Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income

for the second financial quarter ended 31 December 2023

(The figures have not been audited)

	Individual Quarter (3 months)		Cumulative Quarters (6 months)	
	Current year Quarter 31-Dec-23 RM'000	Preceding year Corresponding Quarter 31-Dec-22 RM'000	Current year To date 31-Dec-23 RM'000	Preceding year Corresponding Period 31-Dec-22 RM'000
Revenue	175,181	134,179	337,959	254,247
Cost of sales	(166,567)	(131,905)	(318,933)	(240,344)
Impairment on inventories	-	(9,822)	-	(9,822)
Gross profit/(loss)	8,614	(7,548)	19,026	4,081
Operating expenses	(8,130)	(7,592)	(15,948)	(14,927)
Other operating income/(expense), net	196	15	404	(123)
Net foreign exchange gain/(loss)	386	75	1,057	(120)
Profit/(loss) from operations	1,066	(15,050)	4,539	(11,089)
Impairment provision on property, plant and equipment	(127)	-	(127)	-
Finance income	456	228	979	570
Finance costs	(1,681)	(1,552)	(3,618)	(3,020)
Profit/(loss) before tax	(286)	(16,374)	1,773	(13,539)
Tax	418	2,841	(418)	1,583
Profit/(loss) for the period	132	(13,533)	1,355	(11,956)
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
Total profit/(loss) and other comprehensive income for the period	132	(13,533)	1,355	(11,956)
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic	0.04	(4.14)	0.41	(3.66)
- 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 2023).

Condensed Consolidated Statements of Financial Position as at 31 December 2023

(The figures have not been audited)

	As at 31-Dec-23 RM'000	As at 30-Jun-23 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	306,117	310,966
Right-of-use assets	45,477	47,947
Intangible assets	20,000	20,000
	371,594	378,913
Current Assets		
Inventories	177,190	173,694
Trade and other receivables	89,513	69,986
Financial assets at fair value through profit or loss	2,800	2,900
Amount owing by holding company	12	-
Tax recoverable	635	1,412
Derivative financial assets	-	1,062
Cash and bank balances	64,895	78,159
	335,045	327,213
Less: Current Liabilities		
Trade and other payables	19,463	41,230
Contract liabilities	1,675	6,419
Amount owing to holding company	-	3
Amount owing to related companies	748	291
Tax payable	236	78
Derivative financial liabilities	1,549	-
Borrowings	115,312	90,863
Lease liabilities	4,290	4,203
	143,273	143,087
Net Current Assets	191,772	184,126
Non-Current Liabilities		
Deferred tax liabilities	33,395	34,915
Deferred income	9,523	5,731
Borrowings	9,601	10,734
Lease liabilities	16,048	18,215
	68,567	69,595
	494,799	493,444
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	53,901
Retained earnings	221,481	220,126
Total Equity	494,799	493,444
Net assets per share attributable to owners of the Company	RM1.51	RM1.51

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023).

Condensed Consolidated Statements of Cash Flows for the second financial quarter ended 31 December 2023

(The figures have not been audited)

	(6 months) 31-Dec-23 RM'000	(6 months) 31-Dec-22 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	1,773	(13,539)
Adjustments for :		
- Depreciation	10,023	9,785
- Gain on disposal of plant and equipment	(187)	(132)
- Impairment provision on property, plant and equipment	127	-
- Impairment on inventories	-	9,822
- Writeback of impairment on receivables	-	(83)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	100	500
- Amortisation of deferred income	(109)	(76)
- Net unrealised (gain)/loss on foreign exchange	(380)	(229)
- Interest income	(979)	(570)
- Interest expense	3,618	3,020
Operating profit before changes in working capital	13,986	8,498
Changes in working capital :		
- Inventories	(3,496)	87,212
- Trade and other receivables	(16,398)	20,709
- Trade and other payables	(21,804)	(152,092)
- Contract liabilities	(4,744)	(6,124)
- Intercompanies balances	343	(260)
- Tax paid	(1,003)	(2,972)
Net cash flows generated from/(used in) operating activities	(33,116)	(45,029)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(3,035)	(6,711)
- Proceeds from disposal of property, plant and equipment	391	-
- Proceeds from grant on property, plant and equipment	3,900	-
- Interest received	979	570
Net cash flows generated from/(used in) investing activities	2,235	(6,141)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	162,720	142,844
- Repayment of bank borrowings	(139,405)	(134,292)
- Payment of lease liabilities	(2,080)	(1,997)
- Interest paid	(3,618)	(3,020)
Net cash flows generated from/(used in) financing activities	17,617	3,535
Net change in cash and cash equivalents	(13,264)	(47,635)
Cash and cash equivalents at beginning of the financial year	78,159	111,796
Cash and cash equivalents at end of the financial year	64,895	64,161

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023).

