

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the first financial quarter ended 30 September 2022**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(3 months)</u>	
	Preceding year	Preceding year	Preceding year	Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	30-Sep-22	30-Sep-21	30-Sep-22	30-Sep-21
	RM'000	RM'000	RM'000	RM'000
Revenue	120,068	146,880	120,068	146,880
Cost of sales	(108,439)	(124,309)	(108,439)	(124,309)
Gross profit	11,629	22,571	11,629	22,571
Operating expenses	(7,335)	(6,293)	(7,335)	(6,293)
Other operating income/(expense), net	(138)	(4,873)	(138)	(4,873)
Net foreign exchange gain/(loss)	(195)	(65)	(195)	(65)
Profit from operations	3,961	11,340	3,961	11,340
Finance income	342	230	342	230
Finance costs	(1,468)	(1,270)	(1,468)	(1,270)
<b>Profit before tax</b>	2,835	10,300	2,835	10,300
Tax	(1,258)	(2,405)	(1,258)	(2,405)
<b>Profit for the period</b>	1,577	7,895	1,577	7,895
<b>Other comprehensive income</b>				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
<b>Total profit and other comprehensive income for the period</b>	1,577	7,895	1,577	7,895
Earnings per share attributable to owners of the Company (sen):				
- Basic	0.48	2.41	0.48	2.41
- 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 2022).

**Condensed Consolidated Statements of Financial Position as at 30 September 2022**

(The figures have not been audited)

	As at 30-Sep-22 RM'000	As at 30-Jun-22 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	312,319	312,193
Right-of-use assets	48,689	49,911
Intangible assets	20,000	20,000
	<u>381,008</u>	<u>382,104</u>
<b>Current Assets</b>		
Inventories	242,599	275,753
Trade and other receivables	63,326	74,516
Financial assets at fair value through profit or loss	2,250	2,600
Amount owing by related companies	1	1
Tax recoverable	91	53
Derivative financial assets	1,860	4,815
Cash and bank balances	50,770	111,796
	<u>360,897</u>	<u>469,534</u>
<b>Less: Current Liabilities</b>		
Trade and other payables	52,576	166,890
Dividend payable	0	9,812
Contract liabilities	6,730	7,437
Amount owing to holding company	596	6
Amount owing to related companies	345	187
Tax payable	710	1,457
Borrowings	96,307	80,135
Lease liabilities	3,734	3,693
Derivative financial liabilities	8	8
	<u>161,006</u>	<u>269,625</u>
<b>Net Current Assets</b>	<u>199,891</u>	<u>199,909</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	36,611	36,186
Deferred income	5,846	5,884
Borrowings	20,477	22,520
Lease liabilities	21,726	22,761
	<u>84,660</u>	<u>87,351</u>
	<u>496,239</u>	<u>494,662</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	42,783	42,783
Retained earnings	234,039	232,462
<b>Total Equity</b>	<u>496,239</u>	<u>494,662</u>
<b>Net assets per share attributable to owners of the Company</b>	<u>RM1.52</u>	<u>RM1.51</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



**Condensed Consolidated Statements of Cash Flows for the first financial quarter ended 30 September 2022**

(The figures have not been audited)

	(3 months) 30-Sep-22 RM'000	(3 months) 30-Sep-21 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,835	10,300
Adjustments for :		
- Depreciation	4,874	4,248
- Gain on rental discount	-	(23)
- Gain on disposal of plant and equipment	(132)	-
- Fair value loss on financial assets at fair value through profit or loss	350	-
- Amortisation of deferred income	(38)	(38)
- Net unrealised gain on foreign exchange	(442)	(140)
- Interest income	(342)	(230)
- Interest expense	1,468	1,270
Operating profit before changes in working capital	8,573	15,387
Changes in working capital :		
- Inventories	33,154	(75,020)
- Trade and other receivables	14,627	(51,235)
- Trade and other payables	(123,684)	(759)
- Contract liabilities	(708)	13,793
- Intercompanies balances	398	64
- Tax paid	(1,617)	(2,009)
Net cash flows (used in)/generated from operating activities	(69,257)	(99,779)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(3,778)	(2,523)
- Interest received	342	230
Net cash flows used in investing activities	(3,436)	(2,293)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Proceeds from bank borrowings	77,740	120,870
- Repayment of bank borrowings	(63,611)	(28,494)
- Payment of lease liabilities	(994)	(703)
- Interest paid	(1,468)	(1,270)
Net cash flows generated from financing activities	11,667	90,403
Net change in cash and cash equivalents	(61,026)	(11,669)
Cash and cash equivalents at beginning of the financial year	111,796	90,931
Cash and cash equivalents at end of the financial year	50,770	79,262

