

**PART A: EXPLANATION NOTES AS PER MFRS 134**

**A1 Basis of Preparation**

These unaudited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

These interim financial statements should be read in conjunction with the audited financial statements of the Group for the year ended 31 December 2019.

The explanatory notes attached to these condensed consolidated 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 financial year ended 31 December 2019.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2019, except for the adoption of the following new MFRSs, Amendments to MFRSs and Interpretations which are effective for annual periods beginning on or after 1 January 2020:

	Effective Date
<i>Amendments to References to the Conceptual Framework in MFRS Standards</i>	1 January 2020
<i>Amendments to MFRS 3 Definition of a Business</i>	1 January 2020
<i>Amendments to MFRS 101 and MFRS 108 Definition of Material</i>	1 January 2020
<i>Amendments to MFRS 9, MFRS 139 and MFRS 7 Interest Rate Benchmark Reform</i>	1 January 2020
<i>MFRS 17 Insurance Contracts</i>	1 January 2021
<i>Amendments to MFRS 101 Classification of Liabilities as Current or Non-Current</i>	1 January 2022

The above standards, amendments and annual improvements do not have significant impact on the financial reporting of the Group.

**A2 Audit Report of Preceding Annual Financial Statements**

The auditors' report on the financial statements for the financial year ended 31 December 2019 was not qualified.

**A3 Seasonal or cyclical factors**

The Group faces minor seasonal fluctuations during the major festive seasons celebrations.

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**Notes to the Unaudited Interim Financial Report for the period ended 30 June 2020**

**A4 The 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 was no unusual item in the quarterly financial statement under review.

**A5 Changes in estimates**

There are no significant changes in the estimates of amount, which give a material effect in the current interim period.

**A6 Issuances, cancellations, repurchases, resale and repayments of debt and equity securities**

(i) Shares buy-back

There was no share buy-back during the quarter under review. However, for the financial year to date, the Company repurchased 1,490,500 of its issued share capital from the open market at an average price of RM0.355 per share. The total consideration paid was RM529,128. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act, 2016

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities other than as disclosed above for the current quarter and financial year to date.

**A7 Dividends paid (aggregate or per share) separately for ordinary share and other shares**

There was no dividend paid for the quarter ended 30 June 2020.

**A8 Segment Information for the current financial year to date**

	<u>Trading</u>	<u>Manufacturing</u>	<u>Investment</u>	<u>Elimination</u>	<u>Total</u>
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Revenue</b>					
External Sales	48,500	97,711	804	-	147,015
Inter-segment revenue	1,411	13,221	4,555	(19,187)	-
<b>Total Revenue</b>	<b>49,911</b>	<b>110,932</b>	<b>5,359</b>	<b>(19,187)</b>	<b>147,015</b>
<b>Segment Result</b>	<b>6,525</b>	<b>1,013</b>	<b>2,831</b>	<b>(2,893)</b>	<b>7,476</b>
<b>Profit from operations</b>					<b>7,476</b>
Finance costs					(4,251)
Interest Income					303
Share of results of associates					(1,714)
<b>Profit before tax</b>					<b>1,814</b>

No analysis by geographical area has been presented as its year to date contribution was less than 10% to the combined results of all segments revenue or results or assets.

**A9 Valuations of property, plant and equipment**

The valuation of land & buildings has been brought forward, without amendment from the previous annual financial statement.

**A10 Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period**

There were no material events subsequent to the end of the interim period that have not been reflected in the financial statements for the current quarter under review.

**A11 The effect of changes in the composition of the enterprise during the interim period, including business combinations, acquisition or disposal of subsidiaries and long-term investments, restructurings, and discontinuing operations**

There were no changes in the composition of the Company for the financial period under review.

**A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2019**

As at the date of this announcement, there were no material contingent liabilities incurred by the Group which, upon becoming enforceable, may have a material impact on the financial position of the Group.

**A13 Capital commitments**

As at 30/06/2020

RM'000

**Property, plant and equipment**

Authorized and contracted for 1,321

**PART B: ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF  
 BURSA SECURITIES (PART A OF APPENDIX 9B)**

**B1 Review of performance of the company and its principal subsidiaries for the current quarter and financial year to date (“YTD”)**

	Individual Period (2 <sup>nd</sup> quarter)		Increase / (Decrease)		Cummulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Quarter 01.04.2019 to 30.06.2019 RM'000	RM'000	%	Current Year to- date 01.01.2020 to 30.06.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 30.06.2019 RM'000	RM'000	%
Revenue	53,319	112,421	(59,102)	(52.6)	147,015	225,260	(78,245)	(34.7)
Profit from operations	570	4,762	(4,192)	(88.0)	7,476	3,648	3,828	104.9
Profit / (loss) before tax	(2,611)	1,597	(4,208)	(263.5)	1,814	(1,870)	3,684	197.0

Group revenue and Loss before taxation (“LBT”) for the quarter under review were RM53.3 million and loss of RM2.6 million respectively. Compared with the same quarter last year, revenue reduced by 52.6%, the decline was mainly due to sudden stoppage of business operations as a result of the lockdown Movement Control Order (“MCO”) imposed by the government against the spread Covid-19 pandemic beginning 18 March 2020. The MCO imposed has caused almost full stoppage of the Group businesses in the month of April and substantial part of the month of May. As a result, financial performance of all subsidiaries and associates were negatively affected. There were some recovery experienced in the month of June but overall result of the quarter under review were still negative as the revenue generated were too low and insufficient to covered fixed cost.

Though YTD revenue were lower by 34.7% , the Group managed to report a YTD profit before tax of RM1.8 million , mainly due to the recognition of a property disposal gain in the previous quarter. Thus, when compared to the same period last year there was an improvement of 197.0% in profit before tax.

