

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

for the first financial quarter ended 30 September 2023

(The figures have not been audited)

	<b>Individual Quarter</b>		<b>Cumulative Quarters</b>	
	<b>(3 months)</b>		<b>(3 months)</b>	
	<b>Current year</b>	<b>Preceding year</b>	<b>Current year</b>	<b>Preceding year</b>
	<b>Quarter</b>	<b>Corresponding</b>	<b>To date</b>	<b>Corresponding</b>
	<b>30-Sep-23</b>	<b>30-Sep-22</b>	<b>30-Sep-23</b>	<b>30-Sep-22</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Revenue	162,778	120,068	162,778	120,068
Cost of sales	(152,366)	(108,439)	(152,366)	(108,439)
Gross profit	10,412	11,629	10,412	11,629
Operating expenses	(7,818)	(7,335)	(7,818)	(7,335)
Other operating income/(expense), net	208	(138)	208	(138)
Net foreign exchange gain/(loss)	671	(195)	671	(195)
Profit from operations	3,473	3,961	3,473	3,961
Finance income	523	342	523	342
Finance costs	(1,937)	(1,468)	(1,937)	(1,468)
<b>Profit before tax</b>	<b>2,059</b>	<b>2,835</b>	<b>2,059</b>	<b>2,835</b>
Tax	(836)	(1,258)	(836)	(1,258)
<b>Profit for the period</b>	<b>1,223</b>	<b>1,577</b>	<b>1,223</b>	<b>1,577</b>
<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>	<b>1,223</b>	<b>1,577</b>	<b>1,223</b>	<b>1,577</b>
Earnings per share attributable to owners of the Company (sen):				
- Basic	0.37	0.48	0.37	0.48
- 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 2023).

**Condensed Consolidated Statements of Financial Position as at 30 September 2023**

(The figures have not been audited)

	As at 30-Sep-23 RM'000	As at 30-Jun-23 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	308,360	310,966
Right-of-use assets	46,712	47,947
Intangible assets	20,000	20,000
	<u>375,072</u>	<u>378,913</u>
<b>Current Assets</b>		
Inventories	149,955	173,694
Trade and other receivables	71,130	69,986
Financial assets at fair value through profit or loss	2,800	2,900
Tax recoverable	980	1,412
Derivative financial assets	1,389	1,062
Cash and bank balances	75,307	78,159
	<u>301,561</u>	<u>327,213</u>
<b>Less: Current Liabilities</b>		
Trade and other payables	18,659	41,230
Contract liabilities	315	6,419
Amount owing to holding company	11	3
Amount owing to related companies	361	291
Tax payable	83	78
Borrowings	90,472	90,863
Lease liabilities	4,246	4,203
	<u>114,147</u>	<u>143,087</u>
<b>Net Current Assets</b>	<u>187,414</u>	<u>184,126</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	34,883	34,915
Deferred income	5,693	5,731
Borrowings	10,106	10,734
Lease liabilities	17,137	18,215
	<u>67,819</u>	<u>69,595</u>
	<u>494,667</u>	<u>493,444</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	53,901	53,901
Retained earnings	221,349	220,126
<b>Total Equity</b>	<u>494,667</u>	<u>493,444</u>
<b>Net assets per share attributable to owners of the Company</b>	<u>RM1.51</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 2023).

**Condensed Consolidated Statements of Cash Flows for the first financial quarter ended 30 September 2023**

(The figures have not been audited)