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2022).



**Condensed Consolidated Statements of Changes in Equity for the first financial quarter ended 30 September 2022**

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Asset				
	Share	Warrant	Revaluation	Retained	
	Capital	Reserves	Reserve	Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>3 months ended 30 September 2022</u>					
At 1 July 2022	217,677	1,740	42,783	232,462	494,662
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	1,577	1,577
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	1,577	1,577
As at 30 September 2022	<u>217,677</u>	<u>1,740</u>	<u>42,783</u>	<u>234,039</u>	<u>496,239</u>
<u>3 months ended 30 September 2021</u>					
At 1 July 2021	217,677	1,740	38,702	189,545	447,664
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	7,895	7,895
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	7,895	7,895
As at 30 September 2021	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>197,440</u>	<u>455,559</u>

**(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 2022).**



## 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 2022 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 2022.

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 2022, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2022 which the Group has adopted since the commencement of the current financial year on 1 July 2022:

- Annual Improvements to MFRS 9 ‘Fees in the 10% test for derecognition of financial liabilities’ clarifies that only fees paid or received between the borrower and the lender, including the fees paid or received on each other’s behalf, are included in the cash flow of the new loan when performing the 10% test.
- Amendments to MFRS 3 ‘Reference to Conceptual Framework’ replace the reference to Framework for Preparation and Presentation of Financial Statements with 2018 Conceptual Framework. The amendments do not change the current accounting for business combinations on acquisition date. The amendments provide an exception for the recognition of liabilities and contingent liabilities should be in accordance with the principles of MFRS 137 ‘Provisions, contingent liabilities and contingent assets’ and IC Interpretation 21 ‘Levies’ when falls within their scope. It also clarifies that contingent assets should not be recognised at the acquisition date.
- Amendments to MFRS 116 ‘Proceeds before intended use’ prohibit an entity from deducting from the cost of a property, plant and equipment the proceeds received from selling items produced by the property, plant and equipment before it is ready for its intended use. The sales proceeds should instead be recognised in profit or loss. The amendments also clarify that testing whether an asset is functioning properly refers to assessing the technical and physical performance of the property, plant and equipment.
- Amendments to MFRS 137 ‘Onerous Contracts - Cost of Fulfilling a Contract’ clarify that direct costs of fulfilling a contract include both the incremental cost of fulfilling the contract as well as an allocation of other costs directly related to fulfilling contracts. The amendments also clarify that before recognising a separate provision for an onerous contract, impairment loss that has occurred on assets used in fulfilling the contract should be recognised.

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 2023.

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"
- Amendments to MFRS 101 and MFRS Practice Statement 2 on "Disclosure of Accounting Policies"
- Amendments to MFRS 108 on "Definition of Accounting Estimates"
- Amendments to MFRS 112 'Deferred Tax related to Assets and Liabilities arising from a Single Transaction'

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 2022 was not subjected to any audit qualification.

### A3 Seasonality or cyclicity 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.

	30 Sep 2022	30 Jun 2022
Total interest-bearing debts in RM'million	135.6	116.4
Adjusted Shareholders' funds in RM'million	512.9	510.8
Absolute Gearing Ratio	0.26	0.23

On the total interest-bearing debts as at 30 September 2022, around RM102.7 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM18.8 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM14.1 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.

