

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 2022.

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 2022.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2022, 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 2023:

	Effective Date
MFRS17 <i>Insurance Contracts</i>	1 January 2023
Amendments to MFRS17 <i>Insurance Contracts (Initial Application of MFRS 17 and MFRS 9 – Comparative Information)</i>	1 January 2023
Amendments to MFRS 101 <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to MFRS 108 <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to MFRS 112 <i>Deferred tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023

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 2022 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) Shares buy-back

During the current financial quarter, the Company repurchased 374,900 of its issued share capital from the open market at an average price of RM0.4089 per share. The total consideration paid was RM153,293.

For the financial year to date, the Company repurchased 374,900 of its issued share capital from the open market at an average price of RM0.4089 per share. The total consideration paid was RM153,293. 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 31 March 2023.

A8 Segment Information for the current financial year to date

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Investment</u> RM'000	<u>Elimination</u> RM'000	<u>Total</u> RM'000
Revenue					
External Sales	30,701	111,942	355	-	142,998
Inter-segment revenue	773	9,048	1,008	(10,829)	-
Total Revenue	31,474	120,990	1,363	(10,829)	142,998
Segment Result	320	3,795	(57)	20	4,078
Profit from operations					4,078
Finance costs					(1,930)
Interest Income					148
Share of results of associates					2,733
Profit before tax					5,029

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 2022

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 31/03/2023
	RM'000
Property, plant and equipment	
Authorized and contracted for	2,243
Authorized but not contracted for	337

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 (1 st quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.01.2023 to 31.03.2023 RM'000	Preceding Year Corresponding Quarter 01.01.2022 to 31.03.2022 RM'000	RM'000	%	Current Year to- date 01.01.2023 to 31.03.2023 RM'000	Preceding Year Corresponding Period 01.01.2022 to 31.03.2022 RM'000	RM'000	%
Revenue	142,998	171,519	(28,521)	(16.6)	142,998	171,519	(28,521)	(16.6)
Profit from operations	4,078	15,880	(11,802)	(74.3)	4,078	15,880	(11,802)	(74.3)
Profit before tax	5,029	20,837	(15,808)	(75.9)	5,029	20,837	(15,808)	(75.9)

The Group recorded a revenue of RM143.0 million for the current quarter under review as compared to RM171.5 million for the preceding year corresponding quarter, representing a decrease of RM28.5 million or 16.6%. The decrease in revenue was mainly due to lower selling price following the drop in steel price in the international market amid slow market demand locally.

The Group recorded profit before tax of RM5.0 million in current quarter as compared to the profit before tax of RM 20.8 million in the preceding year corresponding quarter, representing a decrease of RM15.8 million or 75.9%. Lower operating profit for the current quarter was mainly due to the sharp decline in global steel price towards the end of the previous financial year which resulted in margin squeeze amid low market demand and stiff competition.

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

	Current Year Quarter 01.01.2023 to 31.03.2023 RM'000	Immediate Preceding Quarter 01.10.2022 to 31.12.2022 RM'000	Changes	
			RM'000	%
Revenue	142,998	143,344	(346)	(0.2)
Profit / (Loss) from operations	4,078	(7,476)	11,554	154.5
Profit / (Loss) before tax	5,029	(7,101)	12,130	170.8

Compared with immediate preceding quarter, Group revenue for the quarter under review decreased marginally by 0.2% to RM143.0 million in line with lackluster market conditions during the quarter.

Group reported a profit before tax of RM5.0 million in the current quarter, as compared to loss before tax of RM7.1 million in the immediate preceding quarter. Improved performance was resulted by normalization of steel price and partly supported by the reversal on written down of inventories for the quarter under review.

Two associate companies of the Group continue to contribute positive results during the quarter under review.

B3 Prospects

Despite the rising costs of operation and an increase in interest rates, Malaysia's GDP in the first quarter of 2023 experienced a YoY growth of 5.6%, surpassing the expectations of most economists. The market cautiously anticipates a modest economic growth for the remainder of the year.

However, the demand for steel products and average selling prices have not shown significant improvement due to the persisting uncertainties. The international steel demand remains weak, reflecting the impact of inflationary pressures, higher interest rates, and ongoing geopolitical tensions.

As a result, the Group acknowledges these challenges and the volatility in steel prices. We will continue to be responsive to market conditions, employ prudent procurement strategies and inventory management, and enhance operational efficiency to optimize financial performance and maintain a strong balance sheet.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2023 RM'000	Current Year To Date 31/03/2023 RM'000
Current taxation	572	572
Deferred taxation	165	165
In respect of prior years	-	-
	737	737

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 31 March 2023 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	37,640	10,374
Unsecured	82,387	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	2,528	-
Total Bank Borrowings	122,555	10,374

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 31/03/2023	Preceding Quarter 31/03/2022	Current Year to date 31/03/2023	Preceding Year to date 31/03/2022
Net profit attributable to ordinary shareholders (RM'000)	4,292	17,217	4,292	17,217
Weighted average number of ordinary shares in issue ('000)	342,268	343,052	342,268	343,052
Basic earnings per share (sen)	1.25	5.02	1.25	5.02

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 31/03/2023	Preceding Quarter 31/03/2022	Current Year to date 31/03/2023	Preceding Year to date 31/03/2022
Net profit attributable to ordinary shareholders (RM'000)	4,292	17,217	4,292	17,217
Weighted average number of ordinary shares in issue ('000)	342,268	343,052	342,268	343,052
Effect of dilution – ESOS ('000)	25	83	25	83
Weighted average number of ordinary shares in issue ('000) –diluted	342,293	343,135	342,293	343,135
Diluted earnings per share (sen)	1.25	5.02	1.25	5.02

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/03/2023 RM'000	Current Year To Date 31/03/2023 RM'000
(a) Interest income	148	148
(b) Other income	1,903	1,903
(c) Interest expense	(1,930)	(1,930)
(d) Depreciation and amortization	(1,912)	(1,912)
(e) Provision (for) and written down of receivables	(196)	(196)
(f) Provision (for) and written down of inventories	12,317	12,317
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(3)	(3)
(j) Gain / (loss) on derivatives	(292)	(292)
(k) Exceptional items	N/A	N/A