Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the third financial quarter ended 31 March 2020

(The figures have not been audited)

	Note	Individual Quarter (3 months) Current year Quarter 31-Mac-20 RM'000	Individual Quarter (3 months) Preceding year Corresponding Quarter 31-Mac-19 RM'000	Cumulative Quarters (9 months) Current year To date 31-Mac-20 RM'000	Cumulative Quarters (9 months) Preceding year Corresponding Period 31-Mac-19 RM'000
Revenue		145,938	157,036	503,880	542,115
Cost of sales		(137,724)	(153,471)	(478,981)	(520,837)
Gross profit		8,214	3,565	24,899	21,278
Production stoppage overheads	A4	(1,574)	-	(1,574)	-
Operating expenses		(7,496)	(8,395)	(23,864)	(25,853)
Other operating income/(expense)		137	17	694	350
Net foreign exchange gain/(loss)		(406)	(84)	(348)	(381)
Loss from operations		(1,125)	(4,897)	(193)	(4,606)
Finance income		343	510	1,086	1,022
Finance costs		(1,960)	(1,845)	(5,660)	(5,128)
Loss before tax		(2,742)	(6,232)	(4,767)	(8,712)
Tax		(747)	1,366	(1,404)	1,463
Loss for the period		(3,489)	(4,866)	(6,171)	(7,249)
Other comprehensive income					
Asset revaluation reserves:					
- revaluation surplus on					
property, plant and equipment, net of tax		-	-	-	760
Total Loss and other comprehensive income for the period		(3,489)	(4,866)	(6,171)	(6,489)
Loss per share attributable to owners of the Company (sen):					
- Basic		(1.07)	(1.54)	(1.89)	(2.43)
- 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 2019).

Condensed Consolidated Statements of Financial Position as at 31 March 2020

(The figures have not been audited)

	As at 31-Mac-20 RM'000	As at 30-Jun-19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	334,275	317,815
Right-of-use assets	12,338	-
Intangible assets	20,000	20,000
	366,613	337,815
Current Assets		
Inventories	134,825	187,491
Trade and other receivables	87,528	89,429
Amount owing by holding company	-	15
Amount owing by related companies	749	746
Tax recoverable	614	424
Derivative financial assets	3,862	800
Cash and bank balances	58,129	50,178
	285,707	329,083
Less: Current Liabilities		
Borrowings	103,545	88,464
Trade and other payables	95,009	135,816
Amount owing to holding company	33	-
Amount owing to related companies	1,399	1,023
Tax payable	-	29
Lease liabilities	2,816	-
Derivative financial liabilities	5	230
	202,807	225,562
Net Current Assets	82,900	103,521
Non-Current Liabilities		
Borrowings	26,798	21,675
Deferred tax liabilities	23,771	23,764
Lease liabilities	9,327	-
	59,896	45,439
	389,617	395,897
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	30,108	30,108
Retained earnings	140,092	146,372
Total Equity	389,617	395,897
Net assets per share attributable to owners of the Company	RM1.19	RM1.21

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019).

Condensed Consolidated Statements of Cash Flows for the third financial quarter ended 31 March 2020

(The figures have not been audited)

	(9 months) 31-Mac-20 RM'000	(9 months) 31-Mac-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(4,767)	(8,712)
Adjustments for :		
- Depreciation	13,171	11,404
- Loss/(gain) on disposal of plant and equipment	7	(106)
- Impairment loss on property, plant and equipment	108	468
- Impairment of receivables	-	238
- Net unrealised loss/(gain) on foreign exchange	215	(164)
- Interest income	(1,086)	(1,022)
- Interest expense	5,660	5,128
Operating profit before changes in working capital	13,308	7,234
Changes in working capital :		
- Inventories	52,666	103,642
- Trade and other receivables	(1,614)	37,496
- Trade and other payables	(41,248)	(125,244)
- Intercompanies balances	421	2,700
Tax paid	(1,724)	(3,053)
Net cash flows generated from operating activities	21,809	22,775
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(27,543)	(11,187)
- Proceeds from disposal of property, plant and equipment	62	263
- Interest received	1,086	1,022
Net cash flows used in investing activities	(26,395)	(9,902)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Interest paid	(5,660)	(5,128)
- Proceeds from rights issue with warrants	-	13,054
- Proceeds from bank borrowings	193,688	143,575
- Repayment of bank borrowings	(173,484)	(155,626)
- Payment of lease liabilities	(2,007)	-
Net cash flows generated from/(used in) financing activities	12,537	(4,125)
Net change in cash and cash equivalents	7,951	8,748
Cash and cash equivalents at beginning of the financial year	50,178	51,023
Cash and cash equivalents at end of the financial year	58,129	59,771

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2019).