During the current financial quarter, its steel tube subsidiary incepted a fresh RM25 million multi-trading line from a new lender secured under its existing debenture on a pari-passu basis with other lenders. The fresh-line is incepted to diversify lenders and to supplant existing USD denominated trade credit lines (which has become comparatively expensive). The utilization of this new trade-line is not expected to increase the gearing of the Group.

Debt covenants where applicable are in full compliance as at the close of the current financial quarter.

### A7 Dividend paid

The dividend declared by the Company in the preceding financial year, amounting to RM9.81 million, was paid by the Company in the current financial quarter.



**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:

	<u>Cold Rolled</u> RM'000	<u>Steel Tube</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>				
Total revenue	55,777	78,148	1,416	135,341
Inter segment	(6,689)	(7,168)	(1,416)	(15,273)
External revenue	49,088	70,980	-	120,068
<hr/>				
Pre-tax profit	732	1,995	108	2,835
<hr/>				
Segment assets	431,950	304,916	3,088	739,954
<hr/>				
	RM'000			
Segment assets	739,954			
Derivative assets	1,860			
Tax recoverable	91			
	<u>741,905</u>			

The businesses of the Group are carried out entirely in Malaysia.

**A9 Valuation of Property, Plant and Equipment (PPE)**

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2022 and adjusted for the current financial year's depreciation and impairment-provisions where appropriate to reflect the current period's ending net carrying value. No impairment provisions on PPE were made in the current financial quarter.

**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 30 September 2022:

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

<u>Recurring fair value measurement</u>	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,250.0	0	0
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	4.7	0
as Assets (hedge accounted)	0	1,855.7	0
as Liabilities (not hedge accounted)	0	(8.3)	0
as Liabilities (hedge accounted)	0	0	0
Total	2,250.0	1,852.1	0





**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A10 Fair Value Measurement** (continued)

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.

**A11 Significant events and transactions**

There were no 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 known 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 RM0.5 million and RM1.7 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 (1st quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/9/2022	Preceding Year Corresponding Quarter 30/9/2021			Current Year To-date 30/9/2022	Preceding Year Corresponding Period 30/9/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	120,068	146,880	(26,812)	-18%	120,068	146,880	(26,812)	-18%
Operating Profit/(Loss)	3,961	11,340	(7,379)	-65%	3,961	11,340	(7,379)	-65%
Profit/(Loss) Before Interest and Tax	3,961	11,340	(7,379)	-65%	3,961	11,340	(7,379)	-65%
Profit/(Loss) Before Tax	2,835	10,300	(7,465)	-72%	2,835	10,300	(7,465)	-72%
Profit/(Loss) After Tax	1,577	7,895	(6,318)	-80%	1,577	7,895	(6,318)	-80%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,577	7,895	(6,318)	-80%	1,577	7,895	(6,318)	-80%

For the 1<sup>st</sup> financial quarter ended 30 September 2022, the Group registered a 18% lower revenue at RM120.1 million (compared to the preceding year's corresponding quarter which was hindered by six-weeks of COVID-lockdown). The drop in revenue is mainly due to the sharply lower sales volume by the Cold Rolled segment.

Gross margin spread per-unit for both the segments is also sharply lower in the current financial quarter due to the declining price trend (in-tandem with raw steel prices) compared to the preceding year's corresponding quarter. As a result, gross profits for both segments plunged more than half compared to the preceding corresponding period. Coupled with higher operating expenses (attributed to higher inflation), the Group's operating profit for the current financial quarter slipped by 65% over preceding corresponding period.

The Group's lackluster performance for the current financial quarter correlates with the weak market conditions faced by the domestic steel industry and the downstream manufacturing sector as a whole – which are stymied by labor-shortages, supply-chain disruptions, excessive inventory, rising costs, and weak capital-goods demand. External shocks (from the unrelenting US rate hikes; China's property crisis and zero-COVID policies; Ukraine-conflict & sanctions fallout) worsened in the current financial quarter further suppressing sales and margins.

