

**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 cyclicity 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
<b>Revenue</b>					
External Sales	100,439	257,269	1,064	-	358,772
Inter-segment revenue	2,291	24,264	11,188	(37,743)	-
<b>Total Revenue</b>	<b>102,730</b>	<b>281,533</b>	<b>12,252</b>	<b>(37,743)</b>	<b>358,772</b>
<b>Segment Result</b>	<b>389</b>	<b>6,531</b>	<b>8,134</b>	<b>(7,947)</b>	<b>7,107</b>
<b>Profit from operations</b>					<b>7,107</b>
Finance costs					(3,997)
Interest Income					355
Share of results of associates					7,471
<b>Profit before tax</b>					<b>10,936</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 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 30/09/2024
	RM'000
<b>Property, plant and equipment</b>	
Authorized and contracted for	710
Authorized but not contracted for	69

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**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 (3 <sup>rd</sup> quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2024 to 30.09.2024 RM'000	Preceding Year Corresponding Quarter 01.07.2023 to 30.09.2023 RM'000	RM'000	%	Current Year to- date 01.01.2024 to 30.09.2024 RM'000	Preceding Year Corresponding Period 01.01.2023 to 30.09.2023 RM'000	RM'000	%
Revenue	109,053	139,075	(30,022)	(21.6)	358,772	404,377	(45,605)	(11.3)
(Loss)/Profit from operations	(741)	5,396	(6,137)	(113.7)	7,107	16,606	(9,499)	(57.2)
Profit before tax	777	8,288	(7,511)	(90.6)	10,936	20,347	(9,411)	(46.3)

For the quarter under review, the Group achieved total revenue of RM109.0 million, a decline of 21.6% compared to RM139.1 million in the corresponding quarter of preceding year. The drop in revenue was mainly due to lower sales volume and average selling price which influenced by heightened volatility in the global steel market. Corresponding to the lower revenue, Group Profit before tax (“PBT”) also weakened significantly, down by 90.6% to RM0.8 million, compared to RM8.3 million in the corresponding quarter preceding year.

The Group’s Year-to-date (“YTD”) revenue amounted to RM358.8 million, representing a decrease of 11.3% from RM404.4 million of the same period last year. Revenue decline was primarily due to reduction in both average selling price and volume sold during the period under review. Impacted by unfavorable market conditions and squeezed margin, the Group reported YTD PBT of RM10.9 million, representing a decrease of 46.3% when compared to the YTD PBT of RM20.3 million of the preceding year.

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

	Current Year Quarter 01.07.2024 to 30.09.2024 RM'000	Immediate Preceding Quarter 01.04.2024 to 30.06.2024 RM'000	Changes	
			RM'000	%
Revenue	109,053	117,889	(8,836)	(7.5)
(Loss) / Profit from operations	(741)	2,958	(3,699)	(125.1)
Profit before tax	777	4,105	(3,328)	(81.1)

Compared with immediate preceding quarter, the Group's revenue for the current quarter under review declined by 7.5%, dropping from RM117.9 million to RM109.0 million. The reduction was predominantly driven by weak market sentiment caused by lackluster market conditions.

The Group reported a PBT of RM0.8 million in the current quarter, as compared to PBT of RM4.1 million in the immediate preceding quarter. The decline was mainly due to lower sales volume and a decline in average selling price.

**B3 Prospects**

The steel industry outlook remains bearish, driven by weak demand in major steel-consuming sectors. Furthermore, fluctuating steel prices and exchange rates could affect the Group's profit margin. Against these backdrops, the Board will focus on a prudent procurement strategy and adopting effective inventory management while enhancing operational efficiency to preserve a strong financial position and safeguard stakeholders' interest.

Barring unforeseen circumstances, the Board remained cautiously optimistic about the prospect for the financial year ending 31 December 2024. The Group will continue to emphasize on strong cashflow management and delivering positive results to navigate this volatile and challenging environment.

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

Not applicable.

**B5 Tax expenses**

	Current Quarter 30/09/2024 RM'000	Current Year To Date 30/09/2024 RM'000
Current taxation	421	2,092
Deferred taxation	(572)	195
In respect of prior years	(103)	(103)
	(254)	2,184

**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 September 2024 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
<b>Denominated in Ringgit Malaysia:</b>		
Secured	24,902	5,735
Unsecured	52,028	-
<b>Denominated in US Dollar:</b>		
Secured	-	-
Unsecured	-	-
<b>Total Bank Borrowings</b>	<b>76,930</b>	<b>5,735</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 Board declared an interim single-tier dividend of 1.0 sen per ordinary share, amounting to RM3,590,680 in respect of the financial year ending 31 December 2024.

The entitlement of the interim single-tier interim dividend will be determined based on the shareholders registered in the record of depositors as at 11 December 2024 and the date of payment will be on 23 December 2024.

**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 Year Quarter 30/09/2024	Preceding Year Quarter 30/09/2023	Current Year to date 30/09/2024	Preceding Year to date 30/09/2023
Net profit attributable to ordinary shareholders (RM'000)	1,031	7,351	8,752	17,664
Weighted average number of ordinary shares in issue ('000)	359,068	359,245	359,068	359,245
Basic earnings per share (sen)	0.29	2.05	2.44	4.92

## 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 Year Quarter 30/09/2024	Preceding Year Quarter 30/09/2023	Current Year to date 30/09/2024	Preceding Year to date 30/09/2023
Net profit attributable to ordinary shareholders (RM'000)	1,031	7,351	8,752	17,664
Weighted average number of ordinary shares in issue ('000)	359,068	359,245	359,068	359,245
Effect of dilution – ESOS ('000)	-	23	-	23
Weighted average number of ordinary shares in issue ('000) –diluted	359,068	359,268	359,068	359,268
Diluted earnings per share (sen)	0.29	2.05	2.44	4.92

## B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/09/2024 RM'000	Current Year To Date 30/09/2024 RM'000
(a) Interest income	120	355
(b) Other income	1,345	4,659
(c) Interest expense	(1,224)	(3,997)
(d) Depreciation and amortization	(2,017)	(5,960)
(e) Provision (for) and written down of receivables	(300)	(446)
(f) Provision (for) and written down of inventories	(852)	(4,214)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(154)	(76)
(j) Gain / (loss) on derivatives	(139)	(139)
(k) Exceptional items	N/A	N/A