

ASTEEL GROUP BERHAD

Registration No. 1977 0100 1682 (032939-U)

UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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.

3 Seasonality or Cyclicity of interim operations

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

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024**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
<u>3rd Quarter 2024</u>				
Revenue from external customers	48,059	16,555	-	64,588
Inter-segment	912	139	(1,052)	-
	<u>48,945</u>	<u>16,694</u>	<u>(1,052)</u>	<u>64,588</u>

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	East Malaysia RM'000	West Malaysia RM'000	Inter- Segment RM'000	Total RM'000
3rd Quarter 2023				
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>

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*

There were no 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 30 SEPTEMBER 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		
	30 Sept	30 Sept			30 Sept	30 Sept		
	2024	2023			2024	2023		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	64,588	65,661	(1,073)	-1.6%	179,469	184,274	(4,806)	-3%
Operating profit	4,577	572	4,006	701%	10,109	10,564	(454)	-4%
Profit/(loss) Before Interest and Tax	2,167	(1,883)	4,051	+215%	2,865	1,029	1,837	+179%
Profit/(Loss) Before Tax	710	(3,435)	4,145	+121%	(2,250)	(3,828)	1,578	-41%
Profit/(loss) After Tax	296	(3,338)	3,634	+109%	(2,442)	(3,665)	1,223	-33%
Loss Attributable to Ordinary owner of the Company	(233)	(2,865)	2,632	-92%	(2,790)	(3,436)	645	-19%

The Group's total revenue for the current quarter decreased slightly by RM1.1 million or 1.2% to RM64.6 million as compared to RM65.7 million in the corresponding quarter last year ("3Q23"). The decrease in sales revenue was due to lower revenue generated from projects.

The Group reported profit before tax of RM0.71 million compared to loss before tax of RM3.44 million in 3Q23, an improvement of 121%. The profit recorded in 3Q24 was due to improved gross profit margin as a result of lower input cost and stronger Ringgit.

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 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	
	30 Sept 2024	30 June 2024	RM'000	%
	RM'000	RM'000	RM'000	%
Revenue	64,588	53,959	10,629	+19.7%
Operating profit	4,577	1,993	2,585	+130%
Profit/(Loss) Before Interest and Tax	2,167	(417)	2,585	+619%
Profit/(Loss) Before Tax	710	(2,120)	2,830	+133%
Profit/(Loss) After Tax	296	(1,761)	2,057	+117%
Loss Attributable to Ordinary Owner of the Company	(233)	(1,633)	1,400	-86%

For the quarter under review, the Group's revenue increased by 19.7% or RM10.6 million as compared to RM53.9 million recorded in the previous quarter. The higher sales revenue was mainly contributed by increased revenue from roofing products and building materials. In addition to the higher revenue, gross profit margin also improved, resulted in higher operating profit and profit before tax. Profit before tax for the current quarter was RM0.71 million as compared to loss before tax of RM2.12 million in the previous quarter.

15 Prospects

In 2023, Malaysia achieved a total of RM329.5 billion in approved investment, with the first half of 2024 recording an additional RM160 billion, of which RM60 billion came from the manufacturing sector. This expansion in manufacturing facilities, alongside increased factory construction, is set to drive greater demand for roofing products & building materials.

The construction industry is projected to grow by 14% in 2024, driven by the ongoing works on the development of key infrastructure and energy projects. Additionally, the rising demand for high-tech industrial buildings will increase potential for more business in the sector of specialist roofing particularly with ASTEEL experience in this area. A key highlight is our subsidiary's participation in a consortium, which has secured a contract for roofing and cladding works on a data centre. This project will positively contribute to the Group.

The growing investments in infrastructure, sustainable energy and Oil & Gas related projects, particularly in Sarawak, are expected to create more opportunities for the Group.

While we remain cautiously optimistic, we are focused on seizing these opportunities to drive growth and enhance our market presence.

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024**NOTES TO THE FINANCIAL STATEMENTS:-****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.

18 Income tax expense

The income tax expense derived as below:

	Current Quarter RM'000	Year-To-Date RM'000
Current tax expense		
- Current year	249	389
- Prior years	172	172
Deferred tax expense		
- Current year	(7)	(369)
Total	414	192

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 Sept		The cumulative period ended 30 Sept	
	2024 RM'000	2023 RM'000	2024 RM'000	2023 RM'000
Results for the period is arrived at after charging:				
Depreciation of property, plant and equipment	2,413	2,441	7,244	7,339
Impairment on trade receivables	-	981	84	981
Impairment on inventories	-	-	-	-
Loss on disposal of property, plant and equipment	83	-	83	-
Property, plant & equipment written off	2	-	2	-
Net foreign exchange (gain)/loss				
- Realised	(26)	79	(21)	(29)
- Unrealised	-	-	-	-

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	Current quarter ended 30 Sept		The cumulative period ended 30 Sept	
	2024	2023	2024	2023
	RM'000	RM'000	RM'000	RM'000
And after crediting:				
Gain on disposal of property, plant and equipment	9	-	64	113
Finance income	331	42	603	198
Reversal of impairment on trade receivables	-	-	-	154

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 2024, which are denominated entirely in Ringgit Malaysia, are as follows:-

Denominated in Ringgit Malaysia	As at 30 Sept 2024		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured	19,264	80,176	99,440
Unsecured	-	5,717	5,717
Total	19,264	85,893	105,157

Based on the above, the Group's bank-gearing ratio is around 1.36 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.

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UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL QUARTER ENDED 30 SEPTEMBER 2024**NOTES TO THE FINANCIAL STATEMENTS:-****24 Proposed dividend**

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 September 2024.

25 Earnings per share

	Quarter ended 30 Sept		Period ended 30 Sept	
	2024	2023	2024	2023
	('000)	('000)	('000)	('000)
Basic loss per ordinary share				
Loss attributable to owners of the Company (RM'000)	(233)	(2,866)	(2,790)	(3,436)
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 per ordinary share (sen)	(0.05)	(0.59)	(0.58)	(0.71)

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 purpose of the computation of the diluted earnings per share.