As result, the Group recorded 72% lower pre-tax profit of RM2.8 million for the current financial quarter compared to RM10.3 million in the preceding year's corresponding quarter. At segment level, the Cold Rolled segment recorded a pre-tax profit of RM0.7 million whilst the Steel Tube segment recorded a pre-tax profit of around RM2.0 million. After-tax profit of the Group is 80% lower at RM1.6 million compared to the preceding year's corresponding quarter.

The Group recorded a 48% lower quarterly EBITDA at RM7.7 million compared to the preceding year's corresponding quarter at RM14.8 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 30/9/2022	Immediate Preceding Quarter 30/6/2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	120,068	173,257	(53,189)	-31%
Operating Profit	3,961	5,378	(1,417)	-26%
Profit Before Interest and Tax	3,961	5,730	(1,769)	-31%
Profit Before Tax	2,835	4,683	(1,848)	-39%
Profit After Tax	1,577	9,176	(7,599)	-83%
Profit Attributable to Ordinary Equity Holders of the Parent	1,577	9,176	(7,599)	-83%

The Group's revenue for the current 1<sup>st</sup> financial quarter at RM120.1 million is around 31% lower than the immediate-preceding quarter at RM173.3 million due to lower sales volume and lower average unit selling price (in tandem with lower steel prices) for both the Cold Rolled and Steel Tube segments.

The decline in Hot Rolled Coil (HRC) prices – being the main raw material for both segments – which started in the immediate-preceding quarter (which had resulted in a RM10.0 million inventory write-off for the Group), continued into current 1<sup>st</sup> financial quarter albeit at a tapered pace with signs of flattening-out towards September. With the lagging impact from higher carrying inventory cost, both the segments recorded gross margin shrinkage over the current financial quarter amid weaker quarter-on-quarter sales volume- consistent with the weaker domestic/regional steel demand. Operating profit declined by 26% quarter-on-quarter with a steeper drop from the Cold Rolled segment.

As a result, the Group registered a 39% lower pre-tax profit of RM2.8 million for the current financial quarter compared with the immediate-preceding quarter's pre-tax profit of RM4.7 million (which was eroded by the RM10.0 inventory impairment by the Cold Rolled segment). After-tax profit of the Group at RM1.6 million is 83% lower compared to the immediate-preceding quarter due to the tax-credit effect in the preceding period. Both the segments' net-results have deteriorated quarter-on-quarter – with weaker numbers coming from the Cold Rolled segment.

The Group recorded a 15% lower quarterly EBITDA of RM7.7 million compared to RM9.1 million in the immediate-preceding quarter.

**B3 Prospects for the remaining financial year**

Despite the worsened global economic & geopolitical environment, Malaysia continues to show strong post-pandemic recovery into the 3<sup>rd</sup> fiscal quarter with double-digit GDP growth - driven by strong domestic demand, inbound tourism, and exports of primary commodities and in electrical & electronics.

Diverging from the Nation's recovery trend, the domestic steel industry hit a rough-patch with weakened demand attributed to consumption-shift (tied to the pandemic recovery); foreign-labor shortages (affecting downstream steel-consuming activities); continuing property & construction overhang; slow progression in infrastructure spending; and slow new capital asset investments. The extended 'declining-steel-price-trend' (since April 2022) driven by global factors particularly China's economic slowdown has led to intense pricing cut, margin squeeze, minimum stock-holding, and widespread inventory-impairment in the industry. Adding to injury, overall production/ operation costs have increased significantly in tandem with higher energy-prices; all-time-weak Ringgit & imported inflation; interest rate hikes & higher borrowing costs; and wage hikes.



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

**B3 Prospects for the remaining financial year** (continued)

The triple-whammy conditions dragging-down the Group over the current financial quarter are expected to persist moving into the next 2<sup>nd</sup> financial quarter with the likelihood of more intense downside pressure on performance. However, certain developments in the 2<sup>nd</sup> financial quarter may offer a turning-point for a better 2<sup>nd</sup> half in 2023 for the Group. In mid-November 2022, we saw certain recalibration in China (on its zero-COVID policy, property-sector resuscitation, and thawing of tension in its relations with the west) which seems to have reset growth expectations and boosted steel prices (in China and regionally). The nation is also having its 15<sup>th</sup> General Election which may (in post-election) pave-away for the full-swing resumption of the various infrastructural projects under the 12<sup>th</sup> Malaysia Plan (which incorporates national steel policies that are pro-domestic steel industry) and perhaps facilitate a more ‘even’ growth in 2023 with its improved fiscal position. Also, the expected conclusion of US relentless interest rate hike by early 2023 could emerge as a turning point on current market slump.

