Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the second financial quarter ended 31 December 2018

(The figures have not been audited)

	Individual Quarter (3 months)		Cumulative Quarters (6 months)	
	Current year Quarter 31-Dec-18 RM'000	Preceding year Corresponding Quarter 31-Dec-17 RM'000	Current year To date 31-Dec-18 RM'000	Preceding year Corresponding Period 31-Dec-17 RM'000
Revenue	188,368	199,159	385,079	378,909
Cost of sales	(182,919)	(182,903)	(367,366)	(345,394)
Gross profit	5,449	16,256	17,713	33,515
Operating expenses	(9,070)	(8,210)	(17,458)	(15,445)
Other operating income/(expense)	184	47	333	76
Net foreign exchange gain/(loss)	(49)	616	(297)	765
(Loss)/profit from operations	(3,486)	8,709	291	18,911
Finance income	299	436	512	691
Finance costs	(1,683)	(2,408)	(3,283)	(4,757)
(Loss)/profit before tax	(4,870)	6,737	(2,480)	14,845
Tax	1,038	(1,574)	97	(3,875)
(Loss)/profit for the period	(3,832)	5,163	(2,383)	10,970
Other comprehensive income				
Asset revaluation reserves:				
- revaluation surplus on property, plant and equipment, net of tax	-	-	760	-
Total (loss)/profit and other comprehensive income for the period	(3,832)	5,163	(1,623)	10,970
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic	(1.35)	1.82	(0.84)	3.87
- Diluted	N/A	N/A	N/A	N/A

(The 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 2018).

Condensed Consolidated Statements of Financial Position as at 31 December 2018

(The figures have not been audited)

	As at 31-Dec-18 RM'000	As at 31-Jun-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	313,857	288,470
Intangible Assets	20,000	20,000
	333,857	308,470
Current Assets		
Inventories	160,546	205,190
Trade and other receivables	85,975	122,671
Amount owing by holding company	14	1,861
Amount owing by related companies	973	1,887
Tax recoverable	20	23
Derivative financial assets	63	3,341
Cash and bank balances	64,938	51,023
	312,529	385,996
Less: Current Liabilities		
Borrowings	80,478	90,735
Trade and other payables	133,347	187,001
Amount owing to holding company	81	0
Amount owing to related companies	675	1,212
Tax payable	922	608
Derivative financial liabilities	449	3
	215,952	279,559
Net Current Assets	96,577	106,437
Non-Current Liabilities		
Deferred tax liabilities	19,776	21,699
Borrowings	20,709	1,636
	40,485	23,335
	389,949	391,572
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	206,364	206,364
Asset revaluation reserve	27,611	26,851
Retained earnings	155,974	158,357
Total Equity	389,949	391,572
Net assets per share attributable to owners of the Company	RM1.38	RM1.38

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Condensed Consolidated Statements of Cash Flows for the second financial quarter ended 31 December 2018

(The figures have not been audited)

	(6 months) 31-Dec-18 RM'000	(6 months) 31-Dec-17 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(2,480)	14,845
Adjustments for :		
- Depreciation	7,543	7,476
- (Gain)/loss on disposal of plant and equipment	(115)	19
- Plant and equipment written off	468	61
- Impairment of receivables	107	-
- Net unrealised (gain)/loss/ on foreign exchange	(179)	(577)
- Interest income	(512)	(691)
- Interest expense	3,283	4,757
Operating profit before changes in working capital	8,115	25,890
Changes in working capital :		
- Inventories	44,644	29,962
- Trade and other receivables	39,867	(10,716)
- Trade and other payables	(53,029)	4,738
- Intercompanies balances	2,306	(1,917)
Cash flows generated from/(used in) operations	41,903	47,957
- Interest paid	(3,283)	(4,757)
- Interest received	512	691
- Tax paid	(1,749)	(3,420)
Net cash flows generated from/(used in) operating activities	37,383	40,471
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(10,497)	(3,407)
- Proceeds from disposal of property, plant and equipment	261	50
Net cash flows (used in)/generated from investing activities	(10,236)	(3,357)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	93,857	66,210
- Repayment of bank borrowings	(107,089)	(86,391)
Net cash flows (used in)/generated from financing activities	(13,232)	(20,181)
Net change in cash and cash equivalents	13,915	16,933
Cash and cash equivalents at beginning of the financial year	51,023	64,588
Cash and cash equivalents at end of the financial year	64,938	81,521