Condensed Consolidated Statements of Changes in Equity for the third financial quarter ended 31 March 2020

(The figures have not been audited)

	---------- Attributable to owners of the Company ----------				
	-------- Non-distributable --------				
	Share Capital	Warrant Reserves	Asset Revaluation Reserve	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
9 months ended 31 March 2020					
At 1 July 2019	217,677	1,740	30,108	146,372	395,897
Effects from adoption of MFRS 16	-	-	-	(109)	(109)
	217,677	1,740	30,108	146,263	395,788
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(6,171)	(6,171)
Other comprehensive income for the financial period					
Asset revaluation reserves:					
- revaluation surplus on					
property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(6,171)	(6,171)
As at 31 March 2020	217,677	1,740	30,108	140,092	389,617
9 months ended 31 March 2019					
At 1 July 2018	206,364	-	26,851	158,358	391,573
Rights issue with warrants	11,313	1,740	-	-	13,053
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(7,249)	(7,249)
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	(7,249)	(6,489)
As at 31 March 2019	217,677	1,740	27,611	151,109	398,137

(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 2019).

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 2019 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 2019.

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 2019, except for the following new amendments to the MFRS ("standards") effective from 1 January 2019 which the Group has only adopted since the commencement of the current financial year on 1 July 2019:

- MFRS 16 "Leases" supersedes MFRS 117 "Leases'" and the related interpretations.
- IC Interpretation 23 "Uncertainty over Income Tax Treatments" 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 9 'Prepayment features with negative compensation' allow companies to measure some prepayable financial assets with negative compensation at amortised cost.
- Annual Improvements to MFRSs 2015 – 2017 Cycle:
  - Amendments to MFRS 3 'Business Combinations'
  - Amendments to MFRS 112 'Income Taxes'
  - Amendments to MFRS 123 'Borrowing Costs'

The adoption of the above did not have any material impact on the Group's financial statements to-date, other than some reclassifications and adjustments to the Statement of Financial Position pursuant to MFRS 16 as outlined hereinafter.

- MFRS 16

  MFRS 16 eliminates the classification of leases either by finance lease (on balance sheet) or operating lease (off balance sheet) by the lessee, and requires the lessee to recognize both the "rights" and "obligations" of the underlying lease on balance sheet. The lease "rights" 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. Lessor's accounting of leases under MFRS 16 retains most of the requirements of MFRS 117.

  The Group adopted MFRS 16 retrospectively from 1 July 2019 using the simplified transition approach and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules are therefore recognised in the opening balances of the Statement of Financial Position as at 1 July 2019. The Group's adoption of MFRS 16 mainly involved its non-cancellable operating rental lease commitments on factories and buildings as lessee. The Group does not have any assets leased-out to account as a lessor.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies (continued)

The table below shows the impact of changes to the condensed consolidated Statement of Financial Position of the Group resulting from the adoption of MFRS 16 as at 1 July 2019:

	As at 30 June 2019	Effects of adoption of MFRS 16	As at 1 July 2019
	RM'000	RM'000	RM'000
Non-current assets			
Right-of-use assets	-	14,604	14,604
Current assets			
Trade and other receivables	89,429	(454)	88,975
Current liabilities			
Lease liabilities	-	2,696	2,696
Non-current liabilities			
Lease liabilities	-	11,454	11,454
Deferred tax liabilities	23,764	109	23,873
Shareholders' equity			
Retained earnings	146,372	(109)	146,263

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.

- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020) revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs.

The initial adoption of the above pronouncement, in the next financial year is not expected to have any significant impact on the financial statements of the Group.

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 2019 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.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A4 Unusual items

In compliance with the Government's Movement Control Order (MCO) nationwide to contain the COVID-19 pandemic, the Group halted all business activities from 18 March 2020. The business closure in the last two weeks of the current financial quarter has negatively affected net income and cash flows. See Note B3 for further details. Unabsorbed manufacturing overheads over the forced closure period is separately disclosed in the Statement of Profit or Loss.

