



# CHOO BEE METAL INDUSTRIES BERHAD

Registration No. 197101000234 (10587-A)

## INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (UNAUDITED)

	Note	Quarter Ended		Year Ended	
		Current year quarter ended	Preceding year corresponding quarter ended	Current year ended	Preceding year ended
		31.12.2023 (Unaudited)	31.12.2022 (Unaudited)	31.12.2023 (Unaudited)	31.12.2022 (Audited)
		RM'000	RM'000	RM'000	RM'000
Revenue		103,558	98,161	402,114	493,112
Cost of sales:					
Factory and production cost		(97,214)	(98,403)	(369,768)	(450,152)
Factory depreciation		(1,513)	(1,448)	(5,824)	(5,587)
Gross profit/(loss)		4,831	(1,690)	26,522	37,373
Other income	B12	856	618	3,237	4,333
Depreciation and amortisation		(924)	(770)	(3,581)	(2,901)
Administrative expenses		(2,986)	(4,342)	(11,823)	(13,789)
Selling and distribution expenses		(3,124)	(3,059)	(12,801)	(13,259)
Finance costs		(63)	(12)	(209)	(57)
(Loss)/Profit before tax		(1,410)	(9,255)	1,345	11,700
Tax income/(expense)	B6	136	1,807	(214)	(3,565)
(Loss)/Profit after tax		(1,274)	(7,448)	1,131	8,135
Other comprehensive income, net of tax:					
Revaluation land and building		-	845	-	6,707
Total comprehensive (loss)/profit		(1,274)	(6,603)	1,131	14,842
(Loss)/Profit attributable to:					
Owners of the parent		(1,274)	(7,448)	1,131	8,135
Total comprehensive (loss)/profit attributable to:					
Owners of the parent		(1,274)	(6,603)	1,131	14,842
(Loss)/Earnings per share attributable to the equity holders of the Company (sen):					
a) Basic	B11(a)	(0.65)	(4.73)	0.58	5.17
b) Diluted	B11(b)	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 audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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### CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 31.12.2023 (Unaudited) RM'000	As at 31.12.2022 (Audited) RM'000
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, plant and equipment		251,228	185,642
Investment properties		9,750	9,892
Right-of-use assets		21,758	20,224
		<u>282,736</u>	<u>215,758</u>
<b>Current Assets</b>			
Inventories		216,329	209,260
Trade and other receivables		107,999	153,745
Current tax assets		13,480	11,706
Cash and bank balances		30,660	69,665
		<u>368,468</u>	<u>444,376</u>
<b>TOTAL ASSETS</b>		<u>651,204</u>	<u>660,134</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to the owners of the parent</b>			
Share capital		131,691	131,691
Treasury shares		(1,462)	(1,462)
Reserves		490,459	494,230
<b>TOTAL EQUITY</b>		<u>620,688</u>	<u>624,459</u>
<b>LIABILITIES</b>			
<b>Non-current Liabilities</b>			
Lease liabilities		3,056	1,437
Deferred tax liabilities		5,974	6,965
		<u>9,030</u>	<u>8,402</u>
<b>Current Liabilities</b>			
Trade and other payables		11,620	14,462
Borrowings	B8	8,000	10,000
Lease liabilities		1,708	1,527
Derivative liabilities		12	1,061
Current tax liabilities		146	223
		<u>21,486</u>	<u>27,273</u>
<b>TOTAL LIABILITIES</b>		<u>30,516</u>	<u>35,675</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>651,204</u>	<u>660,134</u>
		RM	RM
<b>Net Assets per Share Attributable to Owners of the Company</b>	A16	<u>3.17</u>	<u>3.18</u>

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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## INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (UNAUDITED)

