

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

(The figures have not been audited)

	Individual Quarter		Cumulative Quarters	
	(3 months)		(12 months)	
	Current year	Preceding year	Current year	Preceding year
	Quarter	Corresponding	To date	Period
	30-Jun-23	30-Jun-22	30-Jun-23	30-Jun-22
	RM'000	RM'000	RM'000	RM'000
Revenue	159,177	173,257	539,995	745,875
Cost of sales	(144,279)	(149,331)	(503,965)	(622,203)
Impairment on inventories	-	(9,975)	(9,822)	(9,975)
Gross profit	14,898	13,951	26,208	113,697
Operating expenses	(7,961)	(8,451)	(30,250)	(37,063)
Other operating income/(expense), net	364	227	1,356	(4,177)
Net foreign exchange gain/(loss)	409	(350)	654	(526)
Profit/(Loss) from operations	7,710	5,377	(2,032)	71,931
Impairment on property, plant and equipment	(6,811)	352	(6,923)	(3,151)
Finance income	496	366	1,497	1,311
Finance costs	(1,842)	(1,413)	(6,376)	(5,595)
(Loss)/Profit before tax	(447)	4,682	(13,834)	64,496
Tax	386	4,495	1,498	(11,767)
(Loss)/Profit for the period	(61)	9,177	(12,336)	52,729
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	11,118	4,081	11,118	4,081
Total profit/(loss) and other comprehensive income for the period	11,057	13,258	(1,218)	56,810
(Loss)/Earnings per share attributable to owners of the Company (sen):				
- Basic	(0.02)	2.81	(3.77)	16.12
- 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 2022).

**Condensed Consolidated Statements of Financial Position as at 30 June 2023**

(The figures have not been audited)

	As at 30-Jun-23 RM'000	As at 30-Jun-22 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	310,966	312,193
Right-of-use assets	47,947	49,911
Intangible assets	20,000	20,000
	<u>378,913</u>	<u>382,104</u>
Current Assets		
Inventories	173,694	275,753
Trade and other receivables	71,953	74,516
Financial assets at fair value through profit or loss	2,900	2,600
Amount owing by holding company	0	0
Amount owing by related companies	0	1
Tax recoverable	1,412	53
Derivative financial assets	1,062	4,815
Cash and bank balances	78,159	111,796
	<u>329,180</u>	<u>469,534</u>
Less: Current Liabilities		
Trade and other payables	43,197	166,890
Dividend payable	0	9,812
Contract liabilities	6,419	7,437
Amount owing to holding company	4	6
Amount owing to related companies	290	187
Tax payable	78	1,457
Borrowings	90,863	80,135
Lease liabilities	4,203	3,693
Derivative financial liabilities	0	8
	<u>145,054</u>	<u>269,625</u>
Net Current Assets	<u>184,126</u>	<u>199,909</u>
Non-Current Liabilities		
Deferred tax liabilities	34,915	36,186
Deferred income	5,731	5,884
Borrowings	10,734	22,520
Lease liabilities	18,215	22,761
	<u>69,595</u>	<u>87,351</u>
	<u>493,444</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	53,901	42,783
Retained earnings	220,126	232,462
Total Equity	<u>493,444</u>	<u>494,662</u>
Net assets per share attributable to owners of the Company	<u>RM1.51</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 fourth financial quarter ended 30 June 2023

(The figures have not been audited)

