

**Quarterly report on consolidated results for the third financial quarter ended 31 March 2023**

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Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the third financial quarter ended 31 March 2023

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(9 months)</u>	
	Current year	Preceding year	Current year	Preceding year
	Corresponding	Corresponding	To date	Corresponding
	Quarter	Quarter	To date	Period
	31-Mar-23	31-Mar-22	31-Mar-23	31-Mar-22
	RM'000	RM'000	RM'000	RM'000
Revenue	126,571	174,656	380,818	572,618
Cost of sales	(119,342)	(139,888)	(359,686)	(472,872)
Impairment on inventories	-	-	(9,822)	-
Gross profit	7,229	34,768	11,310	99,746
Operating expenses	(7,362)	(11,374)	(22,289)	(28,612)
Other operating income/(expense), net	1,115	172	992	(4,404)
Net foreign exchange gain/(loss)	365	(198)	245	(176)
Profit/(Loss) from operations	1,347	23,368	(9,742)	66,554
Impairment provision on property, plant and equipment	(112)	(1,503)	(112)	(3,503)
Finance income	431	367	1,001	945
Finance costs	(1,514)	(1,391)	(4,534)	(4,182)
Profit/(Loss) before tax	152	20,841	(13,387)	59,814
Tax	(471)	(5,936)	1,112	(16,262)
(Loss)/Profit for the period	(319)	14,905	(12,275)	43,552
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
Total (loss)/profit and other comprehensive income for the period	<u>(319)</u>	<u>14,905</u>	<u>(12,275)</u>	<u>43,552</u>
(Loss)/Earnings per share attributable to owners of the Company (sen):				
- Basic	<u>(0.10)</u>	<u>4.56</u>	<u>(3.75)</u>	<u>13.32</u>
- Diluted	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

(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 2022).

**Condensed Consolidated Statements of Financial Position as at 31 March 2023**

(The figures have not been audited)

	As at 31-Mar-23 RM'000	As at 30-Jun-22 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	310,430	312,193
Right-of-use assets	46,246	49,911
Intangible assets	20,000	20,000
	<u>376,676</u>	<u>382,104</u>
Current Assets		
Inventories	171,505	275,753
Trade and other receivables	68,301	74,516
Financial assets at fair value through profit or loss	3,100	2,600
Amount owing by holding company	3	0
Amount owing by related companies	1	1
Tax recoverable	2,396	53
Derivative financial assets	182	4,815
Cash and bank balances	65,937	111,796
	<u>311,425</u>	<u>469,534</u>
Less: Current Liabilities		
Trade and other payables	29,903	166,890
Dividend payable	0	9,812
Contract liabilities	532	7,437
Amount owing to holding company	0	6
Amount owing to related companies	540	187
Tax payable	116	1,457
Borrowings	93,614	80,135
Lease liabilities	3,818	3,693
Derivative financial liabilities	278	8
	<u>128,801</u>	<u>269,625</u>
Net Current Assets	<u>182,624</u>	<u>199,909</u>
Non-Current Liabilities		
Deferred tax liabilities	34,358	36,186
Deferred income	5,770	5,884
Borrowings	17,160	22,520
Lease liabilities	19,625	22,761
	<u>76,913</u>	<u>87,351</u>
	<u>482,387</u>	<u>494,662</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	42,783	42,783
Retained earnings	220,187	232,462
Total Equity	<u>482,387</u>	<u>494,662</u>
Net assets per share attributable to owners of the Company	<u>RM1.47</u>	<u>RM1.51</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



Condensed Consolidated Statements of Cash Flows for the third financial quarter ended 31 March 2023

(The figures have not been audited)

	(9 months) 31-Mac-23 RM'000	(9 months) 31-Mac-22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(13,387)	59,814
Adjustments for :		
- Depreciation	14,712	13,102
- Gain on rental discount	-	(23)
- Gain on disposal of plant and equipment	(153)	(117)
- Impairment on property, plant and equipment	112	3,503
- Impairment on inventories	9,822	-
- Writeback of impairment on receivables	(83)	-
- Fair value gain on financial assets at fair value through profit or loss	(500)	-
- Amortisation of deferred income	(114)	(114)
- Net unrealised (gain)/loss on foreign exchange	(418)	18
- Interest income	(1,001)	(945)
- Interest expense	4,534	4,182
Operating profit before changes in working capital	13,524	79,420
Changes in working capital :		
- Inventories	94,426	(30,507)
- Trade and other receivables	10,564	(38,326)
- Trade and other payables	(146,111)	(42,964)
- Contract liabilities	(6,905)	(4,830)
- Intercompanies balances	845	601
- Tax paid	(4,399)	(6,222)
Net cash flows (used in)/generated from operating activities	(38,056)	(42,828)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(9,454)	(11,997)
- Proceeds from disposal of property, plant and equipment	77	364
- Interest received	1,001	945
Net cash flows used in investing activities	(8,376)	(10,688)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	207,599	229,952
- Repayment of bank borrowings	(199,480)	(176,911)
- Payment of lease liabilities	(3,012)	(2,179)
- Interest paid	(4,534)	(4,182)
Net cash flows generated from financing activities	573	46,680
Net change in cash and cash equivalents	(45,859)	(6,836)
Cash and cash equivalents at beginning of the financial year	111,796	90,931
Cash and cash equivalents at end of the financial year	65,937	84,095

