

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
Revenue					
External Sales	68,353	180,657	709	-	249,719
Inter-segment revenue	1,536	17,199	8,164	(26,899)	-
Total Revenue	69,889	197,856	8,873	(26,899)	249,719
Segment Result	517	7,264	6,167	(6,100)	7,848
Profit from operations					7,848
Finance costs					(2,773)
Interest Income					235
Share of results of associates					4,849
Profit before tax					10,159

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 30/06/2024

RM'000

Property, plant and equipment

Authorized and contracted for	686
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 (2 nd quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.04.2024 to 30.06.2024 RM'000	Preceding Year Corresponding Quarter 01.04.2023 to 30.06.2023 RM'000	RM'000	%	Current Year to- date 01.01.2024 to 30.06.2024 RM'000	Preceding Year Corresponding Period 01.01.2023 to 30.06.2023 RM'000	RM'000	%
Revenue	117,889	122,304	(4,415)	(3.6)	249,719	265,302	(15,583)	(5.9)
Profit from operations	2,958	7,132	(4,174)	(58.5)	7,848	11,210	(3,362)	(30.0)
Profit before tax	4,105	7,030	(2,925)	(41.6)	10,159	12,059	(1,900)	(15.8)

For the current quarter under review, the Group registered revenue of RM117.9 million, reflecting a decrease of RM4.4million or 3.6% as compared to the revenue of RM122.3million for the corresponding quarter of the preceding year. The decrease in revenue for current quarter was primarily influenced by heightened volatility in the global steel market. As a result, the Group registered a lower Profit before tax (“PBT”) of RM4.1million in the current quarter, down from the preceding year’s corresponding quarter of RM7.0million.

The Group's Year-to-date ("YTD") revenue experienced a decline of 5.9%, amounting to RM249.7million. The decrease was due to lower average selling price during the period under review. Due to unfavorable market conditions and squeezed margin, the Group reported YTD PBT of RM10.2million, marking a decrease of 15.8% when compared to the YTD PBT of RM12.1million in the quarter 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 01.04.2024 to 30.06.2024 RM'000	Immediate Preceding Quarter 01.01.2024 to 31.03.2024 RM'000	Changes	
			RM'000	%
Revenue	117,889	131,830	(13,941)	(10.6)
Profit from operations	2,958	4,890	(1,932)	(39.5)
Profit before tax	4,105	6,054	(1,949)	(32.2)

Compared with immediate preceding quarter, Group revenue for current quarter under review declined by 10.6%, dropping from RM131.8million to RM117.9million. The decrease was predominantly attributed to weak market sentiment resulting from lackluster market conditions.

The Group reported a PBT of RM4.1million in the current quarter, as compared to PBT of RM6.1million in the immediate preceding quarter. The decline was mainly due to higher input costs and lower average selling price. Two associate companies of the Group also contributed positive results for the quarter under review.

B3 Prospects

The Group expects the steel industry outlook to remain in bearish sentiment throughout the remainder of the year. Given the volatile global steel prices, fluctuating exchange rates and inflationary pressures, the Board will focus in mitigating the adverse market conditions by adopting prudent strategies to position itself for sustainable growth. Additionally, the Group will prioritize on prudent procurement strategy and effective inventory management, enhance operational efficiency to maintain a strong financial position, thereby safeguarding the interests of stakeholders.

Barring any unforeseen circumstances, the Board expects the Group to continue generating 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 30/06/2024 RM'000	Current Year To Date 30/06/2024 RM'000
Current taxation	680	1,671
Deferred taxation	20	767
In respect of prior years	-	-
	700	2,438

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 June 2024 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	28,836	6,508
Unsecured	66,202	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	95,038	6,508

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 30/06/2024	Preceding Quarter 30/06/2023	Current Year to date 30/06/2024	Preceding Year to date 30/06/2023
Net profit attributable to ordinary shareholders (RM'000)	3,405	6,021	7,721	10,313
Weighted average number of ordinary shares in issue ('000)	359,068	342,129	359,068	342,129
Basic earnings per share (sen)	0.95	1.76	2.15	3.01

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 30/06/2024	Preceding Quarter 30/06/2023	Current Year to date 30/06/2024	Preceding Year to date 30/06/2023
Net profit attributable to ordinary shareholders (RM'000)	3,405	6,021	7,721	10,313
Weighted average number of ordinary shares in issue ('000)	359,068	342,129	359,068	342,129
Effect of dilution – ESOS ('000)	-	14	-	14
Weighted average number of ordinary shares in issue ('000) –diluted	359,068	342,143	359,068	342,143
Diluted earnings per share (sen)	0.95	1.76	2.15	3.01

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 30/06/2024 RM'000	Current Year To Date 30/06/2024 RM'000
(a) Interest income	111	235
(b) Other income	1,830	3,314
(c) Interest expense	(1,452)	(2,773)
(d) Depreciation and amortization	(1,986)	(3,943)
(e) Provision (for) and written down of receivables	429	(146)
(f) Provision (for) and written down of inventories	(514)	(3,362)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	-	-
(i) Foreign exchange gain/(loss) - Realised and unrealized	46	78
(j) Gain / (loss) on derivatives	-	-
(k) Exceptional items	N/A	N/A