

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 2021.

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 2021.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2021, 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 2022:

	Effective Date
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 116 <i>Property, Plant and Equipment-Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137 <i>Onerous Contracts-Cost of Fulfilling a Contract</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 2021 was not qualified.

A3 Seasonal or cyclical factors

The Group faces minor seasonal fluctuations during the major festive season’s celebrations.

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) Employees' Share Option Scheme

The paid-up share capital of the Company has been increased from RM126.950 million to RM126.966 million as a result of the exercise of 38,400 options pursuant to the Company ESOS as at 31 December 2022.

(ii) Shares buy-back

During the current financial quarter, the Company repurchased 450,000 of its issued share capital from the open market at an average price of RM0.4242 per share. The total consideration paid was RM190,891.

For the financial year to date, the Company repurchased 500,000 of its issued share capital from the open market at an average price of RM0.4289 per share. The total consideration paid was RM214,447. 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

A final single-tier dividend of 2.0 sen per ordinary share, amounting to RM6,860,189 in respect of the financial year ended 31 December 2021 was approved by the shareholders during Annual General Meeting held on 15 June 2022 and subsequent paid on 25 August 2022.

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
Revenue					
External Sales	163,353	441,997	1,607	-	606,957
Inter-segment revenue	7,167	48,455	19,275	(74,897)	-
Total Revenue	170,520	490,452	20,882	(74,897)	606,957
Segment Result	2,359	2,493	15,654	(15,720)	4,786
Profit from operations					4,786
Finance costs					(10,067)
Interest Income					601
Share of results of associates					19,264
Profit before tax					14,584

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

Prestar Steel Pipes Sdn Bhd, a fully-owned dormant subsidiary of the Group applied for strike-off on 15 August 2022 and has already been officially struck-off after the Notice of strike-off was gazette on 30 December 2022.

A12 Changes in contingent liabilities or contingent assets since the last financial year ended 31 December 2021

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 31/12/2022

RM'000

Property, plant and equipment

Authorized and contracted for 2,170

Authorized but not contracted for 383

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 (4 th quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.10.2022 to 31.12.2022 RM'000	Preceding Year Corresponding Quarter 01.10.2021 to 31.12.2021 RM'000	RM'000	%	Current Year to- date 01.01.2022 to 31.12.2022 RM'000	Preceding Year Corresponding Period 01.01.2021 to 31.12.2021 RM'000	RM'000	%
Revenue	143,344	193,447	(50,103)	(25.9)	606,957	538,679	68,278	12.7
Profit / (Loss) from operations	(7,476)	34,397	(41,873)	(121.7)	4,786	95,092	(90,306)	(95.0)
Profit / (Loss) before tax	(7,101)	42,998	(50,099)	(116.5)	14,584	118,776	(104,192)	(87.7)

Group revenue for the current quarter under review declined by 25.9% to RM143.3 million compared to the preceding year's corresponding quarter of RM193.4 million mainly attributed to lower average selling price, however the reduction was partly offset by slightly higher sales volume.

The Group suffered Loss before tax (“LBT”) of RM7.1 million in current quarter, down from the preceding year's corresponding quarter Profit before tax (“PBT”) of RM43.0 million. These were mainly due to the lower profit margin in line with sluggish market demand.

The Group reported year-to date revenue grew of 12.7% to RM607.0 million which mainly due to some market recovery after the country entering into endermic stage of COVID 19. However, the Group Profit before tax was RM14.6 million, 87.7% lower as compared to the same period last year. This was mainly due to declining steel-price trend and the impairment loss on inventory valuation of RM14.0 million.

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

	Current Year Quarter 01.10.2022 to 31.12.2022 RM'000	Immediate Preceding Quarter 01.07.2022 to 30.09.2022 RM'000	Changes	
			RM'000	%
Revenue	143,344	132,562	10,782	8.1
Profit / (Loss) from operations	(7,476)	(12,531)	(5,055)	(40.3)
Profit / (Loss) before tax	(7,101)	(13,862)	(6,761)	(48.8)

Higher revenue of RM143.3 million in the fourth quarter of 2022 (4Q2022) compared to the preceding quarter (3Q2022) of RM132.6 million was mainly due to improve in sales tonnage resulted from normalization of steel prices during the current quarter under review.