**B2 Material changes in the profit before taxation for the quarter reported on as compared with the immediate preceding quarter**

	Current Year Quarter 01.04.2020 to 30.06.2020	Immediate Preceding Quarter 01.01.2020 to 31.03.2020	Changes (Amount/%)
Revenue	53,319	93,696	(40,377)/(43.1)
Profit from operations	570	6,906	(6,336)/(91.7)
Profit / (loss) before tax	(2,611)	4,425	(7,036)/(159.0)

Compared with the immediate preceding quarter, Group revenue for the quarter under review reduced by 43.1% to RM53.3 million as a result of the lockdown MCO imposed during the quarter which affected the sales and operations of the Group. There were a loss before tax of RM2.6 million as compared to RM4.4 million of the immediate preceding quarter mainly due to the halt of operation during the substantial part of the quarter while there was a recognition of a property disposal gain and higher revenue earned during the early stage of preceding quarter

**B3 Prospects**

As a result of Movement Control Order (“MCO”) imposed since 18 March 2020 due to COVID-19 pandemic, Malaysia’s economic activities were affected negatively with real GDP growth fell to -17.1% YoY in 2Q20. The quarterly growth is the weakest rate we had ever experienced or a quarter. Nevertheless, Central Bank maintained the forecast GDP growth for the year ending 31 December 2020 to remain around -2.0% to 0.5%. As the Group’s business activities are not in direct link to the essential services, negative impact faced is unavoidable. Besides, steel industry in Malaysia is still facing weak market demand and depressed prices amid sluggish market conditions as most sectors are still facing the negative effects of operational restrictions and social distancing rule imposed since the introduction of MCO/CMCO and RMCO.

Though the Group experienced some encouraging increases in sales demand lately, its sustainability is yet to be ascertained as the long term solution to overcome the widespread and treatment of COVID-19 pandemic is yet to be found. Thus, the Board envisages that the financial performance of the Group for the financial year 2020 will continue to be affected unfavorably. The Board will continue to take all necessary precautions and improvement actions in its strategic and operation maneuver in order to generate a satisfactory performance for the financial year ending 31 December 2020.

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

Not applicable.

**B5 Tax expenses**

	Current Quarter 30/06/2020 RM'000	Current Year To Date 30/06/2020 RM'000
Current taxation	170	430
Deferred taxation	127	237
In respect of prior years	-	-
	297	667

**B6 The status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than 7 days from the date of issue of the quarterly report.**

There were no corporate proposals announced at the date of this announcement.

**B7 Group bank borrowings:**

Total group borrowings as at 30 June 2020 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
<b>Denominated in Ringgit Malaysia:</b>		
Secured	48,055	20,378
Unsecured	126,968	-
<b>Denominated in US Dollar:</b>		
Secured	-	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>175,023</b>	<b>20,378</b>

**B8 Material litigation since the date of the last annual statement of financial which must be made up to a date not earlier than 7 days from the date of issue of the quarterly report**

The Group is not engaged in any material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group.

**B9 Dividend**

The Directors do not recommend any interim dividend for the current quarter under review.

**B10 Earnings per share**

**Basic**

Basic earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the financial year.

	Current Quarter 30/06/2020	Preceding Quarter 30/06/2019	Current Year to date 30/06/2020	Preceding Year to date 30/06/2019
Net profit /(loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	(2,887)	1,169	1,179	(2,506)
- Operations of disposal group	-	895	-	2,667
	<u>(2,887)</u>	<u>2,064</u>	<u>1,179</u>	<u>161</u>
Weighted average number of ordinary shares in issue ('000)	193,943	195,704	194,384	195,704
Basic earnings per share (sen)				
- Continuing operations	(1.49)	0.59	0.61	(1.28)
- Operations of disposal group	-	0.46	-	1.36
	<u>(1.49)</u>	<u>1.05</u>	<u>0.61</u>	<u>0.08</u>

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**Diluted**

Diluted earnings per share are calculated by dividing the net profit attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding in issue during the financial year adjusted for the effects of dilutive potential ordinary shares.

	Current Quarter 30/06/2020	Preceding Quarter 30/06/2019	Current Year to date 30/06/2020	Preceding Year to date 30/06/2019
Net profit/(loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	(2,887)	1,169	1,179	(2,506)
- Operations of disposal group	-	895	-	2,667
	(2,887)	2,064	1,179	161
Weighted average number of ordinary shares in issue ('000)	193,943	195,704	194,384	195,704
Effect of dilution – ESOS ('000)	-	22	-	22
Weighted average number of ordinary shares in issue ('000) – diluted	193,943	195,726	194,394	195,726
Diluted earnings per share (sen)				
- Continuing operations	(1.49)	0.59	0.61	(1.28)
- Operations of disposal group	-	0.46	-	1.36
	(1.49)	1.05	0.61	0.08

**B11 Notes to Condensed Consolidated Statement of Comprehensive Income**

Net profit is arrived at after take in the following items:	<b>Current Quarter</b> 30/06/2020 RM'000	<b>Current Year To Date</b> 30/06/2020 RM'000
(a) Interest income	114	303
(b) Other income	772	2,150
(c) Interest expense	(2,002)	(4,251)
(d) Depreciation and amortization	(2,014)	(4,035)
(e) Provision (for) and written down of receivables	1,363	542
(f) Provision (for) and written down of inventories	(10)	(1,612)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	7,767
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	529	66
(j) Gain / (loss) on derivatives	-	(4)
(k) Exceptional items	N/A	N/A