	(12 months) 30-Jun-23 RM'000	(12 months) 30-Jun-22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(13,834)	64,496
Adjustments for :		
- Depreciation	19,594	17,687
- Gain on rental discount	-	(786)
- Gain on disposal of plant and equipment	59	(91)
- Impairment on property, plant and equipment	6,923	3,151
- Impairment on inventories	9,822	9,975
- Writeback of impairment on receivables	(131)	-
- Fair value (gain)/loss on financial assets at fair value through profit or loss	(300)	600
- Amortisation of deferred income	(152)	(152)
- Net unrealised (gain)/loss on foreign exchange	(746)	433
- Interest income	(1,497)	(1,311)
- Interest expense	6,376	5,595
Operating profit before changes in working capital	26,114	99,597
Changes in working capital :		
- Inventories	92,237	(60,227)
- Trade and other receivables	6,281	(36,793)
- Trade and other payables	(132,766)	48,062
- Contract liabilities	(1,019)	(15,362)
- Intercompanies balances	401	(188)
- Tax paid	(4,549)	(8,365)
Net cash flows (used in)/generated from operating activities	(13,301)	26,724
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(10,596)	(10,749)
- Investment in financial assets at fair value through profit or loss	-	(3,200)
- Proceeds from disposal of property, plant and equipment	232	505
- Interest received	1,497	1,311
Net cash flows used in investing activities	(8,867)	(12,133)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	275,919	303,827
- Repayment of bank borrowings	(276,976)	(288,950)
- Payment of lease liabilities	(4,036)	(3,008)
- Interest paid	(6,376)	(5,595)
Net cash flows (used in)/generated from financing activities	(11,469)	6,274
Net change in cash and cash equivalents	(33,637)	20,865
Cash and cash equivalents at beginning of the financial year	111,796	90,931
Cash and cash equivalents at end of the financial year	78,159	111,796

(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).

**Condensed Consolidated Statements of Changes in Equity for the fourth financial quarter ended 30 June 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>12 months ended 30 June 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	-	-	-	(12,336)	(12,336)
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	11,118	-	11,118
Total comprehensive loss for the financial period	-	-	11,118	(12,336)	(1,218)
As at 30 June 2023	<u>217,677</u>	<u>1,740</u>	<u>53,901</u>	<u>220,126</u>	<u>493,444</u>
<u>12 months ended 30 June 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	-	-	-	52,729	52,729
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	4,081	-	4,081
Total comprehensive income for the financial period	-	-	4,081	52,729	56,810
Dividend payable	-	-	-	(9,812)	(9,812)
As at 30 June 2022	<u>217,677</u>	<u>1,740</u>	<u>42,783</u>	<u>232,462</u>	<u>494,662</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 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'

Effective for financial year beginning after 1 July 2024.

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"

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.

	30 Jun 2023	30 Jun 2022
Total interest-bearing debts in RM'million	129.2	116.4
Adjusted Shareholders' funds in RM'million	508.4	510.8
Absolute Gearing Ratio	0.25	0.23

On the total interest-bearing debts as at 30 June 2023, around RM88.2 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM27.6 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM13.4 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
Revenue				
Total revenue	294,176	301,996	6,313	602,485
Inter segment	(25,184)	(30,993)	(6,313)	(62,490)
External revenue	<u>268,992</u>	<u>271,003</u>	-	<u>539,995</u>
Pre-tax (loss)/profit	<u>(11,851)</u>	<u>(2,603)</u>	620	<u>(13,834)</u>
Segment assets	<u>405,807</u>	<u>295,622</u>	4,190	<u>705,619</u>
	RM'000			
Segment assets	705,619			
Derivative assets	1,062			
Tax recoverable	1,412			
	<u>708,093</u>			

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

A9 Valuation of Property, Plant & Equipment (PPE), and Rights-of-Use (ROU) Assets.

In-conjunction with the current financial year ended 30 June 2023, the Group's PPE, and ROU-Assets 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 RM11.1 million was credited to the asset revaluation reserve, while the deficits totaling RM6.4 million was charged to profit or loss as impairment in the current financial year.

A significant portion of the said impairment charge is attributed to the cold-rolled subsidiary's new Acid Regeneration Plant or ARP (commissioned and capitalized in the middle of the previous financial year) which incurred a RM3.2million impairment or an additional 14.6% against its carrying depreciated value as at 30 June 2023. The combined depreciation and impairment charge on the ARP (with a rated economic useful life of 20 years) for the 1st full year amounted to 15.7% of its initial carrying cost.