	Year ended 31.12.2023 (Unaudited) RM'000	Year ended 31.12.2022 (Audited) RM'000
<b>Cash Flows From Operating Activities</b>		
Profit before tax	1,345	11,700
Adjustments for:		
Bad debts written off	-	42
Bad debts recovered	-	(514)
Depreciation of property, plant and equipment	7,526	6,925
Depreciation of right-of-use assets	1,879	1,563
Fair value adjustments on investment properties	142	(182)
Fair value adjustments on derivative financial instruments	(1,049)	1,013
Loss/(Gain) on disposal of property, plant and equipment	516	(521)
Impairment losses on trade receivables	-	11
Gain on disposal of other investment	(50)	-
Interest expense	209	57
Interest on lease liabilities	83	99
Interest income on overdue accounts	(128)	(104)
Interest income	(846)	(685)
Inventories written (back) / down	(8,777)	12,646
Net unrealised gain on foreign exchange transactions	(298)	(146)
Property, plant and equipment written off	2	27
Reversal of impairment losses on trade receivables	(185)	(925)
Waiver of interest income on overdue account	-	11
Operating profit before changes in working capital	369	31,017
Changes in working capital		
Inventories	1,708	52,874
Trade and other receivables	45,932	17,444
Trade and other payables	(2,714)	514
Cash flows from operations	45,295	101,849
Interest received	128	104
Tax refunded	2,311	-
Tax paid	(5,367)	(24,303)
Net cash flows from operating activities	42,367	77,650
<b>Cash Flows From Investing Activities</b>		
Increase in deposits pledged to licensed banks	(6)	(4)
Interest received	846	685
Purchase of property, plant and equipment	(74,528)	(32,723)
Purchase of other investment	(5,100)	-
Proceeds from disposal of property, plant and equipment	898	1,105
Proceeds from disposal of other investment	5,150	-
Net cash flows used in investing activities	(72,740)	(30,937)



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### CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023 (UNAUDITED) (CONT'D)

	Year ended 31.12.2023 (Unaudited) RM'000	Year ended 31.12.2022 (Audited) RM'000
<b>Cash Flows From Financing Activities</b>		
Dividends paid	(4,902)	(9,805)
Interest paid	(209)	(57)
Short term borrowings		
- Repayments	(84,400)	(51,750)
- Drawdowns	82,400	55,750
Repayment of lease interests	(83)	(99)
Repayment of lease liabilities	(1,613)	(1,215)
Net cash flows used in financing activities	<u>(8,807)</u>	<u>(7,176)</u>
Net (decrease)/increase in cash and cash equivalents	(39,180)	39,537
Effect of exchange rate changes on cash and cash equivalents	169	244
Cash and cash equivalents at beginning of the year	69,442	29,661
Cash and cash equivalents at end of the year	<u>30,431</u>	<u>69,442</u>
Cash and cash equivalents comprise:		
Cash and bank balances	22,585	23,715
Repo	7,846	16,644
Deposits with licensed banks	-	29,083
Deposits pledged to licensed banks	229	223
As per Statement of Financial Position	<u>30,660</u>	<u>69,665</u>
Less : Deposits pledged to licensed banks	<u>(229)</u>	<u>(223)</u>
Cash and cash equivalents at end of the year	<u>30,431</u>	<u>69,442</u>

(The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements).



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### INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 DECEMBER 2023

#### CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	Non-distributable			Distributable		
	Share Capital	Treasury Shares	General Reserve	Revaluation Reserve	Retained Earnings	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
<b>Balance as at 1 January 2023</b>	131,691	(1,462)	1,186	6,707	486,337	624,459
Profit for the year	-	-	-	-	1,131	1,131
Other comprehensive income, net of tax	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	1,131	1,131
<b>Transactions with owners</b>						
Dividends paid (Note A7)	-	-	-	-	(4,902)	(4,902)
Total transactions with owners	-	-	-	-	(4,902)	(4,902)
<b>Balance as at 31 December 2023</b>	131,691	(1,462)	1,186	6,707	482,566	620,688
<b>Balance as at 1 January 2022</b>	131,691	(1,462)	1,186	-	488,007	619,422
Profit for the year	-	-	-	-	8,135	8,135
Other comprehensive income, net of tax	-	-	-	6,707	-	6,707
Total comprehensive income	-	-	-	6,707	8,135	14,842
<b>Transactions with owners</b>						
Dividends paid	-	-	-	-	(9,805)	(9,805)
Total transactions with owners	-	-	-	-	(9,805)	(9,805)
<b>Balance as at 31 December 2022</b>	131,691	(1,462)	1,186	6,707	486,337	624,459

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2022 and the accompanying explanatory notes attached to the interim statements).



