

**ASTEEL GROUP BERHAD**

Registration No. 1977 0100 1682 (032939-U)

(FORMERLY KNOWN AS YKGI HOLDINGS BERHAD)

**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****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 2023 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 2023.

**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 2023 except for the adoption of the following standards which are effective for annual periods beginning on and after 1 January 2024:

<i>Description</i>	<i>Effective for Periods beginning on or after</i>
Amendment to MFRS 16, <i>Leases – Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendment to MFRS 101, <i>Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 107, <i>Statement of Cash Flows</i> and MFRS 7, <i>Financial Instruments: Disclosures – Supplier Finance Arrangements</i>	1 January 2024

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 2023 were reported without any qualification.

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****NOTES TO THE FINANCIAL STATEMENTS:-****3 *Seasonality or Cyclicity of interim operations***

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

**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>1<sup>st</sup> Quarter 2024</u></b>				
Revenue from external customers	45,380	15,542	-	60,922
Inter-segment	1,928	23	(1,951)	-
	<u>47,308</u>	<u>15,565</u>	<u>(1,951)</u>	<u>60,922</u>

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****NOTES TO THE FINANCIAL STATEMENTS:-**

	East Malaysia RM'000	West Malaysia RM'000	Inter- Segment RM'000	Total RM'000
<b><u>1<sup>st</sup> Quarter 2023</u></b>				
Revenue from external customers	46,620	17,651	-	65,271
Inter-segment	926	282	(1,208)	-
	<u>48,545</u>	<u>17,934</u>	<u>(1,208)</u>	<u>65,271</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 Executive Deputy 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**

During the quarter under review, the Group through its subsidiary ASTEEL (Sarawak) Sdn Bhd acquired the remaining shares in AS Tiles & Interior Design Sdn Bhd from non-controlling interest and made it a wholly owned subsidiary.

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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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****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		
	31 Mar	31 Mar			31 Mar	31 Mar		
	2024	2023			2024	2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	60,922	65,271	(4,349)	-6.7%	60,922	65,271	(4,349)	-6.7%
Operating profit	3,526	4,423	(897)	-20%	3,526	4,423	(897)	-20%
Profit Before Interest and Tax	1,116	1,968	(852)	-43%	1,116	1,968	(852)	-43%
(Loss)/Profit Before Tax	(840)	476	(1,316)	-276%	(840)	476	(1,316)	-276%
(Loss)/Profit After Tax	(977)	291	(1,268)	-436%	(977)	291	(1,268)	-436%
(Loss)/Profit Attributable to Ordinary owner of the Company	(924)	161	(1,085)	-673%	(924)	161	(1,085)	-673%

The Group's total revenue for the current quarter decreased by RM4.35 million or 6.7% to RM60.9 million as compared to RM65.3 million in the corresponding quarter last year ("1Q23"). The lower sales revenue was due to weak market sentiment and competition from imported materials.

The Group reported loss before tax of RM0.84 million compared to profit before tax of RM0.48 million in 1Q23, a deterioration of 276%. The losses in 1Q24 was due to lower revenue achieved during the quarter under review and higher finance cost incurred as compared to the corresponding quarter.

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****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	
	31 March 2024	31 December 2023	RM'000	%
	RM'000	RM'000		
Revenue	60,922	69,032	(8,110)	-11.7%
Operating profit	3,526	71	3,455	4870%
Profit/(Loss) Before Interest and Tax	1,116	(2,125)	3,241	152%
Loss Before Tax	(840)	(3,764)	2,924	78%
Loss After Tax	(977)	(4,181)	3,204	77%
Loss Attributable to Ordinary Owner of the Company	(924)	(3,367)	2,444	73%

For the quarter under review, the Group's revenue decreased by 11.7% or RM8.1 million as compared to RM69.0 million recorded in the previous quarter. The lower sales revenue was mainly due to reduced revenue from projects. Despite the decrease in revenue, improved gross profit margins contributed to a higher operating profit. Loss before tax for the current quarter and the preceding quarter was RM0.84 million and RM3.76 million respectively.

**15 *Prospects***

While the property sector is still facing challenges, the growing focus on affordable housing initiatives by both the Federal and Sarawak Governments presents a promising opportunity for our business. The continued demand for affordable housing underscores the potential for growth in this segment.

The recent launch of project tenders such as the "Pembangunan Semula Sekolah Daif Di Negeri Sarawak Menggunakan Peruntukan RM1 Billion (Fasa 2) and (Fasa 3)", and a few ongoing mega projects in sustainable energy sector in Sarawak, is expected to boost the sales of our IBS products and our roofing and building materials. These projects are aligned with our strategic objectives and further strengthen our position in the market.

Overall, we remain cautiously optimistic about our prospects and are committed to leveraging on these opportunities to drive growth and enhance our market share.

**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.

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****NOTES TO THE FINANCIAL STATEMENTS:-****17 Profit forecast**

No profit forecast was published.

**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	137	137
Deferred tax expense		
- Current year	-	-
<b>Total</b>	<b>137</b>	<b>137</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 31 March		The cumulative period ended 31 December	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
<b>Results for the period is arrived at after charging:</b>				
Depreciation of property, plant and equipment	2,410	2,455	2,410	2,455
Impairment on trade receivables	-	-	-	-
Impairment on inventories	-	-	-	-
Property, plant & equipment Written off	-	-	-	-
Net foreign exchange (gain)/loss				
- Realised	5	(108)	5	(108)
- Unrealised	-	-	-	-
<b>And after crediting:</b>				
Gain on disposal of property, plant and equipment	6	-	6	-
Finance income	36	75	36	75
Reversal of impairment on trade receivables	-	-	-	-

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****NOTES TO THE FINANCIAL STATEMENTS:-****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 31 March 2024, which are denominated entirely in Ringgit Malaysia, are as follows:-

Denominated in Ringgit Malaysia	As at 31 March 2024		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured	19,589	92,047	111,636
Unsecured	-	6,700	6,700
Total	19,589	98,747	118,336

Based on the above, the Group's bank-gearing ratio is around 1.49 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 31 March 2024.

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**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 31 MARCH 2024****NOTES TO THE FINANCIAL STATEMENTS:-****25 Earnings per share**

	Quarter ended 31 Mar		Year ended 31 Mar	
	2024	2023	2024	2023
	('000)	('000)	('000)	('000)
<b>Basic (loss)/profit per ordinary share</b>				
(Loss)/Profit attributable to owners of the Company (RM'000)	(924)	161	(924)	161
Number of ordinary shares in issue at the beginning period	484,869.5	484,869.5	484,869.5	484,869.5
Effect of shares issued during the quarter	-	-	-	-
Weighted average number of ordinary shares issued as at end of period	484,869.5	484,869.5	484,869.5	484,869.5
Basic (loss)/profit per ordinary share (sen)	(0.19)	0.03	(0.19)	0.03

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.