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Condensed Consolidated Statements of Changes in Equity for the second financial quarter ended 31 December 2018

(The figures have not been audited)

	---- Attributable to owners of the Company ----			
	--- Non-distributable ---			
	Share Capital	Asset Revaluation Reserve	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000
6 months ended 31 December 2018				
At 1 July 2018	206,364	26,851	158,357	391,572
Comprehensive income for the financial period				
- Loss for the financial period	-	-	(2,383)	(2,383)
Other comprehensive income for the financial period				
Asset revaluation reserves:				
- revaluation surplus on				
property, plant and equipment, net of tax	-	760	-	760
Total comprehensive loss for the financial period	-	760	(2,383)	(1,623)
As at 31 December 2018	206,364	27,611	155,974	389,949
6 months ended 31 December 2017				
At 1 July 2017	206,364	25,534	142,256	374,154
Comprehensive income for the financial period				
- Profit for the financial period	-	-	10,970	10,970
Other comprehensive income for the financial period				
Asset revaluation reserves:				
- revaluation surplus on				
property, plant and equipment, net of tax	-	-	-	-
Total comprehensive income for the financial period	-	-	10,970	10,970
As at 31 December 2017	206,364	25,534	153,226	385,124

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

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 (ñMFRSò) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (ñMASBò) and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (ñBursa Malaysiaò) Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Groupôs audited financial statements for the financial year ended 30 June 2018 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 financial year ended 30 June 2018.

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 2018, except for the following new amendments to the MFRS (ñstandardsò) effective from 1 January 2018 which the Group has only adopted since the commencement of the current financial year:

- IC Interpretation 22 óForeign Currency Transactions and Advance Considerationô which applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the ódate of the transactionô to record foreign currency transactions.
- MFRS 9 óFinancial Instrumentsô in replacement of MFRS 139 "Financial Instruments: Recognition and Measurement".
- MFRS 15 óRevenue from contracts with customersô in replacement of MFRS 118 óRevenueô and MFRS 111 óConstruction contractsô and related interpretations.

The adoption of the above did not have any material impact on the Groupôs financial statements to-date.

- MFRS 9
  The application of MFRS 9 did not result in any material change to the Groupôs classification and measurement of its financial assets and liabilities; nor in its hedge accounting practices that are aligned with its risk management practices- compared to the requirements under MFRS139. The new ñExpected Credit Lossò (ECL) model increases the scope for credit impairment with the inclusion of forward looking information and estimates. Given that the Groupôs credit risks are mainly concentrated in short-term trade receivables, the Group applied allowable practical-expedient in ECL provision based on a supportable ñoverdue-days matrixò. The adoption of the ECL model did not increase credit impairment on initial application that would render the opening loss allowances determined under MFRS 9 on 1 July 2018 different from the ending impairment allowance under MFRS139 on 30 June 2018.

- MFRS 15
  The application of MFRS 15 did not result in any change to the timing and quantum of revenue recognition of the Group ï compared to the requirements under MFRS 118 and 111. The Groupôs steel products conform to industry standards and specifications, and are sold mainly on spot and/or short-term-forward contracts with single point fulfilment at predetermined prices which under normal circumstances do not give rise to any contract assets or liabilities. The sales contract for ñgoodsò is generally separated from ñservicesò, and these do not entail any financing feature beyond short credit periods customary to the industry. The Group elected to adopt the ñcumulative effect methodò for outstanding contracts at the date of initial application, and no opening adjustment resulted from the aforementioned.