Condensed Consolidated Statements of Changes in Equity for the second financial quarter ended 31 December 2023

(The figures have not been audited)

	---------- Attributable to owners of the Company ----------				
	-------- Non-distributable --------				
	Share Capital	Warrant Reserves	Asset Revaluation Reserve	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
6 months ended 31 December 2023					
At 1 July 2023	217,677	1,740	53,901	220,126	493,444
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	1,355	1,355
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	1,355	1,355
As at 31 December 2023	217,677	1,740	53,901	221,481	494,799
6 months ended 31 December 2022					
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	-	-	-	(11,956)	(11,956)
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(11,956)	(11,956)
As at 31 December 2022	217,677	1,740	42,783	220,506	482,706

(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 2023).

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 2023 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 2023.

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 2023, except for the following new amendments to the MFRS ("standards") effective for financial year beginning after 1 July 2023 which the Group has since adopted.

- MFRS 17, Insurance Contracts replaces MFRS 4
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2024.

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

Effective for financial year beginning after 1 July 2025.

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2023 was not subjected 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

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 Dec 2023	30 Jun 2023
Total interest-bearing debts in RM'million	129.9	129.2
Adjusted Shareholders' funds in RM'million	508.2	508.4
Absolute Gearing Ratio	0.26	0.25

On the total interest-bearing debts as at 31 December 2023, around RM112.5 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM5.0 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM12.4 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:

	Cold Rolled	Steel Tube	Others	Total
	RM'000	RM'000	RM'000	RM'000
Revenue				
Total revenue	245,202	176,967	3,272	425,441
Inter segment	(61,232)	(22,978)	(3,272)	(87,482)
External revenue	183,970	153,989	-	337,959
Pre-tax (loss)/profit	(4,268)	5,765	276	1,773
Segment assets	408,192	294,072	3,741	706,005

	RM'000
Segment assets	706,005
Derivative assets	-
Tax recoverable	634
	706,639

Although the Group's businesses are carried out entirely in Malaysia for the domestic market, its steel segments also serve foreign markets when feasible. In recent periods, the Group's export sales have grown to exceed the threshold of 10% or more of total revenue, warranting further analysis by geographic segments:

	Year-to-Date Revenue		
	Cold Rolled	Steel Tube	Total
	RM'000	RM'000	RM'000
Geographic Areas			
Malaysia	136,627	130,192	266,819
ASEAN	-	22,170	22,170
Non-ASEAN	47,343	1,627	48,970
Total External Revenue	183,970	153,989	337,959

*ASEAN: Association of South East Asian Nations

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

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

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2023 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 December 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

Recurring fair value measurement	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,800.0	-	-
Foreign Currency Forwards			
as Assets (not hedge accounted)	-	-	-
as Assets (hedge accounted)	-	-	-
as Liabilities (not hedge accounted)	-	(59.5)	-
as Liabilities (hedge accounted)	-	(1,489.5)	-
Total	2,800.0	(1,549.0)	-

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.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A11 Significant events and transactions

The Cold Rolled Coil subsidiary has on 29 November 2023 secured the approval of the balance matching 1:1 grant amounting to RM 3.9 million from the Malaysian Investment Development Authority (MIDA) on its 'high technology' investment incurred and applied in 2021. The grant received is recorded as 'deferred income' under non-current liabilities and to be amortized to Income Statement in tandem with the depreciation of the underlying asset.

Besides the above, there were no other 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 RM1.1 million respectively for plant-equipment. These capital commitments will be payable over established milestones in the current 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 (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/12/2023	Preceding Year Corresponding Quarter 31/12/2022			Current Year To-date 31/12/2023	Preceding Year Corresponding Period 31/12/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	175,181	134,179	41,002	31%	337,959	254,247	83,712	33%
Operating Profit/(Loss)	1,066	(15,050)	16,116	107%	4,539	(11,089)	15,628	141%
Profit/(Loss) Before Interest and Tax	939	(15,050)	15,989	106%	4,412	(11,089)	15,501	140%
Profit/(Loss) Before Tax	(286)	(16,374)	16,088	98%	1,773	(13,539)	15,312	113%
Profit/(Loss) After Tax	132	(13,533)	13,665	101%	1,355	(11,956)	13,311	111%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	132	(13,533)	13,665	101%	1,355	(11,956)	13,311	111%

For the 2nd financial quarter ended 31 December 2023, the Group registered a 31% higher revenue at RM175.2 million (compared to the preceding year's corresponding quarter at RM134.2 million), mainly due to higher sales volume (up 52%) albeit lower average selling prices for both the Cold Rolled (CRC) and Steel Tube segments in tandem with lower market steel prices.