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

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 its' Gearing Ratio (measured as interest bearing debts over shareholders' equity adjusted for the exclusion of intangibles) at below 1.5 times.

	31 Mac 2020	30 Jun 2019
Total interest bearing debts in RM'million	155.7	119.6
Adjusted Shareholders' funds in RM'million	393.4	399.5
Absolute Gearing Ratio	0.40	0.30

Of the total interest bearing debts as at 31 March 2020, around RM107.7 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM25.3 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM22.7 million is 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.

Debt covenants where applicable are in full compliance for the current financial quarter ended 31 March 2020 except for the Cold Rolled subsidiary's Debt Service Cover Ratio. The subsidiary will request for indulgence from relevant banks for the current financial year.

A7 Dividend paid

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

A8 Segmental reporting

The Group's year-to-date segmental information by nature-of-business is as follows:

	Cold Rolled	Steel Tube	Others	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	344,855	182,004	2,486	529,345
Inter segment	(22,979)	-	(2,486)	(25,465)
External revenue	321,876	182,004	-	503,880

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting (continued)

	Cold Rolled RM'000	Steel Tube RM'000	Others RM'000	Total RM'000
Pre-tax profit/(loss)	(8,638)	3,605	266	(4,767)
Segment assets	419,360	227,199	1,285	647,844

	RM'000
Segment assets	647,844
Derivative assets	3,862
Tax recoverable	614
	652,320

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 2019 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 March 2020:

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	3.8	0
as Assets (hedge accounted)	0	3,858.0	0
as Liabilities (not hedge accounted)	0	(5.0)	0
as Liabilities (hedge accounted)	0	0	0
Total	0	3,856.8	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

Other than the business and operational stoppage disclosed in Note A4, there were no further significant events and transactions for the current quarter affecting the Group's financial position and performance of its entities.

A12 Subsequent material events

The business and operational disruption under the MCO (see Note A4) was extended into mid-April when partial production was granted by the Authorities. Full production subject to stringent distancing and safety procedures was only granted from 29 April 2020.

Besides the above, there are 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 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 Group's Cold Rolled subsidiary has an outstanding capital commitment balance of around RM12.9 million. From this amount, RM9.6 million has been committed for the construction of a new Acid Regeneration Plant (ARP) and RM3.3 million for the revamp of Continuous Pickling Line (CPL). Whilst the revamped CPL has started running towards the end of the current financial quarter, the progress of the ARP has been disrupted by the MCO with its completion likely flowing into the next financial year. The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM1.6 million for plant-equipment. These capital commitments will be payable over established milestones in the current and next financial year.

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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/3/2020	Preceding Year Corresponding Quarter 31/3/2019			Current Year To-date 31/3/2020	Preceding Year Corresponding Period 31/3/2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	145,938	157,036	(11,098)	-7%	503,880	542,115	(38,235)	-7%
Operating (Loss)/Profit	(1,125)	(4,897)	3,772	77%	(193)	(4,606)	4,413	96%
(Loss)/Profit Before Interest and Tax	(1,125)	(4,897)	3,772	77%	(193)	(4,606)	4,413	96%
Loss Before Tax	(2,742)	(6,232)	3,490	56%	(4,767)	(8,712)	3,945	45%
Loss After Tax	(3,489)	(4,866)	1,377	28%	(6,171)	(7,249)	1,078	15%
Loss Attributable to Ordinary Equity Holders of the Parent	(3,489)	(4,866)	1,377	28%	(6,171)	(7,249)	1,078	15%

For the 3rd quarter ended 31 March 2020, the Group registered a 7% lower total revenue of RM145.9 million (compared to RM157.0 million achieved in the preceding year's corresponding quarter) mainly due to the two weeks of lost sales and delivery arising from the MCO lockdown coupled with the lower average selling price for both the Cold Rolled and the Steel Tube segments. At segment level, the average unit selling price for the current quarter for the Cold Rolled and the Steel Tube segment is down 14% and 10% respectively compared with the preceding year corresponding quarter.

Despite the losses attributed to the Group's operation stoppage pursuant to the MCO, it recorded a lower pre-tax loss of RM2.7 million for the current quarter as compared to a pre-tax loss of RM6.2 million in the preceding year's corresponding quarter. The better performance for the current quarter compared to the preceding year's corresponding quarter is mainly attributed to the higher gross profit achieved of RM8.2 million (preceding year's corresponding quarter gross profit: RM3.6 million) due to better sales volume achieved by the Steel Tube segment. Consequently, the Group recorded an after-tax loss of RM3.5 million for the current quarter as compared to the preceding year's corresponding quarter after-tax loss of RM4.9 million.