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, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

- MFRS 16 óLeasesô (effective from 1 January 2019) supersedes MFRS 117 óLeasesô and the related interpretations.
- IC Interpretation 23 óUncertainty over Income Tax Treatmentsô (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
- Amendments to MFRS 128 óLong-term Interests in Associates and Joint Ventureô (effective from 1 January 2019)
- Amendments to MFRS 9 óPrepayment features with negative compensationô (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 ï 2017 Cycle:
  Å Amendments to MFRS 3 óBusiness Combinationsô (effective from 1 January 2019)
  Å Amendments to MFRS 112 óIncome Taxesô (effective from 1 January 2019)
  Å Amendments to MFRS 123 óBorrowing Costsô (effective from 1 January 2019)
- Amendments to MFRS 119 on Employee Benefits - óPlan amendment, curtailment or settlementô (effective 1 January 2019)

The initial adoption of the above pronouncements, including MFRS16 as summarized below, in the next financial year is not expected to have any significant impact on the financial statements of the Group.

MFRS 16 eliminates the classification of leases either by finance lease (on balance sheet) or operating lease (off balance sheet) and requiring the lessee to recognize both the ñrightsò and ñobligationsò of the underlying lease on balance sheet. The ñrightsò is depreciated in accordance with the principles in MFRS116 whilst the lease liability is accreted over time with interest expense recognized in profit or loss. The Group would apply ópractical expedient optionô on transition to MFRS 16 on contracts previously identified as leases under MFRS117 (i.e. such as rental contracts) and those entered into on or after initial application on 1 July 2019. In this regard, the Group currently does not have any material off-balance-sheet lease arrangements other than some non-cancellable operation lease on the rental of factoriesô land and buildings with annual rental obligations amounting to around RM3.6m. The initial recognition of these under MFRS 16 in the next financial year is not expected to have significant impact on the Groupôs financial statements other than their presentation on balance sheet.

A2 Declaration of audit qualification

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2018 was not subject to any audit qualification.

A3 Seasonality or cyclicality of operations

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

A4 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A5 Changes in estimates

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 Debts and equity securities

There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group has a policy to maintain itsôGearing Ratio (measured as interest bearing debts over shareholdersô equity adjusted for the exclusion of intangibles) at below 1.5 times.

	31 Dec 2018	30 Jun 2018
Total interest bearing debts in RMômillion	138.0	120.4
Adjusted Shareholdersô funds in RMômillion	389.7	393.3
Absolute Gearing Ratio	0.35	0.31

Of the total interest bearing debts as at 31 December 2018, around RM77.6m is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM36.9m is represented by unsecured interest-bearing supplierôs credit also at the respective operating subsidiaries. (See Note B10). The balance debt of RM23.5m is secured against a fixed charge on the property of-which the acquisition-financing relates.

Debt covenants where applicable are in full compliance for the current financial quarter ended 31 December 2018.

A7 Dividend paid

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

A8 Segmental reporting

The Groupôs year-to-date segmental information by nature-of-business is as follows:

	Cold Rolled RMô000	Steel Tube RMô000	Others RMô000	Total RMô000
Revenue				
Total revenue	256,293	141,636	1,559	399,488
Inter segment	(12,914)	-	(1,495)	(14,409)
External revenue	243,379	141,636	64	385,079
Pre-tax profit/(loss)	(8,587)	6,068	39	(2,480)
Segment assets	404,130	240,581	1,593	646,304

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting (continued)

	RM'000
Segment assets	646,304
Derivative assets	63
Tax recoverable	19
	646,386

The businesses of the Group are carried out entirely in Malaysia.

A9 Valuation of Property, Plant and Equipment (PPE)

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2018 and adjusted for the current financial year's depreciation where appropriate to reflect the current period's ending net carrying value.

A10 Fair Value Measurement

Except for the financial instruments disclosed below which are fair valued, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximate their fair values.

