Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the fourth financial quarter ended 30 June 2020

(The figures have not been audited)

	Individual Quarter (3 months)		Cumulative Quarters (12 months)	
	Current year Quarter 30-Jun-20 RM'000	Preceding year Corresponding Quarter 30-Jun-19 RM'000	Current year To date 30-Jun-20 RM'000	Preceding year Corresponding Period 30-Jun-19 RM'000
Revenue	92,221	152,369	596,101	694,484
Cost of sales	(87,213)	(145,708)	(566,194)	(666,510)
Gross profit	5,008	6,661	29,907	27,974
Operating expenses	(5,808)	(6,503)	(29,672)	(31,910)
Other operating (expense)/income	(1,459)	1,371	(2,339)	1,721
Net foreign exchange gain/(loss)	140	151	(208)	(230)
(Loss)/profit from operations	(2,119)	1,680	(2,312)	(2,445)
Impairment on property, plant and equipment	(2,413)	(1,193)	(2,413)	(1,674)
Finance income	228	308	1,314	1,330
Finance costs	(1,470)	(1,776)	(7,130)	(6,904)
Loss before tax	(5,774)	(981)	(10,541)	(9,693)
Tax	1,388	(3,756)	(16)	(2,293)
Loss for the period	(4,386)	(4,737)	(10,557)	(11,986)
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	621	2,497	621	3,257
- Reversal of deferred tax liabilities on disposal of property, plant and equipment	8	-	8	-
Total Loss and other comprehensive income for the period	(3,757)	(2,240)	(9,928)	(8,729)
Loss per share attributable to owners of the Company (sen):				
- Basic	(1.34)	(1.45)	(3.23)	(3.92)
- 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 30 June 2020

(The figures have not been audited)

	As at 30-Jun-20 RM'000	As at 30-Jun-19 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	332,335	317,815
Right-of-use assets	11,582	-
Intangible assets	20,000	20,000
	363,917	337,815
Current Assets		
Inventories	156,827	187,491
Trade and other receivables	75,494	89,429
Amount owing by holding company	-	15
Amount owing by related companies	45	746
Tax recoverable	374	424
Derivative financial assets	2,123	800
Cash and bank balances	34,555	50,178
	269,418	329,083
Less: Current Liabilities		
Borrowings	56,311	88,464
Trade and other payables	137,914	135,816
Amount owing to holding company	8	-
Amount owing to related companies	1,462	1,023
Tax payable	23	29
Lease liabilities	2,857	-
Derivative financial liabilities	8	230
	198,583	225,562
Net Current Assets	70,835	103,521
Non-Current Liabilities		
Borrowings	17,665	21,675
Deferred tax liabilities	22,630	23,764
Lease liabilities	8,597	-
	48,892	45,439
	385,860	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	30,703	30,108
Retained earnings	135,740	146,372
Total Equity	385,860	395,897
Net assets per share attributable to owners of the Company	RM1.18	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 fourth financial quarter ended 30 June 2020

(The figures have not been audited)

	(12 months) 30-Jun-20 RM'000	(12 months) 30-Jun-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before tax	(10,541)	(9,693)
Adjustments for :		
- Depreciation	17,582	15,198
- Loss/(gain) on disposal of plant and equipment	7	(1,388)
- Impairment on property, plant and equipment	2,413	1,674
- Impairment/(writeback of impairment) on receivables	873	(315)
- Net unrealised gain on foreign exchange	(101)	(213)
- Interest income	(1,314)	(1,330)
- Interest expense	7,130	6,904
Operating profit before changes in working capital	16,049	10,837
Changes in working capital :		
- Inventories	30,664	17,699
- Trade and other receivables	11,282	36,326
- Trade and other payables	1,979	(50,950)
- Intercompanies balances	1,208	2,798
Tax paid	(1,402)	(3,400)
Net cash flows generated from operating activities	59,780	13,310
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(30,790)	(18,571)
- Proceeds from disposal of property, plant and equipment	62	1,592
- Interest received	1,314	1,330
Net cash flows used in investing activities	(29,414)	(15,649)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Interest paid	(7,130)	(6,904)
- Proceeds from rights issue with warrants	-	13,054
- Proceeds from bank borrowings	219,028	206,913
- Repayment of bank borrowings	(255,191)	(211,569)
- Payment of lease liabilities	(2,696)	-
Net cash flows (used in)/generated from financing activities	(45,989)	1,494
Net change in cash and cash equivalents	(15,623)	(845)
Cash and cash equivalents at beginning of the financial year	50,178	51,023
Cash and cash equivalents at end of the financial year	34,555	50,178