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).

**Quarterly report on consolidated results for the third financial quarter ended 31 March 2023****Condensed Consolidated Statements of Changes in Equity for the third financial quarter ended 31 March 2023**

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Asset				
	Share	Warrant	Revaluation	Retained	
	Capital	Reserves	Reserve	Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>9 months ended 31 March 2023</u>					
At 1 July 2022	217,677	1,740	42,783	232,462	494,662
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(12,275)	(12,275)
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(12,275)	(12,275)
As at 31 March 2023	<u>217,677</u>	<u>1,740</u>	<u>42,783</u>	<u>220,187</u>	<u>482,387</u>
<u>9 months ended 31 March 2022</u>					
At 1 July 2021	217,677	1,740	38,702	189,545	447,664
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	43,552	43,552
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	43,552	43,552
As at 31 March 2022	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>233,097</u>	<u>491,216</u>

(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 2022).



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 2022 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 preceding financial year ended 30 June 2022.

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 2022, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2022 which the Group has adopted since the commencement of the current financial year on 1 July 2022:

- Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’ clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments do not change the current accounting for business combinations on acquisition date. The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, contingent liabilities and contingent assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.
- Amendments to MFRS 116 ‘Proceeds before intended use’ prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss. The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.
- Amendments to MFRS 137 ‘Onerous Contracts - Cost of Fulfilling a Contract’ clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

The adoption of these amendments did not have any impact on the Group’s financial statements for the current period.



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.

Effective for financial year beginning after 1 July 2023.

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"
- Amendments to MFRS 101 and MFRS Practice Statement 2 on "Disclosure of Accounting Policies"
- Amendments to MFRS 108 on "Definition of Accounting Estimates"
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

These amendments to published standards will be adopted when effective.

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 2022 was not subjected to any audit qualification.

A3 Seasonality or cyclicity 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

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

A5 Changes in estimates

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

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, consistent with its bank covenants.

	31 Mac 2023	30 Jun 2022
Total interest-bearing debts in RM'million	124.1	116.4
Adjusted Shareholders' funds in RM'million	496.7	510.8
Absolute Gearing Ratio	0.25	0.23

On the total interest-bearing debts as at 31 March 2023, around RM96.7 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM13.3 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM14.1 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.

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:

	<u>Cold Rolled</u> RM'000	<u>Steel Tube</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>				
Total revenue	197,332	224,769	4,590	426,691
Inter segment	(18,433)	(22,850)	(4,590)	(45,873)
External revenue	<u>178,899</u>	<u>201,919</u>	-	<u>380,818</u>
Pre-tax (loss)/profit	<u>(7,581)</u>	<u>(6,233)</u>	427	<u>(13,387)</u>
Segment assets	<u>413,603</u>	<u>267,508</u>	4,412	<u>685,523</u>
	RM'000			
Segment assets	685,523			
Derivative assets	182			
Tax recoverable	<u>2,396</u>			
	<u>688,101</u>			

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 2022 and adjusted for the current financial year's depreciation and impairment-provisions 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 2023:

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

<u>Recurring fair value measurement</u>	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	3,100.0	0	0
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	20.4	0
as Assets (hedge accounted)	0	161.9	0
as Liabilities (not hedge accounted)	0	0	0
as Liabilities (hedge accounted)	0	(277.7)	0
Total	<u>3,100.0</u>	<u>(95.4)</u>	<u>0</u>



Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Fair Value Measurement (continued)

The Investment in Quoted Shares is fair valued by way of marking-to-market using the quoted closing price on Bursa Malaysia.