	(3 months) 30-Sep-23 RM'000	(3 months) 30-Sep-22 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	2,059	2,835
Adjustments for :		
- Depreciation	4,980	4,874
- Gain on disposal of plant and equipment	(190)	(132)
- Fair value (gain)/loss on financial assets at fair value through profit or loss	(100)	350
- Amortisation of deferred income	(38)	(38)
- Net unrealised (gain)/loss on foreign exchange	(102)	(442)
- Interest income	(523)	(342)
- Interest expense	1,937	1,468
Operating profit before changes in working capital	8,023	8,573
Changes in working capital :		
- Inventories	23,739	33,154
- Trade and other receivables	595	14,627
- Trade and other payables	(24,436)	(123,684)
- Contract liabilities	(6,103)	(708)
- Intercompanies balances	179	398
- Tax paid	(431)	(1,617)
Net cash flows generated from/(used in)/ operating activities	1,566	(69,257)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(1,341)	(3,778)
- Proceeds from disposal of property, plant and equipment	391	-
- Interest received	523	342
Net cash flows used in investing activities	(427)	(3,436)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Proceeds from bank borrowings	53,440	77,740
- Repayment of bank borrowings	(54,459)	(63,611)
- Payment of lease liabilities	(1,035)	(994)
- Interest paid	(1,937)	(1,468)
Net cash flows (used in)/generated from financing activities	(3,991)	11,667
Net change in cash and cash equivalents	(2,852)	(61,026)
Cash and cash equivalents at beginning of the financial year	78,159	111,796
Cash and cash equivalents at end of the financial year	75,307	50,770

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2023).



**Condensed Consolidated Statements of Changes in Equity for the first financial quarter ended 30 September 2023**

(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 2023</u>					
At 1 July 2023	217,677	1,740	53,901	220,126	493,444
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	1,223	1,223
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	1,223	1,223
As at 30 September 2023	<u>217,677</u>	<u>1,740</u>	<u>53,901</u>	<u>221,349</u>	<u>494,667</u>
<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>

**(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 2023).**



## 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 2023 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 2023.

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 2023, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2023 which the Group has since adopted.

- MFRS 17, Insurance Contracts replaces MFRS 4
- Amendments to MFRS 17, Insurance Contracts – Initial application of MFRS 17 and MFRS 9
- Amendments to MFRS 101, Presentation of Financial Statements – Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors
- Amendments to MFRS 112, Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2024.

- Amendment to MFRS 16, Leases – Lease Liability in a Sale and Leaseback
- Amendment to MFRS 101, Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current
- Amendments to MFRS 107, Statement of Cash Flows and MFRS 7, Financial Instruments: Disclosures – Supplier Finance Arrangements

#### Effective for financial year beginning after 1 July 2025.

- Amendments to MFRS 121, The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability
- Amendments to MFRS 10, Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 2023 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 2023	30 Jun 2023
Total interest-bearing debts in RM'million	104.3	129.2
Adjusted Shareholders' funds in RM'million	509.5	508.4
Absolute Gearing Ratio	0.20	0.25

On the total interest-bearing debts as at 30 September 2023, around RM87.8 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM3.8 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM12.7 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.

### A7 Dividend paid

During the current financial quarter, no dividend was paid by the Company.



**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
<b>Revenue</b>				
Total revenue	107,114	89,776	1,564	198,454
Inter segment	(22,326)	(11,786)	(1,564)	(35,676)
External revenue	84,788	77,990	-	162,778
<hr/>				
Pre-tax (loss)/profit	(498)	2,439	118	2,059
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Segment assets	386,125	284,296	3,846	674,267
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	RM'000			
Segment assets	674,267			
Derivative assets	1,389			
Tax recoverable	980			
	<u>676,636</u>			

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

**A9 Valuation of Property, Plant & Equipment (PPE), and Rights-of-Use (ROU) Assets.**

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2023 and adjusted for the current financial year's depreciation and impairment-provisions where appropriate to reflect the current period's ending net carrying value.

**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 2023:

- 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





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

**A10 Fair Value Measurement** (continued)

<u>Recurring fair value measurement</u>	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,800.0	-	-
Foreign Currency Forwards			
as Assets (not hedge accounted)	-	-	-
as Assets (hedge accounted)	-	1,389.0	-
as Liabilities (not hedge accounted)	-	-	-
as Liabilities (hedge accounted)	-	-	-
Total	2,800.0	1,061.9	-

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 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 RM1.2 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 30/9/2023	Preceding Year Corresponding Quarter 30/9/2022			Current Year To-date 30/9/2023	Preceding Year Corresponding Period 30/9/2022		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	162,778	120,068	42,710	36%	162,778	120,068	42,710	36%
Operating Profit/(Loss)	3,473	3,961	(488)	-12%	3,473	3,961	(488)	-12%
Profit/(Loss) Before Interest and Tax	3,473	3,961	(488)	-12%	3,473	3,961	(488)	-12%
Profit/(Loss) Before Tax	2,059	2,835	(776)	-27%	2,059	2,835	(776)	-27%
Profit/(Loss) After Tax	1,223	1,577	(354)	-22%	1,223	1,577	(354)	-22%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,223	1,577	(354)	-22%	1,223	1,577	(354)	-22%

For the 1<sup>st</sup> financial quarter ended 30 September 2023, the Group registered a 36% higher revenue at RM162.8 million (compared to the preceding year's corresponding quarter at RM120.1 million), mainly due to higher sales volume albeit lower average selling prices for both the Cold Rolled and Steel Tube segments.