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 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



Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A10 Fair Value Measurement (continued)

<u>Recurring fair value measurement</u>	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,900.0	-	-
Foreign Currency Forwards			
as Assets (not hedge accounted)	-	-	-
as Assets (hedge accounted)	-	1,061.9	-
as Liabilities (not hedge accounted)	-	-	-
as Liabilities (hedge accounted)	-	-	-
Total	2,900.0	1,061.9	-

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 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 RM1.3 million and RM2.4 million respectively for plant-equipment. These capital commitments will be payable over established milestones in the 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 30/6/2023	Preceding Year Corresponding Quarter 30/6/2022			Current Year To-date 30/6/2023	Preceding Year Corresponding Period 30/6/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	159,177	173,257	(14,080)	-8%	539,995	745,875	(205,880)	-28%
Operating Profit/(Loss)	7,710	5,377	2,333	43%	(2,032)	71,931	(73,963)	-103%
Profit/(Loss) Before Interest and Tax	899	5,729	(4,830)	-84%	(8,955)	68,780	(77,735)	-113%
Profit/(Loss) Before Tax	(447)	4,682	(5,129)	-110%	(13,834)	64,496	(78,330)	-121%
Profit/(Loss) After Tax	(61)	9,177	(9,238)	-101%	(12,336)	52,729	(65,065)	-123%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(61)	9,177	(9,238)	-101%	(12,336)	52,729	(65,065)	-123%

For the 4th financial quarter ended 30 June 2023, the Group registered a 8% lower revenue at RM159.2 million (compared to the preceding year's corresponding quarter at RM173.3 million), mainly due to lower unit selling price (down 19%) in tandem with lower market steel prices for both the Cold Rolled and Steel Tube segments.

The Group's gross profit for the current period is higher (up 7%) in the current period compared to the preceding year's corresponding quarter where there was a write-down on inventory of RM10.0 million. Correspondingly, the Group's operating profit at RM7.7million for the current period is higher (up 43% compared to the preceding year's corresponding quarter) – setting-up for a positive quarter.

However, the Group recorded a pre-tax loss of RM0.4 million for the current financial quarter compared to a pre-tax profit of RM4.7 million in the preceding year's corresponding quarter largely due to an impairment charge on property, plant and equipment (PPE) of RM6.8 million (pursuant to revaluation) in the current financial quarter. The unusually high PPE impairment is attributed to the cold-rolled subsidiary's new Acid Regeneration Plant 1st full year's non-linear drop in market value – which according to the independent valuer is common. See section A9. After-tax loss of the Group for the current quarter stands at RM0.06 million compared to the preceding year's corresponding quarter after-tax profit of RM9.2 million (which had benefited from a net credit tax adjustment of RM4.5 million).

Revaluation gain (net deferred tax) on PPE and ROU-Assets for the current quarter of RM11.1 million (up 1.7 folds over the compared period of RM4.1 million) is classified in 'other comprehensive income'. In that regard, the Group recorded a total comprehensive income of RM11.1 million for the current quarter compared to RM13.3 million in the preceding year's corresponding quarter.

The Group recorded a higher EBITDA of RM11.4 million in the current quarter compared to the preceding year's corresponding quarter's EBITDA of RM9.1 million. For the full financial year, the Group's EBITDA stands at RM13.0 million (FY2022: RM86.3 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 30/6/2023	Immediate Preceding Quarter 31/3/2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	159,177	126,571	32,606	26%
Operating Profit/(Loss)	7,710	1,347	6,363	472%
Profit/(Loss) Before Interest and Tax	899	1,235	(336)	-27%
Profit/(Loss) Before Tax	(447)	152	(599)	-394%
Profit/(Loss) After Tax	(61)	(319)	258	81%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(61)	(319)	258	81%

The Group's revenue for the current 4th financial quarter at RM159.2 million is around 26% higher than the immediate-preceding quarter at RM126.6 million mainly due to higher sales volume (up 23%) from both Cold-Rolled and Steel Tube segments.

Both segments contributed to stronger gross-profit performance for the current quarter at RM14.9 million (up 107% compared to the immediate-preceding quarter at RM7.2 million). Consequently, operating profit increased 472% to RM7.7 million compared to the immediate-preceding quarter at RM1.3 million. However, the performance for the current quarter narrowed to a pre-tax loss of RM0.4 million after incurring an impairment charge on property, plant and equipment of RM6.8 million pursuant to revaluation.

After-tax loss of the Group is lower at RM0.06 million compared to the immediate-preceding quarter's after-tax loss of RM0.3 million.

The Group recorded a higher EBITDA of RM11.4 million in the current quarter compared to the immediate-preceding quarter's EBITDA of RM5.2 million.

