

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 2023.

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 2023.

The significant accounting policies and methods of computation adopted are consistent with those of the audited financial statements for the year ended 31 December 2023, 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 2024:

	Effective Date
Amendments to MFRS 16 <i>Lease Liability in a Sale and Leaseback</i>	1 January 2024
Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i>	1 January 2024
Amendments to MFRS 101 <i>Non-current Liabilities with Covenants</i>	1 January 2024
Amendments to MFRS 107 and MFRS 7 <i>Supplier Finance Arrangements</i>	1 January 2024
Amendments to MFRS 121 <i>Lack of Exchangeability</i>	1 January 2025
Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

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 2023 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

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

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

A second single-tier interim dividend of 1.5 sen per ordinary share, amounting to RM5,386,022 in respect of the financial year ended 31 December 2023 was paid on 27 March 2024.

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	34,149	97,326	355	-	131,830
Inter-segment revenue	620	8,816	5,544	(14,980)	-
Total Revenue	34,769	106,142	5,899	(14,980)	131,830
Segment Result	(4)	4,974	4,517	(4,597)	4,890
Profit from operations					4,890
Finance costs					(1,321)
Interest Income					124
Share of results of associates					2,361
Profit before tax					6,054

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 2023

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 31/03/2024
	RM'000
Property, plant and equipment	
Authorized and contracted for	211
Authorized but not contracted for	69

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 01.01.2024 to 31.03.2024 RM'000	Preceding Year Corresponding Quarter 01.01.2023 to 31.03.2023 RM'000	RM'000	%	Current Year to- date 01.01.2024 to 31.03.2024 RM'000	Preceding Year Corresponding Period 01.01.2023 to 31.03.2023 RM'000	RM'000	%
Revenue	131,830	142,998	(11,168)	(7.8)	131,830	142,998	(11,168)	(7.8)
Profit from operations	4,890	4,078	812	19.9	4,890	4,078	812	19.9
Profit before tax	6,054	5,029	1,025	20.4	6,054	5,029	1,025	20.4

For the current quarter under review, the Group achieved a total revenue of RM131.8 million, a decrease of RM11.2 million or 7.8% compared to the corresponding quarter of the preceding year. The lower revenue for the quarter was due to decline in sales volume.

Group Profit before Tax (“PBT”) for the current quarter was RM6.0 million, which is 20.4% higher than RM5.0 million recorded in the corresponding quarter of the preceding year. This improvement was primarily due to lower cost of sales and reduced interest expense.

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

	Current Year Quarter 01.01.2024 to 31.03.2024 RM'000	Immediate Preceding Quarter 01. 10.2023 to 31.12.2023 RM'000	Changes	
			RM'000	%
Revenue	131,830	123,490	8,340	6.8
Profit from operations	4,890	8,229	(3,339)	(40.6)
Profit before tax	6,054	9,872	(3,818)	(38.7)

Revenue for the first quarter (1Q 2024) increased by 6.8% to RM131.8 million, compared to the immediate preceding quarter of RM123.5 million which driven by improved in sales demand.

Group Profit before tax (“PBT”) dropped 38.7% from RM 9.9 million to RM6.0 million in 1Q 2024. The decline mainly due to higher input cost and dropped in other operating income. Two associate companies of the Group also contributed positive results for the quarter under review.

B3 Prospects

The Group noted that the local steel industry continue to be challenging in line with the underlying developments in macroeconomic and geopolitical issues; such as highly volatile foreign exchange rates, fluctuations in steel prices and higher costs of operations .

Amidst these complexities, the Board remains committed to strategic resilience. We prioritize on prudent procurement strategies and effective inventory management, improving operational efficiency as well as optimizing costs to mitigate the adverse impact to our financial performance.

The Board is committed to adopting a cautious and vigilant approach to proactively steer through this challenging business environment .Barring any unforeseen circumstances, the Board expects the Group to continue generating a satisfactory results for the rest of the financial year under review.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 31/03/2024 RM'000	Current Year To Date 31/03/2024 RM'000
Current taxation	991	991
Deferred taxation	747	747
In respect of prior years	-	-
	1,738	1,738

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 2024 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	30,231	7,298
Unsecured	71,352	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	101,583	7,298

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 year 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 31/03/2024	Preceding Quarter 31/03/2023	Current Year to date 31/03/2024	Preceding Year to date 31/03/2023
Net profit attributable to ordinary shareholders (RM'000)	4,316	4,292	4,316	4,292
Weighted average number of ordinary shares in issue ('000)	359,068	342,268	359,068	342,268
Basic earnings per share (sen)	1.20	1.25	1.20	1.25

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 31/03/2024	Preceding Quarter 31/03/2023	Current Year to date 31/03/2024	Preceding Year to date 31/03/2023
Net profit attributable to ordinary shareholders (RM'000)	4,316	4,292	4,316	4,292
Weighted average number of ordinary shares in issue ('000)	359,068	342,268	359,068	342,268
Effect of dilution – ESOS ('000)	21	25	21	25
Weighted average number of ordinary shares in issue ('000) –diluted	359,089	342,293	359,089	342,293
Diluted earnings per share (sen)	1.20	1.25	1.20	1.25

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/03/2024 RM'000	Current Year To Date 31/03/2024 RM'000
(a) Interest income	124	124
(b) Other income	1,484	1,484
(c) Interest expense	(1,321)	(1,321)
(d) Depreciation and amortization	(1,957)	(1,957)
(e) Provision (for) and written down of receivables	(575)	(575)
(f) Provision (for) and written down of inventories	(2,848)	(2,848)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	32	32
(j) Gain / (loss) on derivatives	-	-
(k) Exceptional items	N/A	N/A