(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 fourth financial quarter ended 30 June 2020

(The figures have not been audited)

	---------- Attributable to owners of the Company ----------				
	-------- Non-distributable --------				
	Share Capital RM'000	Warrant Reserves RM'000	Asset Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000
12 months ended 30 June 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	-	-	-	(10,557)	(10,557)
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	621	-	621
- Realisation of asset revaluation surplus on disposal of property, plant and equipment	-	-	(26)	26	-
- Reversal of deferred tax liabilities on disposal of property, plant and equipment	-	-	-	8	8
Total comprehensive loss for the financial period	-	-	595	(10,523)	(9,928)
As at 30 June 2020	217,677	1,740	30,703	135,740	385,860
12 months ended 30 June 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	-	-	-	(11,986)	(11,986)
Other comprehensive income for the financial period					
Asset revaluation reserves:					
- revaluation surplus on property, plant and equipment, net of tax	-	-	3,257	-	3,257
Total comprehensive loss for the financial period	-	-	3,257	(11,986)	(8,729)
As at 30 June 2019	217,677	1,740	30,108	146,372	395,897

(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. The Group's leased-hold landed properties remain classified under 'Property, Plant & Equipment'.

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 had shut-down its' business and manufacturing operations from 18 March to 29 April 2020. The business units were only permitted to resume operations under the Conditional Movement Control Order (CMCO) phase commencing from 4 May under stringent operating procedures. Business activities post resumption in May were severely limited due to demand and supply inertia as the steel value-chain adjusts to the myriad of health safety requirements. Sales only begun to pick-up again in June under the Restricted Movement Control Order (RMCO) phase as the domestic economy gradually gain some traction.

The current financial quarter coincided with the abovementioned MCO, CMCO, and RMCO periods which have severely affected the Group's net income and cash flows. See Note B3. Manufacturing overheads and direct labor costs during the mandatory closure period totaling RM 3.6 million is charged out to the Statement of Profit or Loss under 'other operating expenses'.

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.

	30 Jun 2020	30 Jun 2019
Total interest bearing debts in RM'million	100.3	119.6
Adjusted Shareholders' funds in RM'million	389.7	399.5
Absolute Gearing Ratio	0.26	0.30

Of the total interest bearing debts as at 30 June 2020, around RM47.9 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM26.4 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM21.6 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 30 June 2020 except for the Cold Rolled subsidiary's Debt Service Cover Ratio. The subsidiary has since obtained waiver indulgence from the relevant banks on the said covenant for the current financial year.

A7 Dividend paid

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

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting

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

	Cold Rolled RM'000	Steel Tube RM'000	Others RM'000	Total RM'000
Revenue				
Total revenue	417,725	203,341	3,275	624,341
Inter segment	(24,965)	-	(3,275)	(28,240)
External revenue	392,760	203,341	-	596,101
Pre-tax profit/(loss)	(12,495)	2,358	342	(9,795)
Segment assets	415,548	213,788	1,502	630,838

	RM'000
Segment assets	630,838
Derivative assets	2,123
Tax recoverable	374
	633,335

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

A9 Valuation of Property, Plant and Equipment (PPE)

In-conjunction with the current financial year ended 30 June 2020, the Group's property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the said revaluation, the surpluses net deferred tax amounting to RM0.6 million was credited to the asset revaluation reserve while the deficits (less reversal of provision for impairment charge on assets write-off) totaling RM2.4 million was charged to profit or loss as an impairment loss in the current financial quarter.

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 30 June 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

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Fair Value Measurement (continued)

Recurring fair value measurement	Fair Value RM'000		
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Assets (not hedge accounted)	0	1.0	0
as Assets (hedge accounted)	0	2,121.5	0
as Liabilities (not hedge accounted)	0	(8.3)	0
as Liabilities (hedge accounted)	0	0	0
Total	0	2,114.2	0

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

A11 Significant events and transactions

Other than the business and operational disruptions 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