Financial instruments subjected to fair valuation are categorised into the following fair value hierarchy and are represented in the table below as at 31 December 2018:

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		
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Assets (not hedge accounted)	0	1.6	0
as Assets (hedge accounted)	0	61.8	0
as Liabilities (not hedge accounted)	0	(5.0)	0
as Liabilities (hedge accounted)	0	(443.7)	0
Total	0	(385.3)	0

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

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A11 Significant events and transactions

There were no significant events and transactions for the current quarter affecting the Groupôs financial position and performance of its entities.

A12 Subsequent material events

Rights Issue with Warrant

The Company completed its ôRights Issue with Warrantô exercise on 31 January 2019, and had raised RM13,053,643.20 from valid acceptance and excess applications of 43,512,144 Rights share representing a 76.73% take-up rate over the total Rights share available for subscription. The 43,512,144 new shares and the corresponding 21,756,070 free detachable warrants were listed on 31 January 2019.

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 reporting quarter.

A15 Changes in Financial Year End Date

There were no changes to the financial year end date during the current financial quarter.

A16 Capital Commitments

At the end of the current reporting quarter, the Groupôs Cold Rolled subsidiary has an outstanding capital commitment balance of around RM26.4m. From this amount, RM8.3m has been committed for the construction of a new Acid Regeneration Plant, RM17.9m for the revamp of Continuous Pickling Line, and the remaining RM0.2m for production-line motors replacement. The Groupôs Steel Tube subsidiary has an outstanding capital commitment balance of around RM2.1m for plant-equipment. These capital commitments will be payable over established milestones running into financial years 2019 and 2020.

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 (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/12/2018	Preceding Year Corresponding Quarter 31/12/2017			Current Year To-date 31/12/2018	Preceding Year Corresponding Period 31/12/2017		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	188,368	199,159	(10,791)	-5%	385,079	378,909	6,170	2%
Operating Profit/(Loss)	(3,486)	8,709	(12,195)	-140%	291	18,911	(18,620)	-98%
Profit/(Loss) Before Interest and Tax	(3,486)	8,709	(12,195)	-140%	291	18,911	(18,620)	-98%
Profit/(Loss) Before Tax	(4,870)	6,737	(11,607)	-172%	(2,480)	14,845	(17,325)	-117%
Profit/(Loss) After Tax	(3,832)	5,163	(8,995)	-174%	(2,383)	10,970	(13,353)	-122%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,832)	5,163	(8,995)	-174%	(2,383)	10,970	(13,353)	-122%

For the 2nd quarter ended 31 December 2018, the Group registered a 5% lower total revenue of RM188.4 million (compared to RM199.2 million achieved in the preceding year's corresponding quarter) mainly due to lower sales volume. At segment level, the average unit selling price for the current quarter for the Cold Rolled and the Steel Tube segments is both up 4% due to run-up in raw material prices compared with the preceding year corresponding quarter, but sales volume is down 10% for the Cold Rolled segment and 5% for the Steel Tube segment.

The Group recorded a pre-tax loss of RM4.9 million for the current quarter as compared to a pre-tax profit of RM6.7 million in the preceding year's corresponding quarter. The weaker performance for the current quarter compared to the preceding year's corresponding quarter is mainly attributed to the lower gross profit achieved of RM5.4 million (preceding year's corresponding quarter gross profit: RM16.3 million) due to lower price spread and sales volume in both segments. Consequently, the Group recorded an after-tax loss of RM3.8 million for the current quarter as compared to the preceding year's corresponding quarter after-tax profit of RM5.2 million.

The Group recorded a lower EBITDA at RM0.8 million compared to the preceding year's corresponding quarter of RM12.5 million.