The Group recorded a higher quarterly EBITDA of positive RM2.5 million compared to the preceding year's corresponding quarter of negative RM1.0 million.

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

	Current Quarter 31/3/2020	Immediate Preceding Quarter 31/12/2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	145,938	173,979	(28,041)	-16%
Operating (Loss)/Profit	(1,125)	(1,316)	191	15%
(Loss)/Profit Before Interest and Tax	(1,125)	(1,316)	191	15%
(Loss)/Profit Before Tax	(2,742)	(3,052)	310	10%
(Loss)/Profit After Tax	(3,489)	(3,115)	(374)	-12%
(Loss)/Profit Attributable to Ordinary Equity Holders of the Parent	(3,489)	(3,115)	(374)	-12%

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 Group's revenue at RM145.9 million for the current 3rd financial quarter is around RM28.1 million lower than the immediate preceding quarter at RM174.0 million. The lower revenue for the current quarter is mainly due to the Chinese New Year holidays coupled with two weeks of business shutdown pursuant to the MCO lockdown which led to lower sales volume for both the Cold Rolled and Steel Tube segments. The sales volume is down by around 14% for the Cold Rolled and 8% for the Steel Tube.

The current quarter was set to out-perform the preceding quarter as gross margin was higher and sales volume had picked up strongly after Chinese New Year. But the abrupt operation shutdown in the last two weeks of the current financial quarter has resulted in lost sales and profits, amid fixed overheads and interest cost to bear. As a result, the Group registered a pre-tax loss of RM2.7 million compared with the immediate preceding quarter's pre-tax loss of RM3.1 million. The Group's net-tax loss for the current financial quarter is higher at RM3.5 million compared to the immediate preceding quarter net-tax loss of RM3.1 million due to taxation on the Steel Tube segment's profit for the quarter.

The Group recorded a higher quarterly EBITDA of RM2.5 million compared to RM3.1 million recorded in the immediate preceding quarter.

B3 Prospects for the remaining financial year

In containing the COVID-19 pandemic, the Country entered into a six weeks lockdown (plus another six weeks of 'conditional' restrictions) straddling the 1st and 2nd fiscal quarters. The ensuing economic paralysis was especially hard-hitting with the collapse of the crude-oil market amid a weakened position from many months of global trade-conflict fallout, declining corporate earnings, falling private investment, weak export commodities prices, and political upheaval. With just two weeks of business shutdown straddling the 1st fiscal quarter, the Country's GDP growth for the quarter decelerated to 0.7% quarter-on-quarter. The ensuing quarters are expected to shrink sharply to record its worst recession since independence.

The Group's steel businesses recorded healthy rebound after Chinese New Year and was on track for a better 3rd financial quarter -until the Movement Control Order (MCO) was abruptly issued. The steel operations were halted, and the Group suffered losses estimated around RM2.9 million over the last two weeks of the 3rd financial quarter due to fixed overheads and interest cost. Its operation stoppage continued into the next 4th financial quarter until mid-April when partial resumption of manufacturing operations (in support of essential goods and services) was granted by the Authorities. Full business resumption (subject to stringent distancing & safety procedures) was only granted from 29 April. By then, production and sales for both the Steel Tube and Cold Rolled Coil segments had fell by more than 95% and 80% respectively in April compared to the pre-MCO periods. Moving into May, the Group's steel businesses are expected to pick-up slowly (despite healthy outstanding book-orders secured pre-MCO) to be dictated by the pace of its customers' business resumption which would likely be curtailed by the Hari Raya holidays and further extension of the Conditional MCO (CMCO) until 9 June 2020.

The announced Government's economic stimulus package generally has been SME (Small Medium Enterprise) and B40 (bottom 40% household) centric, and offered minimal relief for the corporate sector. The Group responded immediately to the crisis by containing cost and micro-managing cash-flows, as the MCO and CMCO end-dates kept extending. As the shutdown progressed, the Group's operations had rescheduled with lenders certain debt service dates by another 30 to 60 days to tie-over cash conversion disruptions. The Group did not cut jobs nor furlough any of its employees, but instead applied and obtained wage subsidy relief offered by the Government.