B3 Prospects for the next financial year

The Group ended the current financial year in a loss-position with steep contraction in sales volume, mirroring the weak performance of the nation's manufacturing sector (including steel) as reflected in its Purchasing-Managers-Index's ten straight months of contraction. Similar contraction is seen in major exporting nations as global trades shrunk. The troubled global economic environment can be traced to the US's unhinged interest rate hikes, geopolitical tension in the East, deglobalization, and the disruptive Ukraine-war. Many analysts believe these negative conditions will persist if not worsen in the remaining of 2023 before any hope of pivot in 2024. As such, any easing will offer respite.

- i) The US rate hike could have peaked in July. How long it remains at that elevated level will have significant bearing on (interest and foreign exchange) rates pressure, credit-stress, and economic conditions – particularly on developing & emerging economies. Any easing of interest rates will improve consumer confidence and overall business sentiments.
- ii) China's post-COVID economic recovery is showing signs of fissure with the slowdown in global trades, property-debt crisis, and rising youth unemployment – on-top of the fallout from Western de-risking & containment measures. This will not only limit South-East Asia growth but would exert pricing and margin pressure on the regional steel industry.



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

B3 Prospects for the next financial year (continued)

Barring further deterioration of the external environment (impacting the nation and the domestic steel industry), the Group's prospects outlook for the next financial year remains cautious with the possibility of tepid rebound in the 2nd half, in-line with WTO and World Bank's projection for the region.

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 30 Jun 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Year To Date Ended 30 Jun 2023 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2022 RM'000
Depreciation:				
- property, plant and equipment	3,767	3,678	15,131	14,376
- right-of-use assets	1,116	906	4,464	3,310
Finance income	(496)	(366)	(1,497)	(1,311)
Finance costs on:				
- borrowings	1,607	1,202	5,372	4,794
- lease liabilities	235	211	1,004	801
FX differences loss/(gain)	1,023	5,841	4,572	5,837
FX derivatives (gain)/loss	(1,432)	(5,491)	(5,226)	(5,311)



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 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2022 RM'000	Current Year To Date Ended 30 Jun 2023 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2022 RM'000
Current tax (expense)/credit Current period	(1,095)	(1,802)	(1,810)	(7,358)
Deferred tax income/(expense) Current period	1,481	6,297	3,308	(4,409)
	386	4,495	1,498	(11,767)

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

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Secured	90,863
<u>Long-term borrowings:</u>	
Secured	10,734
Total borrowings	<u>101,597</u> =====

At the close of the current financial period, the cold-rolled subsidiary fell-short in meeting a ‘debt-service-cover-ratio’ covenant in-relation to its short-term tradeline borrowings, and has since sought indulgence from two affected lenders (which are likely to be obtained). Arising from that, we have reclassified RM4.3 million in ‘long-term borrowing’ to ‘short-term borrowing’ – as reflected in the above. The said subsidiary and the Group remain in comfortable net-current-asset position after the reclassification. The continuing availability of the aforementioned debt facility to the said subsidiary is unaffected.

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	275,919
Outflows on repayment	(276,977)
Closing balance as at 30 June 2023	<u>101,597</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.20 times. Besides the said borrowings, the Group also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM27.6 million. Inclusive of that, the Group’s absolute-gearing ratio as at 30 June 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.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)
B11 Outstanding Derivatives (continued)

The Group designates eligible hedge relations on FX forwards accepted 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.

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 June 2023 are outline below:

Non-designated

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

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional '000	Value	Fair Value RM'000			Notional '000	Value	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	10,663	48,775	1,061.9	-	Matching	10,663	n.a.	-	1,061.9

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM4.2 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM4.3 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.



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

B11 Outstanding Derivatives (continued)

(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.

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 RM8.7 million as security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries amounting to RM100.5 million as at 30 June 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 30 June 2023.



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

B15 Earnings/(loss) per share

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

	Current Year Quarter Ended 30 Jun 2023	Preceding Year Corresponding Quarter Ended 30 Jun 2022	Current Year To Date Ended 30 Jun 2023	Preceding Year Corresponding Period Ended 30 Jun 2022
(Loss)/Profit attributable to owners (RM'000)	(61)	9,177	(12,336)	52,729
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic (loss)/earnings per share (sen)	(0.02)	2.81	(3.77)	16.12

(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
29 August 2023