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**EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING  
STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING**

**A1 Basis of preparation**

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia. Other than for financial instruments and investment properties, the interim condensed consolidated financial statements have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance to MFRS 9 *Financial Instruments*, while investment properties are stated at fair value as per MFRS 140 *Investment Properties*.

The interim condensed consolidated financial statements have also been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2022 of the Group and the accompanying notes attached to this report. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2022, except for the adoption of the MFRSs, Amendments and Annual Improvements to Standards effective as of 1 January 2023.

(i) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial year:*

<b>MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Initial Application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 : Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules	1 January 2023

The adoption of the above Amendments to MFRSs are either not relevant or does not have any material impact on the financial statements of the Group.



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**A1 Basis of preparation (Cont'd)**

(ii) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective*

At the date of authorisation of these interim condensed consolidated financial statements, the following MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:

<b>MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations</b>	<b>Effective for annual periods beginning on or after</b>
Amendments to MFRS 7 : Financial Instruments: Disclosures – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 16 : Leases – Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 : Presentation of Financial Statements – Non-Current Liabilities with Covenants and Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 107 : Statement of Cash Flows – Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 121 : The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability	1 January 2025
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

**A2 Auditor's report on preceding annual financial statements**

The preceding year's audit report for the year ended 31 December 2022 was unmodified.

**A3 Seasonality or cyclicity of operations**

The level of business activities usually varies with the festivals at the end and beginning of each year subject to the level of underlying demand and prevailing prices.

**A4 Unusual items due to their nature, size or incidence**

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the fourth (4<sup>th</sup>) quarter and financial year ended 31 December 2023.

**A5 Material changes in estimates of amounts reported**

There were no material changes in estimates of amounts reported in the previous financial year which have a material effect in the fourth (4<sup>th</sup>) quarter and financial year ended 31 December 2023.



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**A6 Capital management, issuances, repurchases and repayments of debts and equity securities**

For the current financial year ended 31 December 2023, the Company did not repurchase any ordinary shares from the open market.

As at 31 December 2023, a total of 1,442,887 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016.

There were no issues of debt or equity securities for the current financial year ended 31 December 2023.

The Group's objectives of managing capital is to ensure that entities of the Group would be able to continue as going concerns in order to maximise returns to shareholders and to maintain the optimal capital structure, the Group may, in response to changes in economic conditions, adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of gearing ratio, which is net debt divided by total capital plus net debts.

The Group includes within net debt, loan and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Group. The Group's strategy is to maintain a low gearing ratio.

The gearing ratios as at 31 December 2023 and 31 December 2022, which are within the Group's objectives for capital management, are as follows:

	As at 31.12.2023 RM'000	As at 31.12.2022 RM'000
Borrowings	8,000	10,000
Trade and other payables	11,620	14,462
Less : Cash and bank balances	<u>(30,660)</u>	<u>(69,665)</u>
Net cash	<u>(11,040)</u>	<u>(45,203)</u>
Total capital	620,688	624,459
Net cash	<u>(11,040)</u>	<u>(45,203)</u>
	<u>609,648</u>	<u>579,256</u>
Gearing ratio (%)	N/A	N/A

**A7 Dividends paid**

A final single-tier dividend of 2.5 sen per ordinary share (2022: final single-tier dividend of 5 sen per ordinary share and a special single-tier dividend of 2.5 sen per ordinary share) amounting to RM4,902,337.39 in respect of the financial year ended 31 December 2022 was paid on 3 August 2023.





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**A8 Operating segment information**

Segment information is presented in respect of the Group's operating segments.

The Group comprises the following main operating segments:

- (i) Manufacturing                      Processing of steel coils into steel products and fabrication of steel products
- (ii) Trading                              Dealing in hardware and construction materials

Segment performance for the fourth (4<sup>th</sup>) quarter ended 31 December 2023 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Total revenue	67,642	54,728	122,370
Inter-segment revenue	(3,165)	(15,647)	(18,812)
Revenue from external customers	64,477	39,081	103,558
<b>Profit/(Loss) for the quarter</b>			
Total expenses	(63,820)	(41,085)	(104,905)
Finance costs	(1)	(62)	(63)
Profit/(Loss) before tax	656	(2,066)	(1,410)
Tax (expense)/income	(130)	266	136
Profit/(Loss) after tax for the quarter	526	(1,800)	(1,274)
Other comprehensive income for the quarter, net of tax	-	-	-
Total comprehensive income/(loss) for the quarter	526	(1,800)	(1,274)