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 RM11.5 million. From this amount, RM8.4 million has been committed for the construction of a new Acid Regeneration Plant (ARP) and RM3.1 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 expected completion date 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 (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/6/2020	Preceding Year Corresponding Quarter 30/6/2019			Current Year To-date 30/6/2020	Preceding Year Corresponding Period 30/6/2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	92,221	152,369	(60,148)	-39%	596,101	694,484	(98,383)	-14%
Operating (Loss)/Profit	(2,119)	1,680	(3,799)	-226%	(2,312)	(2,445)	133	5%
(Loss)/Profit Before Interest and Tax	(4,532)	487	(5,019)	-1031%	(4,725)	(4,119)	(606)	-15%
Loss Before Tax	(5,774)	(981)	(4,793)	-489%	(10,541)	(9,693)	(848)	-9%
Loss After Tax	(4,386)	(4,737)	351	7%	(10,557)	(11,986)	1,429	12%
Loss Attributable to Ordinary Equity Holders of the Parent	(4,386)	(4,737)	351	7%	(10,557)	(11,986)	1,429	12%

For the 4th quarter ended 30 June 2020, the Group registered a 39% lower total revenue of RM92.2 million (compared to RM152.4 million achieved in the preceding year's corresponding quarter) mainly due to the 4 weeks of lost sales 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 both down 8% compared with the preceding year corresponding quarter.

The Group recorded a higher pre-tax loss of RM5.8 million for the current quarter as compared to a pre-tax loss of RM1.0 million in the preceding year's corresponding quarter mainly due to the Group's operation stoppage pursuant to the MCO and higher impairment loss on property, plant and equipment of RM2.4 million compared to RM1.2 million in the preceding year's corresponding quarter. Despite a higher pre-tax loss for the current quarter, the Group recorded a lower after-tax loss of RM4.4 million compared to the preceding year's corresponding quarter after-tax loss of RM4.7 million. This is due to the significantly higher taxable earnings of the Steel Tube segment in the preceding year's corresponding quarter

The Group recorded a lower quarterly EBITDA of RM2.3 million compared to the preceding year's corresponding quarter of RM5.5 million.

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

	Current Quarter 30/6/2020	Immediate Preceding Quarter 31/3/2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	92,221	145,938	(53,717)	-37%
Operating Loss	(2,119)	(1,125)	(994)	-88%
Loss Before Interest and Tax	(4,532)	(1,125)	(3,407)	-303%
Loss Before Tax	(5,774)	(2,742)	(3,032)	-111%
Loss After Tax	(4,386)	(3,489)	(897)	-26%
Loss Attributable to Ordinary Equity Holders of the Parent	(4,386)	(3,489)	(897)	-26%

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 RM92.2 million for the current 4th financial quarter is around RM53.7 million lower than the immediate preceding quarter at RM145.9 million. The lower revenue for the current quarter is mainly due to the longer business shutdown period of 4 weeks compared to only 2 weeks at the tail-end of the 3rd financial quarter - which led to lower sales volume for both the Cold Rolled and Steel Tube segments in the current financial quarter. The sales volume is down by around 27% for the Cold Rolled and 64% for the Steel Tube.

The Group registered a pre-tax loss of RM5.8 million compared with the immediate preceding quarter's pre-tax loss of RM2.7 million after an impairment charge on property, plant and equipment of RM2.4 million in the current financial quarter. The Group's net-tax loss for the current financial quarter is higher at RM4.4 million compared to the immediate preceding quarter net-tax loss of RM3.5 million.

The Group recorded a lower quarterly EBITDA of RM2.3 million compared to RM2.5 million recorded in the immediate preceding quarter.

B3 Prospects for the next financial year

The Country emerged from the six weeks of Movement Control Order (MCO) lockdown plus another six weeks of 'conditional' MCO rather successfully in containing the spread of COVID-19 domestically. The price for that is its worst GDP contraction on record of negative 17.1% quarter-on-quarter for the 2nd fiscal quarter (coinciding with the Group's 4th financial quarter). Post-lock down stringent safety controls coupled with border-closure concurrent with the rest of the world continues to exert a stranglehold on a wide spectrum of the service and tourism related industries. Whilst the goods and manufacturing sectors have picked-up, crimped demand continues to cap performance with the exception of those few pandemic-theme driven sectors in medical & healthcare. Nevertheless, the restart of the economy from 4 May 2020 should ease GDP contraction over the next two fiscal quarters amidst significant headwinds in both domestic and global fronts.