The Group's gross profit for the current period is lower (down 10%) in the current period, compared to the preceding-year-corresponding-quarter, largely due to lower price spread attributed to the weak market condition and influx of imports. The Nation's Manufacturing PMI (Purchasing Managers Index) for the entire three months of the current financial quarter remained in contraction mode, in contrast with the preceding-year-corresponding-quarter's expansionary mode. In addition, domestic CRC producers' margins are further suppressed by MITI's recent ruling to remove of anti-dumping duties on CRC from South Korea and Vietnam (with effect from July 2023). We also observed increasing imports of coated steel pipes, which cut into domestic producers' volume and margins.

Correspondingly, the Group recorded a pre-tax profit of RM2.1 million for the current financial quarter compared to a pre-tax profit of RM2.8 million in the preceding year's corresponding quarter. After-tax profit of the Group for the current quarter stands at RM1.2 million compared to the preceding year's corresponding quarter after-tax profit of RM1.6 million.

The Group recorded a slightly lower EBITDA of RM7.3 million in the current quarter compared to the preceding year's corresponding quarter's EBITDA of RM7.7 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 30/9/2023	Immediate Preceding Quarter 30/6/2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	162,778	159,177	3,601	2%
Operating Profit/(Loss)	3,473	7,710	(4,237)	-55%
Profit/(Loss) Before Interest and Tax	3,473	899	2,574	286%
Profit/(Loss) Before Tax	2,059	(447)	2,506	561%
Profit/(Loss) After Tax	1,223	(61)	1,284	2105%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	1,223	(61)	1,284	2105%

The Group’s revenue for the current 1<sup>st</sup> financial quarter at RM162.8 million is around 2% higher than the immediate-preceding quarter at RM159.2 million mainly due to higher sales volume by the Pipe segment but negated by lower average selling prices from both Cold-Rolled and Steel Tube segments.

Whilst both segments contributed to weaker gross-profit performance for the current quarter at RM10.4 million (down 30% compared to the immediate-preceding quarter at RM14.9 million), the CRC segment was harder hit with the rise in duty-exempted / evaded imports. The CRC segment has taken the matter up with the authorities as it seeks legal remedies (see section B13). To mitigate that, the CRC segment has expanded its export sales (i.e., 19.3% of total sales compared to the immediate-preceding-quarter at 2.1% of total sales).

Consequently, operating profit decreased 55% to RM3.5 million compared to the immediate-preceding quarter at RM7.7 million. However, the performance for the current quarter pre-tax profit of RM2.1 million is better than the immediate-preceding quarter pre-tax loss of RM0.4 million (impacted by an impairment charge on property, plant and equipment of RM6.8 million pursuant to revaluation at financial year-end).

After-tax profit of the Group is higher at RM1.2 million compared to the immediate-preceding quarter’s after-tax loss of RM0.06 million.

The Group recorded a lower EBITDA of RM7.3 million in the current quarter compared to the immediate-preceding quarter’s EBITDA of RM11.4 million.

**B3 Prospects for the remaining financial year**

The ensuing 2<sup>nd</sup> financial quarter coincided with the reignition of armed-conflict in the Middle-East in early October. This adds to the string of concurrent global crises that have significantly dampened global growth and trade in the last twelve months. The apex issues on US interest rates and geopolitical fragmentation will likely continue to weigh on emerging and developing economies over the remaining financial quarters.