Segment performance for the fourth (4<sup>th</sup>) quarter ended 31 December 2022 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
<b>Revenue</b>			
Total revenue	78,454	46,187	124,641
Inter-segment revenue	(8,109)	(18,371)	(26,480)
Revenue from external customers	70,345	27,816	98,161
<b>Profit/(Loss) for the quarter</b>			
Total expenses	(69,450)	(37,954)	(107,404)
Finance costs	(9)	(3)	(12)
Profit/(Loss) before tax	886	(10,141)	(9,255)
Tax (expense)/income	(1,354)	3,161	1,807
Loss after tax for the quarter	(468)	(6,980)	(7,448)
Other comprehensive income for the quarter, net of tax	845	-	845
Total comprehensive income/(loss) for the quarter	377	(6,980)	(6,603)



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**A8 Operating segment information**

Segment performance for the financial year ended 31 December 2023 are as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
<b>Revenue</b>			
Total revenue	278,667	218,026	496,693
Inter-segment revenue	(18,070)	(76,509)	(94,579)
Revenue from external customers	260,597	141,517	402,114
<b>Profit/(Loss) for the year</b>			
Total expenses	(259,059)	(141,501)	(400,560)
Finance costs	(46)	(163)	(209)
Profit/(Loss) before tax	1,492	(147)	1,345
Tax (expense)/income	(237)	23	(214)
Profit/(Loss) after tax for the year	1,255	(124)	1,131
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income/(loss) for the year	1,255	(124)	1,131

Segment performance for the financial year ended 31 December 2022 are as follows:-

	Trading RM'000	Manufacturing RM'000	Total RM'000
<b>Revenue</b>			
Total revenue	354,612	248,614	603,226
Inter-segment revenue	(22,743)	(87,371)	(110,114)
Revenue from external customers	331,869	161,243	493,112
<b>Profit/(Loss) for the year</b>			
Total expenses	(308,537)	(172,818)	(481,355)
Finance costs	(14)	(43)	(57)
Profit/(Loss) before tax	23,318	(11,618)	11,700
Tax (expense)/income	(7,104)	3,539	(3,565)
Profit/(Loss) after tax for the year	16,214	(8,079)	8,135
Other comprehensive income for the year, net of tax	6,707	-	6,707
Total comprehensive income/(loss) for the year, net of tax	22,921	(8,079)	14,842



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**A8 Operating segment information (Cont'd)**

Segment assets and liabilities as at 31 December 2023 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
<b>Assets</b>			
Segment assets	226,554	393,990	620,544
<u>Unallocated assets:</u>			
Cash and bank balances			30,660
Total assets			<u>651,204</u>
<b>Liabilities</b>			
Segment liabilities	9,494	15,036	24,530
<u>Unallocated liabilities:</u>			
Derivative liabilities			12
Deferred tax liabilities			5,974
Total liabilities			<u>30,516</u>

Segment assets and liabilities as at 31 December 2022 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
<b>Assets</b>			
Segment assets	213,907	376,562	590,469
<u>Unallocated assets:</u>			
Derivative assets			-
Cash and bank balances			69,665
Total assets			<u>660,134</u>
<b>Liabilities</b>			
Segment liabilities	10,252	17,397	27,649
<u>Unallocated liabilities:</u>			
Derivative liabilities			1,061
Deferred tax liabilities			6,965
Total liabilities			<u>35,675</u>

**A9 Material events subsequent to the end of the reporting period**

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim condensed consolidated financial statements.

**A10 Effects of changes in composition of the group**

There were no changes in the composition of the Group during the fourth (4<sup>th</sup>) quarter and financial year ended 31 December 2023.



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**A11 Contingent assets and contingent liabilities**

Apart from the corporate guarantees given to financial institution for banking facilities and corporate guarantee given to a third party in respect to sales of good to a subsidiary, there were no other contingent liabilities or contingent assets at the date of issue of the quarterly report. The fair value of such financial corporate guarantees are negligible as the likelihood of the Group defaulting on the financial facilities and repayment to third party suppliers are not possible.