Loss before tax ("PBT") for the quarter under review has reduced by 48.8% from RM13.9 million for the preceding quarter (3Q2022) to RM7.1 million in the current quarter (4Q2022) which was mainly due to improved sales volume.

B3 Prospects

Malaysian economy registered a 7% growth in the fourth quarter of 2022 (4Q2022) which was mostly supported by the continued expansion in domestic demand, sustained labor market recovery, resilient demand for E&E products and the recovery in tourism activities.

For steel industry, with the normalization of steel prices progressing well, the Group expect domestic demand to likely stage a sustained recovery in year 2023. Barring unforeseen circumstances, the Group will continue to be responsive to the market conditions and adopt prudent procurement strategies in order to optimize financial performance and preserve balance sheet strength.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/12/2022 RM'000	Current Year To Date 31/12/2022 RM'000
Current taxation	(2,899)	1,830
Deferred taxation	(472)	(2,257)
In respect of prior years	-	(180)
	<u>(3,371)</u>	<u>(607)</u>

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.

Private Placement

The gross proceeds arising from the Private Placement amounting to RM19.4 million and its utilisation as at 31 December 2022 is disclosed in the following manner:

Details of utilisation	Proposed Utilisation as at 3Q 2022 RM'000	Variation in 4Q 2022 RM'000	Actual Utilisation RM'000	Intended Timeframe for utilisation	Revised Timeframe for utilisation
Capital expenditure	9,978	(664)	(9,314)	Within 12 months	Within 18 months to June 2023
Repayment of bank borrowings	9,000	-	(9,000)	Within 12 months	No change
Working capital	169	664	(833)	Within 12 months	No change
Estimated expenses for the Proposed Private Placement	256	-	(256)	Within 1 month	No change
Total gross proceeds	19,403		(19,403)		

B7 Group bank borrowings:

Total group borrowings as at 31 December 2022 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	42,327	10,505
Unsecured	131,468	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	4,134	-
Total Bank Borrowings	177,929	10,505

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 propose a final dividend via distribution of treasury shares as share dividends on the basis of five (5) treasury shares for every one hundred (100) existing ordinary shares held in the Company ("Share Dividends") in respect of the financial year ended 31 December 2022, subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

The proposed entitlement and payment dates for the Share Dividends will be determined and announced by the Company in due course.

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 31/12/2022	Preceding Quarter 31/12/2021	Current Year to date 31/12/2022	Preceding Year to date 31/12/2021
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(3,730)	33,538	15,191	95,196
Weighted average number of ordinary shares in issue ('000)	342,995	334,231	342,995	334,231
Basic earnings per share (sen)	(1.08)	10.03	4.43	28.48

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 31/12/2022	Preceding Quarter 31/12/2021	Current Year to date 31/12/2022	Preceding Year to date 31/12/2021
Net profit/(loss) attributable to ordinary shareholders (RM'000)	(3,730)	33,538	15,191	95,196
Weighted average number of ordinary shares in issue ('000)	342,995	334,231	342,995	334,231
Effect of dilution – ESOS ('000)	25	95	25	95
Weighted average number of ordinary shares in issue ('000) –diluted	343,020	334,326	343,020	334,326
Diluted earnings per share (sen)	(1.08)	10.03	4.43	28.47

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2022 RM'000	Current Year To Date 31/12/2022 RM'000
(a) Interest income	150	601
(b) Other income	2,712	8,008
(c) Interest expense	(2,483)	(10,067)
(d) Depreciation and amortization	(1,878)	(7,377)
(e) Provision (for) and written down of receivables	1,316	(617)
(f) Provision (for) and written down of inventories	(1,963)	(13,980)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(18)	(126)
(j) Gain / (loss) on derivatives	(437)	(432)
(k) Exceptional items	N/A	N/A