The Group recorded a gross profit of around RM8.6 million for the current period compared to a gross loss of around RM7.5 million in the preceding-year-corresponding-quarter (which was impacted by inventory impairment of RM9.8 million attributed to the sharp market steel price decline in the comparative period). For the current period, steel prices have generally been range-bound which helped calm the market. In this regard, the CRC segment returned to positive gross-margin spreads, whilst the Tube segment saw better spreads in the current quarter. Correspondingly, the Group's earning-measures at operating, pre-tax, and post-tax levels, all turned positive for the current period compared to the comparative period – as shown in the above table. However, the CRC segment remains in a loss-position for the current period (albeit at significantly reduced amount) as its sales-volume remains restrained by persistent 'grey & duty-evading' imports, and MITI's decision in July 2023 to remove anti-dumping duties on CRC from specific countries. (See Note B13). A level of comfort is drawn on the fact that towards the tail-end of current quarter, the CRC unit is making progress on legal-redress against the said anti-dumping removal issue, whilst making in-roads to supplement its revenue from abroad (see Note A8).

The Group recorded a higher EBITDA of RM5.0 million in the current quarter compared to the preceding year's corresponding quarter's negative EBITDA of RM11.3 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 31/12/2023	Immediate Preceding Quarter 30/9/2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	175,181	162,778	12,403	8%
Operating Profit/(Loss)	1,066	3,473	(2,407)	-69%
Profit/(Loss) Before Interest and Tax	939	3,473	(2,534)	-73%
Profit/(Loss) Before Tax	(286)	2,059	(2,345)	-114%
Profit/(Loss) After Tax	132	1,223	(1,091)	-89%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	132	1,223	(1,091)	-89%

Even-though the steel market conditions in the current 2nd financial quarter remained as weak as the immediate-preceding quarter, the Group's revenue for the current period is up around 8% at RM175.2 million compared to the immediate-preceding period at RM162.8 million. This is attributed to the higher sales volume achieved by the Cold-Rolled (CRC) segment (up 26%) but negated by marginally lower average selling prices from both CRC and Steel Tube segments.

The Group recorded a lower gross profit of around RM8.6 million for the current period compared to a gross profit of around RM10.4 million in the immediate-preceding quarter- primarily due to the lower margin spread recorded by the CRC segment in the current period as it worked towards defending domestic sales volume, and breaking into foreign markets. The Tube segment achieved marginally higher gross profit (up 7%) for the current quarter with better spreads amid flat sales volume. Correspondingly, the Group's earning-measures at operating, pre-tax, and post-tax levels, all turned lower for the current financial quarter compared to the preceding period – as shown in the above table. The CRC segment's net loss position for the current quarter was up a-fold compared to the preceding period as the full impact from MITI's decision in July 2023 (to remove anti-dumping duties on CRC from specific countries) kicked-in. The Tube segment's net-earnings for the current quarter are up around a-third compared to the preceding period.

The Group recorded a lower EBITDA of RM5.0 million in the current quarter compared to the immediate-preceding quarter's EBITDA of RM7.3 million.

B3 Prospects for the remaining financial year

The local steel market and business conditions in the current financial quarter can be inferred from the Nation's 4th fiscal quarter's slowed GDP growth (3%) on the back of resilient household consumption and investments. The manufacturing sector and net-trade remained in contraction on the back of weak external demand amid narrowing global trade. On top of these, the steel industry has to deal with the all-time weak Ringgit, rising production-cost, high borrowing cost, and increasing foreign competition from imports / dumping (diverted from geopolitical rivalry).

Moving into the remaining financial year, those factors are likely to continue to weigh-down on the domestic steel industry. The panacea (i.e. US interest-rates reduction) which may relief much of these problems is unlikely to happen until June and beyond. Global conflicts, trade fragmentation, and polarisation would likely stay rooted. Domestically, the Government planned rollout of various consumption taxes and subsidy-rationalisation programs will have negative ramifications on consumer confidence and on business profitability.