**A12 Capital commitments**

Authorised capital commitments not recognised in the interim financial statements as at 31 December 2023 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	7,678
Approved but not contracted for	<u>2,564</u>
	<u><u>10,242</u></u>

**A13 Related party transactions**

Related party transactions for the financial year ended 31 December 2023 under review in which certain directors have direct/indirect interest are as follows:

	Current year quarter <u>RM'000</u>	Current financial year <u>RM'000</u>
Sales of steel products	<u>32</u>	<u>291</u>
Purchase of hardware products	-	3
Purchase of forklift	-	212
Rental expense	415	1,627
Piling works services and mobile crane rental	<u>28</u>	<u>193</u>
	<u><u>443</u></u>	<u><u>2,035</u></u>

These transactions have been entered into in the normal course of business and are at arm's length basis and on terms no more favourable to the related party than those generally available to the public.

**A14 Write back of inventories to net realisable values**

Total net inventories written back to either net realisable value or replacement cost for the financial year ended 31 December 2023 was RM8,776,712.



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**A15 Financial instruments**

<b>Group</b>	<b>As at 31 December 2023</b>		
	<b>Fair value through profit</b>		
	<b>Amortised cost</b>	<b>or loss</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial assets</b>			
Trade and other receivables, net of prepayments	104,093	-	104,093
Cash and bank balances	30,660	-	30,660
	134,753	-	134,753
	<b>Fair value through profit</b>		
	<b>or loss</b>		
	<b>Amortised cost</b>	<b>or loss</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Financial liabilities</b>			
Trade and other payables	11,620	-	11,620
Borrowings	8,000	-	8,000
Derivative liabilities	-	12	12
	19,620	12	19,632

**(a) Methods and assumptions used to estimate fair value**

The fair values of financial assets and financial liabilities are determined as follows:

- i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of the fair value  
 The carrying amounts of financial assets and liabilities, such as trade and other receivables, cash and bank balances, trade and other payables and borrowings, are reasonable approximation of fair value due to their short-term nature.

The fair values of the fixed rate lease liabilities are estimated by discounting expected future cash flows at market incremental/lending rate for similar types of lending, borrowings or leasing arrangements at the end of each reporting period.

- ii. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

- iii. Quoted investments

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.



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**A15 Financial instruments (Cont'd)**

**(b) Fair value hierarchy**

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Derivatives

The fair value of forward exchange contracts are estimated by using mark-to-market values at the end of the reporting date and changes in the fair value are recognised in profit or loss.

The following tables set-out the financial instruments carried at fair value is disclosed, together with their fair values and carrying amounts showed in the statement of financial position.

<b>Group</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	<b>Carrying amount</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Assets measured at fair value</b>					
Investment properties	-	-	9,750	9,750	9,750
Derivative assets					
- Forward contracts	-	-	-	-	-
<b>Liabilities measured at fair value</b>					
Derivative liabilities					
- Forward contracts	-	12	-	12	12

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 31 December 2023.

**(c) Derivative liabilities**

<b>Group</b>	<b>As at 31 December 2023</b>		
	<b>Contract / Notional amount</b>	<b>Assets</b>	<b>Liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Forward currency contracts (USD)	4,685	-	12
Forward currency contracts (SGD)	-	-	-



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**A15 Financial instruments (Cont'd)**

**(c) Derivative liabilities (Cont'd)**

- i. The Group enter into forward currency contracts to manage exposures to currency risk of its trade receivables and trade payables which are denominated in currencies other than the functional currency of the Group.
  
- ii. For the financial year ended 31 December 2023, the Group recognised a gain of RM1,049,000 arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

**A16 Net assets per share attributable to owners of the Company**

Net assets per share (“NAPS”) as at 31 December 2023 stood at RM3.17, a marginal decline of 0.3% compared to RM3.18 as at 31 December 2022 mainly due to distribution of dividends and lower profit earned for the year ended 31 December 2023.