In summary, outlook on the Group’s performance would likely remain under significant downside pressure in the next financial quarter, but with improving prospect for a pivot towards the 2<sup>nd</sup> half particularly by the 4<sup>th</sup> financial quarter. Downside risk from external factors (i.e. the expected recession in western-economies, and the unending Ukraine-conflict) remain significant.

**B4 Variance of actual profit from forecast profit**

This is not applicable to the Group.

**B5 Profit before taxation**

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 30 Sep 2022 RM’000	Preceding Year Corresponding Quarter Ended 30 Sep 2021 RM’000	Current Year To Date Ended 30 Sep 2022 RM’000	Preceding Year Corresponding Period Ended 30 Sep 2021 RM’000
Depreciation:				
- property, plant and equipment	3,758	3,447	3,758	3,447
- right-of-use assets	1,116	801	1,116	801
Finance income	(342)	(230)	(342)	(230)
Finance costs on:				
- borrowings	1,201	1,066	1,201	1,066
- lease liabilities	267	204	267	204
FX differences loss/(gain)	3,020	430	3,020	430
FX derivatives (gain)/loss	(2,825)	(365)	(2,825)	(365)



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

**B6 Taxation**

Taxation comprises :

	Current Year Quarter Ended 30 Sep 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2021 RM'000	Current Year To Date Ended 30 Sep 2022 RM'000	Preceding Year Corresponding Period Ended 30 Sep 2021 RM'000
Current tax (expense)/credit				
Current period	(834)	(1,450)	(834)	(1,450)
Deferred tax (expense)/income				
Current period	(424)	(955)	(424)	(955)
	<u>(1,258)</u>	<u>(2,405)</u>	<u>(1,258)</u>	<u>(2,405)</u>

**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 30 September 2022, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM’000</u>
<u>Short-term borrowings:</u>	
Secured	96,307
<u>Long-term borrowings:</u>	
Secured	20,477
Total borrowings	<u>116,784</u> =====

Cash-flow movement in-relation to ‘changes in liabilities arising from financing activities’ on a year-to-date basis is outlined below:

	<u>RM’000</u>
Total Borrowings’ opening balance as at 1 July 2022	102,655
<u>Cash Flows:</u>	
Inflows from new debts	77,740
Outflows on repayment	(63,611)
Closing balance as at 30 September 2022	<u>116,784</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.23 times. Besides the said borrowings, the Group’s Steel Tube subsidiary also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM18.8 million. Inclusive of that, the Group’s absolute-gearing ratio as at 30 September 2022 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.

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.



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

**B11 Outstanding Derivatives (continued)**

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 September 2022 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	180	573	-	8.3

**Non-designated**

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short USD	Financial Asset	Financial Liability
Less than 1 year	147	677	4.7	-

**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	8,319	36,741	1,855.7	-	Matching	8,319	n.a.	-	1,855.7

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM1.0 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM1.6 million from its 'foreign currency obligations & assets' over the current financial year.

- (i) Risk associated with the derivatives

**Counter-Party Risk**

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.

- (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 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.



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

**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 RM5.7 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 RM116.5 million as at 30 September 2022.

**B13 Material litigation**

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 30 September 2022.

**B15 Earnings per share**

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Sep 2022	Preceding Year Corresponding Quarter Ended 30 Sep 2021	Current Year To Date Ended 30 Sep 2022	Preceding Year Corresponding Period Ended 30 Sep 2021
Profit attributable to owners (RM'000)	1,577	7,895	1,577	7,895
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings per share (sen)	0.48	2.41	0.48	2.41





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

**B15 Earnings per share** (continued)

(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 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  
23 November 2022