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

B3 Prospects for the remaining financial year (continued)

Nevertheless, amongst the negativities, there are potential opportunities which could add some optimism for the domestic steel industry and our Group:

- The steel-demand impetus from the Nation's various projects (new and under-construction) under the National Energy Transition Plan and the New Industrial Master Plan is expected to be strong. On this, MITI has in January set up an independent special committee for the domestic iron & steel industry to review and realign its direction towards achieving the objectives of the said New Industrial Master Plan.
- The rise in FDI inflows attributed to 'geopolitical de-risking' could result in more local facility/ factory constructions which in-turn would contribute to domestic steel demand.
- The 'great power rivalry' fosters bloc-trade agreements/ arrangements which could accord window-of-opportunities for domestic finished-steel exports.
- The revival of the JB-S'pore Rapid Transit System, and the talks of reviving the KL-S'pore high speed rail project also add to the optimism for the domestic steel industry.

In-conclusion, the Group believes the domestic steel market conditions would likely stay challenging and weak for the balance periods. Nevertheless, barring significant external shocks, the Group is sanguine with building on its recent past efforts and momentum to sustain a positive performance for the remaining financial year on a higher note.

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 Dec 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2022 RM'000	Current Year To Date Ended 31 Dec 2023 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2022 RM'000
Depreciation:				
- property, plant and equipment	3,927	3,795	7,790	7,553
- right-of-use assets	1,116	1,116	2,232	22,232
Finance income	(456)	(228)	(979)	(570)

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

B5 Profit/(loss) before taxation (continued)

	Current Year Quarter Ended 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2022 RM'000	Current Year To Date Ended 31 Dec 2023 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2022 RM'000
Finance costs on:				
- borrowings	1,467	1,296	3,179	2,497
- lease liabilities	214	256	439	523
FX differences (gain)/loss	(1,440)	(3,273)	(3,017)	(253)
FX derivatives loss/(gain)	1,054	3,198	1,960	373

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Dec 2023 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2022 RM'000	Current Year To Date Ended 31 Dec 2023 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2022 RM'000
Current tax (expense)/credit				
Current period	(1,070)	630	(1,938)	(204)
Deferred tax income/(expense)				
Current period	1,488	2,211	1,520	1,787
	418	2,841	(418)	1,583

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

	RM'000
Short-term borrowings:	
Secured	115,312
Long-term borrowings:	
Secured	9,601
Total borrowings	124,913

Included in the 'short-term borrowings' is a 'non-current' loan balance of RM1.4 million but reclassified to 'current' since the last financial year-end due to a DSCR (debt-service-cover-ratio) covenant short-fall computed based on a 12 months-rolling basis which indulgence have been obtained. The Group is in comfortable net-current asset position to meet all 'current' debt repayment obligations when due. 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 2023	101,597
Cash Flows:	
Inflows from new debts	162,720
Outflows on repayment	(139,404)
Closing balance as at 31 December 2023	124,913

Based on the above, the Group's bank-gearing ratio is around 0.25 times. Besides the said borrowings, the Group also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM5.0 million. Inclusive of that, the Group's absolute-gearing ratio as at 31 December 2023 is 0.26 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 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.

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 December 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	Short USD	Long RM	Financial Asset	Financial Liability
Less than 1 year	1,000	4,635	-	59.5

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value '000		Fair Value RM'000			Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	19,153	89,288	-	1,489.5	Matching	19,153	n.a.	1,489.5	-

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM0.5 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM1.2 million from its 'foreign currency obligations & assets' over the current financial year.

(i) Risk associated with the derivatives

<u>Counter-Party Risk</u>

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 when natural-hedge cannot be established, 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 RM4.4 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 RM123.7 million as at 31 December 2023.

B13 Material litigation

The Cold Rolled Coil (CRC) subsidiary has on 29 November 2023 obtained leave from the Kuala Lumpur High Court to commence judicial review proceedings on decisions made by the Ministry of Investment, Trade & Industry (MITI) to remove anti-dumping duties on CRC imported from South Korea and Vietnam. At the same hearing, the High Court also granted a ‘Stay of Proceedings’ on the said MITI’s ruling pending outcome of the judicial review which our CRC subsidiary has since initiated. The next hearing-date on the matter is 21 March 2024.

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

B14 Dividend

The Company did not declare any dividend for the financial period ended 31 December 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 31 Dec 2023	Preceding Year Corresponding Quarter Ended 31 Dec 2022	Current Year To Date Ended 31 Dec 2023	Preceding Year Corresponding Period Ended 31 Dec 2022
Profit/(loss) attributable to owners (RM'000)	132	(13,533)	1,355	(11,956)
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings/(loss) per share (sen)	0.04	(4.14)	0.41	(3.66)

(ii) Diluted earnings per ordinary share

No diluted earnings 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 warrants are set to expire on 26 January 2024.

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 February 2024