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

There were no significant events and transactions for the current financial 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 current financial 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 and Steel Tube subsidiary has an outstanding capital commitment balance of around RM1.1 million and RM0.8 million respectively 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 31/3/2023	Preceding Year Corresponding Quarter 31/3/2022			Current Year To-date 31/3/2023	Preceding Year Corresponding Period 31/3/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	126,571	174,656	(48,085)	-28%	380,818	572,627	(191,809)	-33%
Operating Profit/(Loss)	1,347	23,368	(22,021)	-94%	(9,742)	66,554	(76,296)	-115%
Profit/(Loss) Before Interest and Tax	1,235	21,865	(20,630)	-94%	(9,854)	63,051	(72,905)	-116%
Profit/(Loss) Before Tax	152	20,841	(20,689)	-99%	(13,387)	59,814	(73,201)	-122%
Profit/(Loss) After Tax	(319)	14,905	(15,224)	-102%	(12,275)	43,552	(55,827)	-128%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(319)	14,905	(15,224)	-102%	(12,275)	43,552	(55,827)	-128%

For the 3rd financial quarter ended 31 March 2023, the Group registered a 28% lower revenue at RM126.6 million (compared to the preceding year's corresponding quarter at RM174.7 million), mainly due to lower unit selling price (down 22%) in tandem with lower market steel prices for both the Cold Rolled and Steel Tube segments. Sales volume for both the segments was also lower albeit marginally (at around 7%) in the current period. Correspondingly, the COGS (Cost-of-Goods-Sold) for the current period was also lower in-tandem with lower raw material Hot Rolled Coil (HRC) cost compared to the preceding year's period.

The Group's gross profit for the current period is sharply lower (down 79%) in the current period due to lower price-spreads (from higher carrying inventory value) and higher unit production cost (from lower throughput volume) compared to the preceding year's corresponding quarter where market conditions and margin spreads were significantly more favorable. Correspondingly, the Group's operating profit for the current period is sharply lower (down 94%) compared to the preceding year's corresponding quarter.

As a result, the Group recorded a pre-tax profit of only RM0.2 million for the current financial quarter compared to a pre-tax profit of RM20.8 million in the preceding year's corresponding quarter. After-tax loss of the Group stood at RM0.3 million compared to the preceding year's corresponding quarter after-tax profit of RM14.9 million.

The Group recorded an EBITDA of RM5.2 million in the current quarter compared to the preceding year's corresponding quarter's EBITDA of RM27.0 million.

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

	Current Quarter 31/3/2023	Immediate Preceding Quarter 31/12/2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	126,571	134,179	(7,608)	-6%
Operating Profit/(Loss)	1,347	(15,050)	16,397	109%
Profit/(Loss) Before Interest and Tax	1,235	(15,050)	16,285	108%
Profit/(Loss) Before Tax	152	(16,374)	16,526	101%
Profit/(Loss) After Tax	(319)	(13,533)	13,214	98%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(319)	(13,533)	13,214	98%

The Group's revenue for the current 3rd financial quarter at RM126.6 million is around 6% lower than the immediate-preceding quarter at RM134.2 million mainly due to lower unit-selling-price in tandem with lower market prices. Sales volume contribution from the Steel Tube segment is marginally lower (8.5%) whilst the Cold-Rolled segment is marginally higher (5%).

The consecutive months of HRC-prices decline from its peak in March 2022 (in the last financial year) had bottomed out towards early December 2022 (down 40%), and rebounded over the current period until around mid-March 2023 (up 27%) before cooling-off. Whilst the said steel price-decline-trend (in the 1st half of the current financial year) had resulted in an inventory write-down of RM9.8 million (which contributed to the significant losses) in the immediate-preceding quarter, the price-recovery-trend over current period will have a lagging positive effect on margin-spread. As a result, the Group recorded a modest gross profit of RM7.2 million for the current period compared to a gross loss of RM7.5 million (after the said inventory write-down) in the immediate-preceding period.

Netting operation and interest costs, the Group recorded a breakeven pre-tax profit of RM0.2 million for the current financial quarter compared with the immediate-preceding quarter's pre-tax loss of RM16.4 million. After-tax loss of the Group reduced to RM0.3 million compared to after-tax loss of RM13.5 million in the immediate-preceding quarter.

The Group recorded an EBITDA of RM5.2 million in the current quarter compared to the immediate-preceding quarter's negative EBITDA of RM11.3 million.

B3 Prospects for the remaining financial year

The promising start to the current 3rd financial quarter for the domestic steel industry (from the rebound in steel prices) began to splutter towards the tail-end with significant headwinds from global disruptions. The remaining 4th financial quarter appears to be heading a rough patch again.