Domestic GDP growth in the near-term will likely continue to moderate with weak net-trades, soft domestic-demand, and low domestic-investment. Consumer confidence will likely stay subdued with prolonged imported inflation and rising cost-of-living. New investments benefiting steel (i.e., under the nation’s National Energy Transition Plan and the New Industrial Master Plan) will likely stay longer on paper as financial thresholds are stretched. In the short-term, the domestic steel industry will likely continue to face a double whammy of soft demand and margin-pressure on the back of increasing competition from regional net-steel exporters and back-channel importers.



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

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

In line with that, prospects for the Group in the ensuing 2<sup>nd</sup> financial quarter will like remain constrained. Outlook on the 2<sup>nd</sup> half of the financial year is still clouded by uncertainties tied to the myriad of external crises. The consolation is steel-prices has stabilized at the trough, and any pivot on the myriad of global-crises may trigger a rebound for the steel industry and the Group.

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

This is not applicable to the Group.

**B5 Profit/(loss) before taxation**

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

	Current Year Quarter Ended 30 Sep 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2022 RM'000	Current Year To Date Ended 30 Sep 2023 RM'000	Preceding Year Corresponding Period Ended 30 Sep 2022 RM'000
Depreciation:				
- property, plant and equipment	3,863	3,758	3,863	3,758
- right-of-use assets	1,116	1,116	1,116	1,116
Finance income	(523)	(342)	(523)	(342)
Finance costs on:				
- borrowings	1,712	1,201	1,712	1,201
- lease liabilities	225	267	225	267
FX differences loss/(gain)	(1,577)	3,020	(1,577)	3,020
FX derivatives (gain)/loss	906	(2,825)	906	(2,825)



**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 2023 RM'000	Preceding Year Corresponding Quarter Ended 30 Sep 2022 RM'000	Current Year To Date Ended 30 Sep 2023 RM'000	Preceding Year Corresponding Period Ended 30 Sep 2022 RM'000
Current tax (expense)/credit Current period	(868)	(834)	(868)	(834)
Deferred tax income/(expense) Current period	32	(424)	32	(424)
	<u>(836)</u>	<u>(1,258)</u>	<u>(836)</u>	<u>(1,258)</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 2023, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Secured	90,472
<u>Long-term borrowings:</u>	
Secured	10,106
Total borrowings	<u>100,578</u> =====

Included in the ‘short-term borrowings’ is a ‘non-current’ loan balance of RM2.9 million but reclassified to ‘current’ since the last financial year-end due to a DSCR (debt-service-cover-ratio) covenant short-fall computed based on a 12 months-rolling basis which indulgence have been obtained. The Group is in comfortable net-current asset position to meet all ‘current’ debt repayment obligations when due. 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 2023	101,597
<u>Cash Flows:</u>	
Inflows from new debts	53,440
Outflows on repayment	(54,459)
Closing balance as at 30 September 2023	<u>100,578</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.20 times. Besides the said borrowings, the Group also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM3.8 million. Inclusive of that, the Group’s absolute-gearing ratio as at 30 September 2023 is also 0.20 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.



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

**B11 Outstanding Derivatives** (continued)

The Group designates eligible hedge relations on FX forwards accepted 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.

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 September 2023 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	-	-	-	-

**Non-designated**

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

**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	18,051	83,235	1,389.0	-	Matching	18,051	n.a.	-	1,389.0

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM2.3 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM2.9 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.



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

**B11 Outstanding Derivatives (continued)**

(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.

**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 RM7.2 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 RM99.6 million as at 30 September 2023.

**B13 Material litigation**

The Cold Rolled Coil subsidiary has on 29 August 2023 applied leave from the Courts to initiate legal proceedings for judicial review and stay-of-execution on specific ruling by the Ministry of Investment, Trade & Industry (MITI) on anti-dumping removal on CRC imported from South Korea and Vietnam. This matter was heard in late October and is expected to be decided by late November 2023.

Besides the aforementioned, 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 2023.





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

**B15 Earnings per share**

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Sep 2023	Preceding Year Corresponding Quarter Ended 30 Sep 2022	Current Year To Date Ended 30 Sep 2023	Preceding Year Corresponding Period Ended 30 Sep 2022
Profit attributable to owners (RM'000)	1,223	1,577	1,223	1,577
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings per share (sen)	0.37	0.48	0.37	0.48

(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  
22 November 2023