

**ASTEEL GROUP BERHAD (Company No. 032939-U)  
(FORMERLY KNOWN AS YKGI HOLDINGS BERHAD)  
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL  
QUARTER ENDED 30 SEPTEMBER 2023**

**NOTES TO THE FINANCIAL STATEMENTS:-**

**1 *Basis of Preparation***

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should read in conjunction with the audited financial statements as at and for the year ended 31 December 2022 which were prepared in compliance with MFRS. These explanatory notes attached to the interim financial statement explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2022.

**1.1 Adoption of Standards, Amendments and IC interpretations**

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2022 except for the adoption of the following standards which are effective for annual periods beginning on and after 1 January 2023:

<i>Description</i>	<i>Effective for Periods beginning on or after</i>
Amendments to MFRS 101, <i>Presentation of Financial Statements - Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112, <i>Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

The adoption of the above standards does not have a significant impact to the current financial period.

**2 *Auditors' Report on Preceding Annual Financial Statements***

The audited financial statements of the Group for the year ended 31 December 2022 were reported without any qualification.

**3 *Seasonality or Cyclicity of interim operations***

The Group’s operations are not subject to seasonal or cyclical factors.

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**NOTES TO THE FINANCIAL STATEMENTS:-**

**4** *Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence*

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size and incidence during the quarter under review.

**5** *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period*

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

**6** *Issuances, cancellations, repurchases, resale and repayments of debt and equity securities*

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

**7** *Dividends*

There were no dividends paid during the financial quarter.

**8** *Segmental reporting*

Segmental information for the Group's business segments is as follows:

Continuing operation	East Malaysia RM'000	West Malaysia RM'000	Inter- segment RM'000	Total RM'000
<b><u>3<sup>rd</sup> Quarter 2023</u></b>				
Revenue from external customers	46,530	19,131	-	65,661
Inter-segment	1,005	375	(1,380)	-
	<u>47,535</u>	<u>19,506</u>	<u>(1,380)</u>	<u>65,661</u>

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	East Malaysia RM'000	West Malaysia RM'000	Inter- Segment RM'000	Total RM'000
<b><u>3<sup>rd</sup> Quarter 2022</u></b>				
Revenue from external customers	50,995	17,544	-	68,539
Inter-segment	1,045	17	(1,062)	-
	<u>52,040</u>	<u>17,561</u>	<u>(1,062)</u>	<u>68,539</u>

East Malaysia: Manufacture and sale of Pre-painted, Galvanised Iron, Roll-formed products and trading in hardware and building materials in East Malaysia.

West Malaysia: Manufacture and sale of roll-formed products, trading of coated and non-coated coils, hardware and building materials.

For decision making and resources allocation, the Deputy Executive Chairman together with the Group Managing Director review the statements of financial position of the respective subsidiaries.

**9 *Valuation of property, plant and equipment***

The valuation of land and building was brought forward without amendment from the revaluation made in the previous quarter period.

**10 *Material events subsequent to the end of the financial period***

There were no material events subsequent to the end of the financial period.

**11 *Changes in the composition of the Group***

There were no other changes in the composition of the Group during the quarter under review.

**12 *Changes in contingent liabilities or contingent assets***

There are no contingent liabilities or assets for the current financial period.

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**NOTES TO THE FINANCIAL STATEMENTS:-**

**13 *Review of performance***

**Financial review for the current quarter and financial year to date**

Continuing operations	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To-date	Preceding Year Corresponding Period		
	30 Sept	30 Sept			30 Sept	30 Sept		
	2023	2022			2023	2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	65,661	68,539	(2,878)	-4.2%	184,275	202,408	(18,133)	-9%
Operating profit/(loss)	559	(1,319)	1,878	142%	8,367	7,461	906	12%
(Loss)/Profit Before Interest and Tax	(1,882)	(3,655)	1,773	48%	1,028	705	323	46%
Loss Before Tax	(3,435)	(5,179)	1,744	34%	(3,828)	(3,031)	(797)	-26%
Loss After Tax	(3,338)	(4,719)	1,382	29%	(3,665)	(3,339)	(326)	-10%
Loss Attributable to Ordinary owner of the Company	(2,865)	(4,279)	1,413	33%	(3,436)	(3,676)	240	7%

The Group's total revenue for the current quarter decreased by RM2.9 million or 4.2% to RM65.7 million as compared to RM68.5 million in the corresponding quarter last year ("3Q22"). The lower sales revenue was due to weak market sentiment and competition from imported materials.

The Group reported loss before tax of RM3.43 million compared to loss before tax of RM5.18 million in 3Q22, an improvement of 34%. The lower loss in 3Q23 was due to better GP margin of 10.3% achieved during the quarter under review as compared to 7.2% recorded in the corresponding quarter.