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**EXPLANATORY NOTES : (AS PER MAIN MARKET LISTING REQUIREMENTS OF  
BURSA MALAYSIA – PART A OF APPENDIX 9B)**

**B1 Operating segments review**

**a) Current quarter vs. Previous year corresponding quarter**

The Group recorded revenue of RM103.6 million for the quarter ended 31.12.2023 (“4Q 2023”), which improved by RM5.4 million (5%) as compared with revenue of RM98.2 million recorded in the previous year quarter ended 31.12.2022 (“4Q 2022”). The stronger revenue performance was attributed to higher contribution from the manufacturing segment offsetting the weaker contribution from the trading segment.

As a result, the Group recorded a lower loss before tax of RM1.4 million for 4Q 2023 as compared with a loss before tax of RM9.3 million recorded in 4Q 2022. This was mainly due to improved profit margins on the back of lower average raw material prices cushioning softer average selling prices.

The performance of the respective operating business segments of the Group for 4Q 2023 as compared with 4Q 2022 are analysed as follows:

Manufacturing

The manufacturing operations' revenue increased by 41% to RM39.1 million in 4Q 2023, from RM27.8 million recorded in 4Q 2022. This was attributed to higher sales volume.

Trading

The trading operations' revenue fell by 8% to RM64.5 million in 4Q 2023 as compared with RM70.4 million recorded in 4Q 2022. The weaker performance was mainly due to softer market demand.

**b) Current year-to-date vs. Previous year-to-date**

For the financial year ended 31.12.2023 (“FY 2023”), the Group recorded revenue of RM402.1 million, which contracted by 18% as compared with revenue of RM493.1 million recorded in the previous financial year ended 31.12.2022 (“FY 2022”). The weaker performance was mainly due to lower revenue contribution from both the manufacturing and trading segments amid a challenging operating environment.

In line with the weaker revenue trend, compressed profit margins due to lackluster average selling prices and despite write back of inventories amounting to RM8.8 million, the Group's profit before tax deteriorated sharply to RM1.3 million for FY 2023 as compared with RM11.7 million recorded in FY 2022.

The performance of the respective operating business segments of the Group for FY 2023 as compared with FY 2022 are analysed as follows:

Manufacturing

The manufacturing operations recorded revenue of RM141.5 million for FY 2023, which retreated by 12% as compared with RM161.2 million recorded in FY 2022. The weaker performance was attributed to lackluster average selling prices offsetting higher sales volume.





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**B1 Operating segments review (Cont'd)**

**b) Current year-to-date vs. Previous year-to-date (Cont'd)**

Trading

The trading operations recorded revenue of RM260.6 million for FY 2023, which shrunk by 21% as compared with RM331.9 million recorded in FY 2022. The decrease was mainly due to softer market demand and weaker average selling prices.

**B2 Comparison with preceding quarter's results**

The Group's revenue for 4Q 2023 decreased to RM103.6 million from RM105.8 million achieved in 3Q 2023 due to the drop in sales volume.

However, the Group recorded a lower loss before tax of RM1.4 million for 4Q 2023 as compared with a loss before tax of RM3.5 million recorded in 3Q 2023, mainly due to lower operating expenses.

**B3 Current year prospects and progress on previously announced revenue or profit forecast**

**a) Prospects for 2024**

Global average steel prices will likely remain subdued in 2024 despite a modest recovery in China in the second half of 2023 ("2H 2023"). Depressed prices and demand, especially in major markets other than China are expected to keep a leash on global average selling prices. The current weakness in global steel demand is driven by lower demand from the manufacturing and construction sector in developed economies and ongoing challenges faced in China's property sector. Additionally, tight fiscal condition and inflationary pressures may affect growth in developed economies impacting steel demand and average steel prices further.

On the domestic front, in line with global steel situation, average steel demand and average selling prices are also expected to remain lacklustre in 2024, with a potential rebound in the second half of 2024 ("2H 2024"). A rebound will largely depend on the stronger recovery in China's property market, foreign investment driven by the semiconductor industry and China's commitment to improve the nation's transportation infrastructure, timely rollout of local new/existing infrastructure projects as well as renewed confidence in the construction sector. Headwinds that persist from the external environment impacting the steel industry are ongoing geopolitical tensions, US growth prospects, global fiscal policies and inflationary pressures.

The Group remains vigilant of the challenging business environment and volatility in steel prices, where we will continue to focus on prudent procurement strategies and inventory management, improving operational efficiency as well as optimising costs to mitigate the adverse impact to our financial performance.