It is estimated that around 62% of the Group's pre-tax losses for the current financial year ended 30 June 2020 is attributed to the six weeks of business shutdown in compliance with the MCO lockdown. Up until the lock-down in late March, the Group's steel businesses had outperformed the preceding financial year's period-on-period. The business resumption in May was generally uneventful, bogged down by administrative compliance of post-MCO rules coupled with the compulsory COVID-screening for foreign workers amid the Ramadan and Hari Raya festivity - which similarly hampered its customers' business resumption. Sales and order fulfilment only begun to pick-up in June with both the Steel Tube and Cold Rolled Coil (CRC) segments turning-in a positive performance at operation level.

Barring a local COVID resurgence, the Group's steel segments may continue its positive run into the new financial year- with potential upside if the virulent threat is contained globally before the end of the current calendar year. The simultaneous restart of domestic economic activities saw penned-up steel demand from the construction and manufacturing sectors, and at a time when raw steel material supplies faced short-term disruptions due to cross-border logistic and shipping constraints. Upward trending regional steel prices on the back of China's growth recovery and robust steel demand, has also supported domestic steel demand. The Group's steel operations' bottom-line in the near term would also be supported by its austerity cost containment measures, all-time low borrowing cost, and wage-subsidies from the government's stimulus scheme. On top of that, the Group's CRC segment's past effort in anti-dumping drive against unfair imports has begun to gradually stem the tide. This coupled with its recently completed pickling-line revamp plus a new acid-generation plant (which is expected to be completed in the 2nd half of the next financial year) are expected to favorably tilt the CRC segment's performance.

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

B3 Prospects for the next financial year (continued)

Nevertheless on the flipside, the new financial year is fraught with downside risks - such as the current deteriorating trajectory of the COVID pandemic in most western economies; heightened geopolitical tension; global impacting US election; and even the prospect of another round of domestic political upheaval – any of which could stymie the Nation's recovery and throw the Group's performance off-course. In summary, the Group's prospect outlook for the next financial year is highly fluid and is dependent on a stimulus driven market recovery.

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 30 Jun 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2019 RM'000	Current Year To Date Ended 30 Jun 2020 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2019 RM'000
Depreciation:				
- property, plant and equipment	3,656	3,794	14,561	15,198
- right-of-use assets	755	-	3,021	-
Finance income	(228)	(308)	(1,314)	(1,330)
Finance costs on:				
- borrowings	1,297	1,776	6,380	6,904
- lease liabilities	173	-	750	-
FX differences loss/(gain)	(779)	1,372	3,776	3,445
FX derivatives (gain)/loss	639	(1,523)	(3,568)	(3,215)

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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2020 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2019 RM'000	Current Year To Date Ended 30 Jun 2020 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2019 RM'000
Current tax (expense)/credit				
Current period	58	(145)	(1,446)	(2,420)
Deferred tax (expense)/income				
Current period	1,330	(3,611)	1,430	127
	1,388	(3,756)	(16)	(2,293)

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

B9 Status of corporate proposals

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

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 30 June 2020, which are denominated entirely in Ringgit Malaysia, are as follows:

	RM'000
Short-term borrowings:	
Secured	56,311
Long-term borrowings:	
Secured	17,665
Total borrowings	73,976
	======

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	219,028
Outflows on repayment	(255,191)
Closing balance as at 30 June 2020	73,976
	======

Based on the above, the Group's bank-gearing ratio is around 0.19 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 RM26.4 million. Inclusive of that, the Group's absolute-gearing ratio as at 30 June 2020 is around 0.26 times.

Arising from the MCO, the Group has sought and obtained debt service rescheduling for deferment period of 60 days on dues totaling RM22.6 million with lenders in the current financial quarter. The Group is expected to meet all its financial obligations crossing into the next financial year when due.

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 30 June 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	390	1,192	1.0	8.3

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	23,868	100,418	2,121.5	-	Matching	23,868	n.a.	-	2,121.5

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM1.5 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM1.8 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 RM2.3 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 RM66.0 million as at 30 June 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 30 June 2020.

B15 Loss per share

(i) Basic loss per ordinary share

	Current Year Quarter Ended 30 Jun 2020	Preceding Year Corresponding Quarter Ended 30 Jun 2019	Current Year To Date Ended 30 Jun 2020	Preceding Year Corresponding Period Ended 30 Jun 2019
Loss attributable to owners (RM'000)	(4,386)	(4,737)	(10,557)	(11,986)
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	305,746
Basic loss per share (sen)	(1.34)	(1.45)	(3.23)	(3.92)

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
27 August 2020