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter 31/12/2018	Immediate Preceding Quarter 30/9/2018	Changes	
	RM'000	RM'000	RM'000	%
Revenue	188,368	196,711	(8,343)	-4%
Operating Profit/(Loss)	(3,486)	3,777	(7,263)	-192%
Profit/(Loss) Before Interest and Tax	(3,486)	3,777	(7,263)	-192%
Profit/(Loss) Before Tax	(4,870)	2,390	(7,260)	-304%
Profit/(Loss) After Tax	(3,832)	1,449	(5,281)	-364%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(3,832)	1,449	(5,281)	-364%

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

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter (continued)

The Groupôs revenue at RM188.4 million for the current 2nd financial quarter is around RM8.3 million lower than the immediate preceding quarter at RM196.7 million. The lower revenue for the current quarter is mainly due to lower sales volume for the Steel Tube segment. The average unit selling price for the current quarter for the Cold Rolled and the Steel Tube segments is down 1.0% and 0.3% respectively whilst the sales volume is lower by around 18% for the Steel Tube but higher by around 7% for the Cold Rolled.

The Group registered a pre-tax loss of RM4.9 million compared with the immediate preceding quarterôs pre-tax profit of RM2.4 million mainly due to the lower gross profit margin for both steel segments. The Cold Rolled segment recorded razor-thin price spread whilst the Steel Tube segment suffered from sharply lower sales volume and margins. Correspondingly, the Group recorded a net-tax loss of RM3.8 million compared to a net-tax profit of RM1.4 million in the immediate preceding quarter.

The Group recorded a lower quarterly EBITDA of RM0.8 million compared with RM7.5 million in the immediate preceding quarter.

B3 Prospects for the remaining financial year

The Countryôs GDP for the 4th fiscal quarter (which correspond to the Groupôs 2nd financial quarter) grew at 4.7% year-on-year (better than the last two quarters at 4.4% and 4.5% respectively) mainly due to private consumption growth. Growth in net exports and private investments were moderate, whilst public investments contracted for the last five consecutive quarters. This is reflected in the business and market sentiments which remain weak on the back of soft primary export commoditiesô prices; fallout from the protracted trade war between the worldôs two largest economies; fiscal pruning and consolidation under the new government; and generally heightened external geo-political risks.

Over the current and into the next financial quarter, the domestic steel industry faces triple threats from a weak market, product dumping from abroad, and rising cost. Demand for steel products in general has slowed significantly in tandem with the soft economy, halted mega-projects, and major overhang in the property sector. Effected steel protectionism elsewhere has given impetus for certain steel products to be dumped into the country, directly hurting certain segments of the domestic steel value-chain. On top of that, the steel industry has to endure higher electric tariff, higher gas prices, and higher minimum wage in an already difficult business environment. The Groupôs steel segmentsô negative performance for the current 2nd financial quarter compared with the positive preceding quarter and the positive preceding financial yearôs comparative quarter reflects the deteriorated business and market environment in-which it currently operates. To address unfair competition from imports, the Groupôs steel subsidiaries are actively engaging the Authorities to seek remedial and countervailing measures, and are participating with the Malaysia Steel Council to develop a White Paper on the way forward for the industry, and possibly reshape the nationôs iron & steel policy. The Group is optimistic that appropriate measures would be rolled out in due course.

Until then, the Groupôs prospect outlook for the remaining financial year has turned from cautious to negative - especially for the next financial quarter which coincides with the Chinese New Year festive period and lower sales. Any rebound on domestic business and market sentiments- culminating from the re-establishment of the National Economic Action Council, any fiscal and reform victories, and any easing of trade-tension amongst its major trading partners - may turn the tide towards a better outlook for the remaining financial year.

