. Given the recent correction in steel prices and the weakening of the Ringgit against the major currencies, Management remains cautious of the Group's performance in the coming quarter.

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## 19. Variance of actual and forecast profit

Not applicable.

## 20. Tax

	Group	
	Current year quarter 30.04.2023	Current year-to- date 30.04.2023
	RM'000	RM'000
	Income tax	
- current year	1,273	3,290
- prior year	(164)	1,490
Deferred tax	(24)	(871)
	1,085	3,909

The Group's effective tax rate for the current year-to-date was higher than the statutory income tax rate after excluding the share of profit of the joint venture due to the charge out of prior years' tax under-provided and tax expenses for certain profit making subsidiaries.

## 21. Status of corporate proposal

There was no corporate proposal as at the date of this announcement.

## 22. Loans and borrowings

The Group's borrowings are as follows:

	As at 30.04.2023 RM'000	As at 31.07.2022 RM'000
<b>Short-Term Loan</b>		
Bankers' acceptances	269,588	289,826
Post shipment buyer loan	83,127	119,115
Accepted bills	153,176	169,542
Revolving credit	30,000	30,000
	535,891	608,483

All borrowings are secured by corporate guarantees of the Company. The financial impact of the guarantees is not material as the subsidiaries concerned are in positive financial standings to meet their obligations as and when they fall due.

## 23. Material litigation

There is no material litigation for the quarter under review.

## 24. Dividend

The Board of Directors does not recommend any dividend for the period under review.

## 25. Earnings per share (“EPS”)

### a) Basic EPS

The basic earnings/(loss) per share is calculated by dividing the Group’s net profit/(loss) attributable to ordinary equity holders for the period by the weighted average number of ordinary shares in issue.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2023	Preceding Year Corresponding Quarter 30.04.2022	Current Year To-Date 30.04.2023	Preceding Year Corresponding Period 30.04.2022
Profit / (Loss) attributable to owners of the parent (RM'000)	15,027	32,210	(11,692)	131,537
Weighted average number of ordinary shares in issue ('000)	1,742,230	1,736,549	1,742,230	1,736,549
<b>Basic earnings / (loss) per share (sen)</b>	<b>0.86</b>	<b>1.85</b>	<b>(0.67)</b>	<b>7.57</b>

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## 25. Earnings per share (“EPS”)

### b) Diluted EPS

The diluted earnings/(loss) per share is calculated by dividing the Group’s net profit/(loss) attributable to ordinary equity holders for the period by the weighted average number of ordinary shares that would have been in issue during the year, excluding treasury shares held by the Company at the opening of the quarter and financial year under review.

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2023	Preceding Year Correspondin g Quarter 30.04.2022	Current Year- to-date 30.04.2023	Preceding Year Correspondin g Quarter 30.04.2022
Profit / (Loss) attributable to owners of the parent (basis) (RM'000)	15,027	32,210	(11,692)	131,537
Weighted average number of ordinary shares in issue (basis) ('000)	1,742,230	1,736,549	1,742,230	1,736,549
Effect of treasury shares held	(5,492)	(5,492)	(5,492)	(5,492)
Weighted average number of ordinary shares in issue (diluted) ('000)	1,736,738	1,731,057	1,736,738	1,731,057
<b>Diluted earnings / (loss) per share (se</b>	<b>0.87</b>	<b>1.86</b>	<b>(0.67)</b>	<b>7.60</b>

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## 26. Profit from operations

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 30.04.2023 RM'000	Preceding Year Corresponding Quarter 30.04.2022 RM'000	Current Year-to-date 30.04.2023 RM'000	Preceding Year Corresponding Period 30.04.2022 RM'000
<b><i>Profit for the period is arrived at after charging:</i></b>				
Depreciation of property, plant and equipment	3,410	3,365	9,821	9,688
Depreciation of investment properties	64	53	191	163
Depreciation of right-of-use assets	227	46	681	138
Finance costs	4,486	2,886	14,087	9,608
(Reversal) / Write-down of inventories to net realisable	(10,847)	193	3,909	8,587
Property, plant and equipment written off	-	-	35	93
<b><i>and after crediting / (charging):</i></b>				
Gain on disposal of property, plant and equipment	1,366	887	4,631	2,092
Finance income:				
Other investments	32	7	226	18
Deposits with licensed banks	432	407	1,593	1,564
Net foreign exchange gain / (loss)				
Realised	148	118	1,085	230
Unrealised	929	590	(347)	185
Net overdue interest income	25	36	664	529
Rental income	249	240	729	723
Reversal for impairment on trade receivables	-	-	-	105
Share of (loss) / profit of equity-accounted joint venture, net of tax	(1,461)	3,319	27,377	29,954

## 27. Authorisation for Issue

The Interim Financial Statements were authorised for issue by the Board of Directors on 28 June 2023.

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