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**NOTES TO THE FINANCIAL STATEMENTS:-**

**14 Variation of results against preceding quarter**

**Financial review for the current quarter compared with the immediately preceding quarter**

Continuing operations	Current Quarter	Immediate Preceding Quarter	Changes	
	30 September 2023	30 June 2023	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	65,661	53,342	12,319	23.1%
Operating profit	559	3,385	(2,826)	-83%
(Loss)/Profit Before Interest and Tax	(1,882)	942	(2,824)	-300%
Loss Before Tax	(3,435)	(869)	(2,565)	-295%
Loss After Tax	(3,338)	(618)	(2,719)	-440%
Loss Attributable to Ordinary Owner of the Company	(2,865)	(732)	(2,134)	-292%

For the quarter under review, the Group's revenue increased by 23% or RM12 million as compared to RM53.3 million recorded in the previous quarter. The higher sales revenue was contributed by revenue from projects and slightly better sale volume by 8.7% despite lower average selling prices. However, GP margin was not as good as previous quarter, resulting in loss before tax of RM3.43 million, an increase of 295% as compared to loss before tax of RM0.87 million. The operating profit for the period was RM0.6 million versus an operating profit of RM3.4 million in the preceding quarter, a reduction of 83%.

**15 Prospects**

Malaysia's domestic steel market is still experiencing low demand with fewer new construction projects. The weaker Ringgit also drove input costs higher resulting in lower profit margin. We anticipate such challenging conditions will persist and expect this to be not favourable to the Group's results in the coming quarters.

**16 Statement of the Board of Directors' opinion on the achievement of forecast**

The Group did not make any announcement or disclosure in any public document on any revenue or financial estimate, forecast, projection or profit guarantee as at the date of this announcement.

**17 Profit forecast**

No profit forecast was published.

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**NOTES TO THE FINANCIAL STATEMENTS:-**

**18 Income tax expense**

The income tax expense derived as below:	Current Quarter RM'000	Financial Year-To-Date RM'000
Current tax expense		
- Current year	(170)	114
Deferred tax expense		
- Current year	73	(277)
<b>Total</b>	<b>(97)</b>	<b>(163)</b>

The effective tax rate for the current quarter was lower than the statutory tax rate due to non-tax-deductible expenses and non-recognition of deferred tax assets by certain loss-making subsidiaries.

**19 Results for the period**

	Current quarter ended 30 September		The cumulative period ended 30 September	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
<b>Results for the period is arrived at after charging:</b>				
Depreciation of property, plant and equipment	2,441	2,336	7,339	6,756
Impairment on trade receivables	981	180	981	152
Impairment on inventories	-	-	-	-
Net foreign exchange (gain)/loss				
- Realised	79	-	(29)	21
- Unrealised	-	-	-	-
<b>And after crediting:</b>				
Gain on disposal of property, plant and equipment	-	-	113	-
Finance income	42	8	198	305
Reversal of impairment on trade receivables	-	-	154	-

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**20** *Status of the corporate proposal announced*

There was no corporate proposal announced and pending completion during the quarter under review.

**21** *Borrowing and debt securities*

The Group's borrowings from lending institutions as at 30 September 2023, which are denominated entirely in Ringgit Malaysia, are as follows:-

Denominated in Ringgit Malaysia	As at 30 Sept 2023		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured	17,975	85,754	103,729
Unsecured	-	2,400	2,400
Total	17,975	88,154	106,129

Based on the above, the Group's bank-gearing ratio is around 1.37 times.

**22** *Financial derivative instruments*

Forward foreign exchange contracts are used to hedge foreign exchange risks associated with certain purchase transactions.

As at the end of the current quarter under review, there was no outstanding forward foreign currency exchange contracts.

**23** *Changes in material litigation*

There was no material litigation during the quarter under review.

**24** *Proposed dividend*

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 September 2023.

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**25 Earnings per share**

	Quarter ended 30 Sept		Year ended 30 Sept	
	2023	2022	2023	2022
	('000)	('000)	('000)	('000)
<b><i>Basic Loss per ordinary share</i></b>				
Loss attributable to owners of the Company (RM'000)	(2,866)	(4,278)	(3,436)	(3,676)
Number of ordinary shares in issue at the beginning period	484,869.5	440,794.5	484,869.5	440,794.5
Effect of shares issued during the quarter	-	6,000.0	-	2,000.0
Weighted average number of ordinary shares issued as at end of period	484,869.5	446,794.5	484,869.5	442,794.5
Basic loss per ordinary share (sen)	(0.59)	(0.96)	(0.71)	(0.83)

The exercise price of the outstanding ESOS is higher than the average market price of the ordinary shares of the Company for the period under review. As the ESOS are anti-dilutive in nature, they have been ignored for the purposes of the computation of the diluted earnings per share.