

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 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

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

A final single-tier dividend of 1.0 sen per ordinary share, amounting to RM1,939,432 in respect of the financial year ended 31 December 2019 was paid on 25 September 2020.

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	85,845	185,883	1,205	-	272,933
Inter-segment revenue	3,071	25,955	5,668	(34,694)	-
Total Revenue	88,916	211,838	6,873	(34,694)	272,933
Segment Result	6,372	7,021	3,092	(3,646)	12,839
Profit from operations					12,839
Finance costs					(6,062)
Interest Income					461
Share of results of associates					1,067
Profit before tax					8,305

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 30/09/2020
	RM'000
Property, plant and equipment	
Authorized and contracted for	1,566

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 rd quarter)		Increase / (Decrease)		Cummulative Period		Increase / (Decrease)	
	Current Year Quarter 01.07.2020 to 30.09.2020 RM'000	Preceding Year Corresponding Quarter 01.07.2019 to 30.09.2019 RM'000	RM'000	%	Current Year to- date 01.01.2020 to 30.09.2020 RM'000	Preceding Year Corresponding Period 01.01.2019 to 30.09.2019 RM'000	RM'000	%
Revenue	125,918	117,134	8,784	7.5	272,933	342,394	(69,461)	(20.3)
Profit from operations	5,363	4,434	929	21.0	12,839	8,082	4,757	58.9
Profit before tax	6,491	2,106	4,385	208.2	8,305	236	8,069	3,419.1

Group revenue and Profit before taxation (“PBT”) for the quarter under review were RM125.9 million and RM6.5 million respectively. Compared with the same quarter last year, revenue increased by 7.5%, mainly due to higher demand for steel pipes and related products, on higher steel prices which also helped to boost the sales margin. PBT for the current quarter improved substantially as mentioned coupled with positive contributions from an associate company which reported losses previously.

Though YTD revenue were lower by 20.3%, the Group managed to report a YTD PBT of RM8.3 million, partly due to the recognition of a property disposal gain in the earlier quarter as well as the strong performance this quarter.

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

	Current Year Quarter 01.07.2020 to 30.09.2020	Immediate Preceding Quarter 01.04.2020 to 30.06.2020	Changes (Amount/%)
Revenue	125,918	53,319	72,599/136.2
Profit from operations	5,363	570	4,793/840.9
Profit / (loss) before tax	6,491	(2,611)	9,102/348.6

Compared with the immediate preceding quarter, Group revenue for the quarter under review increased by 136.2% to RM125.9 million as the Group has resumed full operations as a result of the relaxation of MCO condition into Recovery MCO (“RMCO”). During this period, the Group experienced higher demand for its wide range of steel products.

For the quarter under review compared to the immediate preceding quarter Profit before tax has been turned around from loss of RM2.6 million to RM6.5 million as a result better sales margin on the back of higher sales as well as positive contributions from two associate companies which also experienced higher demand and sales margin.

B3 Prospects

Malaysia has entered into third wave of COVID-19 pandemic with the reimposition of Conditional Movement Control Order (“CMCO”) at most of the States since 14th Oct 2020. This has brought further negative impact to the economy of the country and business conditions for most industries except some essential and strategic businesses.

As for the Group’s operation, we experienced improving sales on our various products, namely pipes, hollow sections, guardrail and racking. Our sales on supplies of steel pipes to OEM manufacturers of automotive, furniture & equipment manufacturing has improved from increasing domestic & overseas demands. Besides, the increasing e-commerce activities has stimulated the increasing demands on our racking products from Third Party Logistic (3PL) companies. Our supplies of guardrails for Pan Borneo Highway in Sarawak is also improving gradually due to progressive development of this highway. Couple with the improvement in sales margin as a result of uptrend in steel prices, the Board is cautiously optimistic that the Group’s performance for the rest of the financial year will remain positive and satisfactory.

B4 Variance of actual profit from forecast profit / profit guarantee

Not applicable.

B5 Tax expenses

	Current Quarter 30/09/2020 RM'000	Current Year To Date 30/09/2020 RM'000
Current taxation	833	1,263
Deferred taxation	429	666
In respect of prior years	9	9
	1,271	1,938

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 2020 are as follows:-

	Short Term Borrowing	Long Term Borrowing
	RM'000	RM'000
Denominated in Ringgit Malaysia:		
Secured	45,867	19,391
Unsecured	97,633	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	143,500	19,391

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 30/09/2020	Preceding Quarter 30/09/2019	Current Year to date 30/09/2020	Preceding Year to date 30/09/2019
Net profit / (loss) attributable to ordinary shareholders (RM'000)				
- Continuing operations	5,229	2,704	6,408	198
- Operations of disposal group	-	(452)	-	2,215
	<u>5,229</u>	<u>2,252</u>	<u>6,408</u>	<u>2,413</u>
Weighted average number of ordinary shares in issue ('000)	193,943	195,696	194,236	195,701
Basic earnings per share (sen)				
- Continuing operations	2.70	1.38	3.30	0.10
- Operations of disposal group	-	(0.23)	-	1.13
	<u>2.70</u>	<u>1.15</u>	<u>3.30</u>	<u>1.23</u>

Diluted

The diluted earnings per share is not disclosed as it is not applicable.

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/09/2020 RM'000	Current Year To Date 30/09/2020 RM'000
(a) Interest income	158	461
(b) Other income	1,260	3,410
(c) Interest expense	(1,811)	(6,062)
(d) Depreciation and amortization	(1,984)	(6,019)
(e) Provision (for) and written down of receivables	(155)	387
(f) Provision (for) and written down of inventories	(126)	(1,738)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	7,767
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	(290)	(224)
(j) Gain / (loss) on derivatives	(107)	(111)
(k) Exceptional items	N/A	N/A