Global Crisis

The ratcheted-up geopolitical conflict in the West and tension in the East have worsened to tipping-point with no "off-ramp" in sight. These coupled with elevated interest rates add to the probability of recession and/or stagflation in some developed economies - dragging down the entire global growth outlook below baseline forecast for 2023 (source: IMF). On top of that, mounting fear on bank failures, liquidity crunch, and certain sovereign-debt default reverberate across the globe: further denting investments and consumer confidence on discretionary spending.



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

B3 Prospects for the remaining financial year (continued)

China & Regional Factor

China’s economic rebound from its ‘zero-Covid policy’ pivot appears losing traction due to rivals’ intensified containment/ de-risking measures, and weaker than expected export performance (due to global slowdown). Conversely, its domestic steel consumption/ demand is lagging output – pushing down steel prices with the excesses flooding Southeast Asia region. Similarly, other Asian net-steel producers also intensify export/ dumping push.

Domestic Front

Despite the Nation’s strong GDP growth post-COVID recovery in the last few quarters, performance has been uneven. Malaysia’s manufacturing sector remains weak as reflected in its Manufacturing Purchasing Managers’ Index (source: S&P Global) which stood below the 50-pointsmark as an indication of contraction for the 8th consecutive months in April 2023. Domestic steel manufacturers’ woe is further compounded by higher cost burden (from heightened operation and borrowing costs, weak Ringgit, and imported inflation on raw materials and capital goods), on-top of having to compete with steel product-dumped from abroad amidst a soft market.

In summary, the prospects for the Group for the balance period remains highly challenging and volatile. Steel prices have already declined by around 20% into mid-4th financial quarter (from its peak in late-March 2023); and, this may have lagging-negative impact on performance towards June and July if not averaged-out by price rebound. Nevertheless, the Group’s performance for the final quarter could spring an upside on the back of the lagging impact from the upward steel-price moment over the current 3rd financial quarter.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit/(loss) before taxation

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

	Current Year Quarter Ended 31 Mac 2023 RM’000	Preceding Year Corresponding Quarter Ended 31 Mac 2022 RM’000	Current Year To Date Ended 31 Mac 2023 RM’000	Preceding Year Corresponding Period Ended 31 Mac 2022 RM’000
Depreciation:				
- property, plant and equipment	3,811	3,683	11,364	10,698
- right-of-use assets	1,116	801	3,348	2,404
Finance income	(431)	(367)	(1,001)	(945)
Finance costs on:				
- borrowings	1,268	1,202	3,765	3,592
- lease liabilities	246	189	769	590
FX differences (gain)/loss	3,802	568	3,549	(4)
FX derivatives loss/(gain)	(4,167)	(370)	(3,794)	180



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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Mac 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2022 RM'000	Current Year To Date Ended 31 Mac 2023 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2022 RM'000
Current tax (expense)/credit				
Current period	(511)	(1,435)	(715)	(5,556)
Deferred tax (expense)/income				
Current period	40	(4,501)	1,827	(10,706)
	(471)	(5,936)	1,112	(16,262)

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 31 March 2023, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Secured	93,614
<u>Long-term borrowings:</u>	
Secured	17,160
Total borrowings	<u>110,774</u> =====

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

	<u>RM'000</u>
Total Borrowings’ opening balance as at 1 July 2022	102,655
<u>Cash Flows:</u>	
Inflows from new debts	207,599
Outflows on repayment	(199,480)
Closing balance as at 31 March 2023	<u>110,774</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.22 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 RM13.3 million. Inclusive of that, the Group’s absolute-gearing ratio as at 31 March 2023 is 0.25 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 2023 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	-	-	-	-

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	2,615	11,530	20.4	-

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	11,708	51,720	161.9	277.7	Matching	11,708	n.a.	277.7	161.9

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM3.9 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM4.1 million from its 'foreign currency obligations & assets' 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 RM6.0 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 RM109.5 million as at 31 March 2023.

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 2023.

B15 Earnings/(loss) per share

(i) Basic earnings/(loss) per ordinary share

	Current Year Quarter Ended 31 Mac 2023	Preceding Year Corresponding Quarter Ended 31 Mac 2022	Current Year To Date Ended 31 Mac 2023	Preceding Year Corresponding Period Ended 31 Mac 2022
(Loss)/Profit attributable to owners (RM'000)	(319)	14,905	(12,275)	43,552
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic (loss)/earnings per share (sen)	(0.10)	4.56	(3.75)	13.32



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

B15 Earnings/(loss) per share (continued)

(ii) Diluted earnings/(loss) per ordinary share

No diluted earnings/(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
30 May 2023