**b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Group.

**B4 Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced**

There was no revenue or profit forecast announced by the Group.

**B5 Variance of actual profit from forecast profit or profit guarantee**

There were no profit forecast or profit guarantee issued by the Group.



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**B6 Tax (income)/expense**  
Tax charges comprise:

	Current year quarter <u>RM'000</u>	Current financial year <u>RM'000</u>
Income tax		
- current quarter/financial year	275	1,263
- under provision in prior quarter/financial year	-	(59)
Deferred tax		
- current quarter/financial year	(478)	(1,057)
- under provision in prior quarter/financial year	67	67
Tax (income)/expense	<u>(136)</u>	<u>214</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated taxable profits for the year. The effective tax rate of the Group for the current quarter and financial year ended 31 December 2023 was lower than the statutory tax rate, mainly due to the recognition of deferred tax asset for unabsorbed Capital Allowances and unabsorbed business losses as well as utilisation of current year business losses.

**B7 (a) Status of corporate proposals announced but not completed**

There were no corporate proposals at the date of issue of the quarterly report.

**(b) Status of utilisation of proceeds raised from any corporate proposal**

Not applicable.

**B8 Group borrowings and debt securities**

Details of the Group's borrowings as at 31 December 2023 are as follows:

**Short-term borrowings**

	RM'000	
Bankers' acceptances	3,000	Unsecured
Trust receipts	5,000	Unsecured
	<u>8,000</u>	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	8,000	Unsecured
	<u>8,000</u>	

The Group has no debt securities as at 31 December 2023.

**B9 Changes in material litigation (including status of any pending material litigation)**

There were no material litigation against the Group as at the date of this report.



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**B10 Dividends payable**

There were no dividends proposed in the current quarter.

**B11 (Loss)/Earnings per share**

**(a) Basic (loss)/earnings per ordinary share**

		Quarter ended		Year ended	
		31.12.2023	31.12.2022	31.12.2023	31.12.2022
(Loss)/Profit attributable to the equity holders of the parent	(RM'000)	(1,274)	(7,448)	1,131	8,135
Weighted average number of ordinary shares in issue	('000)	196,093	157,233	196,093	157,233
Basic (loss)/earnings per ordinary	(sen)	(0.65)	(4.73)	0.58	5.17

**(b) Diluted (loss)/earnings per ordinary share**

There are no potential dilutive ordinary shares during the quarter and financial year ended 31 December 2023. Accordingly, the diluted earnings per ordinary share is not presented.

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**B12 Other income**

	Quarter ended		Year ended	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	-	-	-	514
Fair value adjustments on investment properties	-	182	-	182
Fair value adjustments on derivative financial instruments	-	-	1,049	-
Gain on disposal of other investment	-	-	50	-
Gain on disposal of property, plant and equipment	-	-	-	624
Interest on:				
Customer overdue account	61	-	128	93
Short term deposits	96	277	846	685
Trade compensation	29	28	32	43
Rental income	128	131	520	278
Realised gain on foreign exchange transactions	542	-	129	583
Net gain on impairment of financial assets	-	-	185	914
Gain in lease adjustment	-	-	-	87
Net unrealised gain on foreign exchange transactions	-	-	298	327
Others	-	-	-	3
	<u>856</u>	<u>618</u>	<u>3,237</u>	<u>4,333</u>
<b>Other Losses:</b>				
Reversal of bad debt recovered	-	(2)	-	-
Fair value adjustments on investment properties	(142)	-	(142)	-
Fair value adjustments on derivative financial instruments	(5)	(1,442)	-	(1,013)
Loss on disposal of property, plant and equipment	(195)	(5)	(516)	(103)
Property, plant and equipment written off	-	-	(2)	(27)
Impairment losses on trade receivables	(35)	(5)	-	(11)
Waiver of interest income on :				
Customer overdue account	-	(29)	-	(11)
Realised loss on foreign exchange transactions	-	(177)	-	-
Net unrealised loss on foreign exchange transactions	(229)	(249)	-	(181)

**B13 Authorisation for issue**

The interim financial statements were authorised on 22 February 2024 for issue by the Board of Directors.