Considering that the MCO and the extended CMCO period covers the entire remaining financial year, prospects for the 4th financial quarter is affirmatively negative. Rising prospect of US-Sino decoupling and a long global recession add to the uncertainties for the Country and the Group.

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 Mac 2020 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2019 RM'000	Current Year To Date Ended 31 Mac 2020 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2019 RM'000
Depreciation:				
- property, plant and equipment	3,658	3,862	10,905	11,404
- right-of-use assets	755	-	2,266	-
Finance income	(343)	(510)	(1,086)	(1,022)
Finance costs on:				
- borrowings	1,777	1,845	5,083	5,128
- lease liabilities	183	-	577	-
FX differences loss/(gain)	6,155	(1,435)	4,555	2,073
FX derivatives (gain)/loss	(5,749)	1,519	(4,207)	(1,692)

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Mac 2020 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2019 RM'000	Current Year To Date Ended 31 Mac 2020 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2019 RM'000
Current tax (expense)/credit				
Current period	(742)	(208)	(1,504)	(2,275)
Deferred tax (expense)/income				
Current period	(5)	1,574	100	3,738
	(747)	1,366	(1,404)	1,463

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

There are no outstanding corporate proposals as at the date of this announcement.

The Company completed its Rights Issue with Warrant exercise on 31 January 2019, and raised RM13,053,643.20 (‘Rights Proceeds’) in the preceding financial year. Details on the utilisation of the Rights Proceeds at the end of the current reporting quarter are as follows:

Areas of Approved Utilization	RM’000		
	Proposed Use	Actual Use	Balance to Use
a) Capital expenditure	10,100	10,000	0
b) Working capital	2,254	2,245	0
c) Estimated expenses in relation to the Rights Issue exercise	700	809	0
Total	13,054	13,054	0

Footnote

i. The actual expenses incurred for the Rights Issue exercise exceeded the approved estimate by around RM109 thousand, and this difference is adjusted against the capital expenditure (reduced RM100 thousand) and working capital (reduced RM9 thousand).

ii. The ‘Balance to Use’ on capital expenditure relates to the Cold-Rolled subsidiary’s process line upgrade and acid regeneration plant project which would be used in accordance with the scheduled implementation progress, and within 12 months from the completed Rights Issue date. In this regard, the ‘balance’ is fully utilized by 31 January 2020.

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

B10 Group borrowings and debt securities

The Group's borrowings from lending institutions as at 31 March 2020, which are denominated entirely in Ringgit Malaysia, are as follows:

	RM'000
Short-term borrowings:	
Secured	103,545
Long-term borrowings:	
Secured	26,798
Total borrowings	130,343
	======

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

	RM'000
Total Borrowings' opening balance as at 1 July 2019	110,139
Cash Flows:	
Inflows from new debts	193,688
Outflows on repayment	(173,484)
Closing balance as at 31 March 2020	130,343
	======

Based on the above, the Group's bank-gearing ratio is around 0.33 times. Besides the said borrowings, the Group's Steel Tube subsidiary also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM25.3 million. Inclusive of that, the Group's absolute-gearing ratio as at 31 March 2020 is around 0.40 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.

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 March 2020 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	420	1,274	3.8	5.0

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	26,252	109,509	3,858.0	-	Matching	26,252	n.a.	-	3,858.0

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM0.4 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM0.5 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 at the contracted rate to meet its obligations.

(iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in foreign currency exchange rates closely with the objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.

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 RM2.8 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 RM126.2 million as at 31 March 2020.

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 March 2020.

B15 Loss per share

(i) Basic loss per ordinary share

	Current Year Quarter Ended 31 Mac 2020	Preceding Year Corresponding Quarter Ended 31 Mac 2019	Current Year To Date Ended 31 Mac 2020	Preceding Year Corresponding Period Ended 31 Mac 2019
Loss attributable to owners (RM'000)	(3,489)	(4,866)	(6,171)	(7,249)
Weighted average number of ordinary shares in issue ('000)	327,058	314,941	327,058	298,668
Basic loss per share (sen)	(1.07)	(1.54)	(1.89)	(2.43)

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

B15 Loss per share (continued)

(ii) Diluted loss per ordinary share

No diluted loss per share is presented since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sens) is above the listed market price of the mother share at the close of the current financial quarter.

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
28 May 2020