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

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 31 Dec 2018 RMô000	Preceding Year Corresponding Quarter Ended 31 Dec 2017 RMô000	Current Year To Date Ended 31 Dec 2018 RMô000	Preceding Year Corresponding Period Ended 31 Dec 2017 RMô000
Depreciation	3,834	3,749	7,543	7,476
Interest income	(299)	(436)	(512)	(691)
Interest expense	1,683	2,408	3,283	4,757
FX differences (gain)/loss	(458)	(8,210)	3,508	(10,459)
FX derivatives loss/(gain)	507	7,594	(3,211)	9,694

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Dec 2018 RMô000	Preceding Year Corresponding Quarter Ended 31 Dec 2017 RMô000	Current Year To Date Ended 31 Dec 2018 RMô000	Preceding Year Corresponding Period Ended 31 Dec 2017 RMô000
Current tax (expense)/credit				
Current period	(486)	(990)	(2,067)	(2,581)
Deferred tax (expense)/income				
Current period	1,524	(584)	2,164	(1,294)
	1,038	(1,574)	97	(3,875)

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

B8 Purchase or disposal of quoted securities

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

B9 Status of corporate proposals

Proposed Rights Issue with Warrants

The Company had on 23 August 2017 announced a proposed renounceable Rights Issue of 1-for-5 shares held with free detachable Warrants of 1-for-2 Rights Shares subscribed. The proposed fund raising exercise aims to raise a minimum of RM10.8 million and an indicative maximum of RM28.3 million to fund the steel businessesô capital expenditure program and working capital.

The Company had on 6 December 2018 and 10 December 2018 announced the price fixing of the proposed renounceable Rights Issue at 30 sens per Rights share, and the book closure date at 31 December 2018 respectively. See Note A12 on subsequent event.

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

B10 Group borrowings and debt securities

The Groupφs borrowings from lending institutions as at 31 December 2018, which are denominated entirely in Ringgit Malaysia, are as follows:

	RMφ000
Short-term borrowings:	
Secured	80,478
Long-term borrowings:	
Secured	20,709
Total borrowings	101,187
	======

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

	RMφ000
Total Borrowingsô opening balance as at 1 July 2018	92,371
Cash Flows:	
Inflows from new debts	93,857
Outflows on repayment	(107,089)
Non-Cash Changes:	
Property, plant and equipment acquired via bank loan/hire purchase	22,048
Closing balance as at 31 December 2018	101,187
	======

Based on the above, the Groupφs bank-gearing ratio is around 0.26 times. Besides the said borrowings, the Groupφs Steel Tube subsidiary also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM37 million as at 31 December 2018. Inclusive of this, the Groupφs absolute-gearing ratio as at 31 December 2018 is around 0.35 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 (ñUSDò) and certain sales denominated in Singapore Dollar (ñSGDò). 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.

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

B11 Outstanding Derivatives (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 December 2018 are outline 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	330	1,003	1.6	2.5

Non-designated

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	1,350	5,605	-	2.5

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	29,672	123,474	61.8	443.7	Matching	29,672	n.a.	443.7	61.8

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM3.6 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM4.1 million from its hedged items over the current financial year.

(i) Risk associated with the derivatives

Counter-Party Risk

The Forward FX contracts are entered into with domestic licensed financial institutions which have extended FX lines to the Group. The associated Counter-Party risk is negligible.

(ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the Forward FX contracts are incepted. Upon maturity of the Forward FX contracts, domestic currency is exchanged for the foreign currency 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.

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

B12 Off balance sheet financial instruments and commitments

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued by its principal subsidiaries amounting to RM3.7 million as security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries amounting to RM98.2 million as at 31 December 2018.

B13 Material litigation

The Group is not engaged in any on-going material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

B14 Dividend

The Company did not declare any dividend for the financial period ended 31 December 2018.

B15 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Dec 2018	Preceding Year Corresponding Quarter Ended 31 Dec 2017	Current Year To Date Ended 31 Dec 2018	Preceding Year Corresponding Period Ended 31 Dec 2017
Profit/(loss) attributable to owners (RM'000)	(3,832)	5,163	(2,383)	10,970
Weighted average number of ordinary shares in issue (net of treasury shares) ('000)	283,545	283,545	283,545	283,545
Basic earnings/(loss) per share (sen)	(1.35)	1.82	(0.84)	3.87

(ii) Diluted earnings per ordinary share

This is not applicable to the Group.

These interim financial statements have been authorized 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
26 February 2019