

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 first single-tier interim dividend of 1.0 sen per ordinary share, amounting to RM3,590,680 in respect of the financial year ended 31 December 2024 was paid on 23 December 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	131,043	343,581	1,419	-	476,043
Inter-segment revenue	2,721	31,465	12,431	(46,617)	-
Total Revenue	133,764	375,046	13,850	(46,617)	476,043
Segment Result	925	12,769	8,017	(8,355)	13,356
Profit from operations					13,356
Finance costs					(5,026)
Interest Income					565
Share of results of associates					6,939
Profit before tax					15,834

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 31/12/2024

RM'000

Property, plant and equipment

Authorized and contracted for 369

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 (4 th quarter)		Increase / (Decrease)		Cumulative Period		Increase / (Decrease)	
	Current Year Quarter 01.10.2024 to 31.12.2024 RM'000	Preceding Year Corresponding Quarter 01.10.2023 to 31.12.2023 RM'000	RM'000	%	Current Year to- date 01.01.2024 to 31.12.2024 RM'000	Preceding Year Corresponding Period 01.01.2023 to 31.12.2023 RM'000	RM'000	%
Revenue	117,271	123,490	(6,219)	(5.0)	476,043	527,867	(51,824)	(9.8)
Profit from operations	6,249	8,229	(1,980)	(24.1)	13,356	24,835	(11,479)	(46.2)
Profit before tax	4,898	9,872	(4,974)	(50.4)	15,834	30,219	(14,385)	(47.6)

During the quarter under review, the Group recorded total revenue of RM117.3 million, representing a 5% decline from RM123.5 million in the same quarter of the preceding year. The decrease was primarily due to lower average selling price, driven by increased volatility in the global steel market. In line with the lower revenue, the Group Profit before tax (“PBT”) also dropped significantly, falling by 50.4% to RM4.9 million from RM9.9 million in the corresponding quarter of the preceding year.

The Group’s Year-to-date (“YTD”) revenue stood at RM476.0 million, marking a 9.8% decrease from RM527.9 million in the same period last year. The decline in revenue was mainly due to a reduction in average selling price, despite higher sales volumes during the period under review. Adversely affected by challenging market conditions and compressed margins, the Group’s YTD PBT fell by 47.6% to RM15.8 million compared to RM30.2 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 01.10.2024 to 31.12.2024 RM'000	Immediate Preceding Quarter 01.07.2024 to 30.09.2024 RM'000	Changes	
			RM'000	%
Revenue	117,271	109,053	8,218	7.5
Profit / (loss) from operations	6,249	(741)	6,990	943.3
Profit before tax	4,898	777	4,121	530.4

Compared to the immediate preceding quarter, the Group's revenue for the current quarter increased by 7.5%, rising from RM109.0 million to RM117.2 million. The growth was primarily driven by higher sales volume, despite a decline in the average selling price.

The Group recorded a PBT of RM4.9 million for the current quarter, a significant improvement from RM0.8 million in the immediate preceding quarter. The margin improvement was attributed to the increase in sales volume, coupled with enhanced operational efficiencies and cost management strategies.

B3 Prospects

The global steel market is experiencing an oversupply amid slower economic growth. The diversion of steel products, coupled with new capacity expansions, particularly in China and Southeast Asia, is expected to intensify competition, eroding profit margins and weaken consumer confidence. Additionally, the performance of the Ringgit, like other emerging market currencies, is heavily influenced by the monetary decision of USA's Federal Open Market Committee(FOMC). High interest rates and weaker Ringgit will increase business costs and reduce manufacturers' competitiveness. As a result, the steel industry is expected to face a challenging path ahead due to trade flow distortions and circumventions practices.

In Malaysia, the steel industry experienced moderate growth, driven by infrastructure projects and recovering construction activities. However, challenges such as rising raw material costs, global oversupply, and increasing competition have constrained profitability.

For the year 2025, the outlook remains cautious but optimistic, with demand expected to recover in construction and automotive sectors. The management team will strategically navigate between the broader range of supply options while managing the influx of imports that could impact business margins. Key efforts will focus on inventory control, strategic procurement planning and enhancing operational efficiency to sustain market share, preserve financial stability, and protect stakeholders' interest.

The Group will continue prioritizing strong cash flow 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 31/12/2024 RM'000	Current Year To Date 31/12/2024 RM'000
Current taxation	734	2,826
Deferred taxation	661	856
In respect of prior years	-	(103)
	1,395	3,579

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 December 2024 are as follows:-

RM'000	Short Term Borrowing	Long Term Borrowing
Denominated in Ringgit Malaysia:		
Secured	26,871	4,962
Unsecured	33,349	-
Denominated in US Dollar:		
Secured	-	-
Unsecured	-	-
Total Bank Borrowings	60,220	4,962

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 a second single-tier interim dividend of 0.5 sen per ordinary share, amounting to RM1,795,340 in respect of the financial year ended 31 December 2024.

The entitlement of the second single-tier interim dividend will be determined based on the shareholders registered in the record of depositors as at 12 March 2025 and the date of payment will be on 26 March 2025.

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 31/12/2024	Preceding Year Quarter 31/12/2023	Current Year to date 31/12/2024	Preceding Year to date 31/12/2023
Net profit attributable to ordinary shareholders (RM'000)	3,503	8,234	12,255	25,898
Weighted average number of ordinary shares in issue ('000)	359,068	359,245	359,068	359,245
Basic earnings per share (sen)	0.98	2.29	3.41	7.21

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 31/12/2024	Preceding Year Quarter 31/12/2023	Current Year to date 31/12/2024	Preceding Year to date 31/12/2023
Net profit attributable to ordinary shareholders (RM'000)	3,503	8,234	12,255	25,898
Weighted average number of ordinary shares in issue ('000)	359,068	359,245	359,068	359,245
Effect of dilution – ESOS ('000)	-	21	-	21
Weighted average number of ordinary shares in issue ('000) –diluted	359,068	359,266	359,068	359,266
Diluted earnings per share (sen)	0.98	2.29	3.41	7.21

B11 Notes to Condensed Consolidated Statement of Comprehensive Income

Net profit is arrived at after take in the following items:	Current Quarter 31/12/2024 RM'000	Current Year To Date 31/12/2024 RM'000
(a) Interest income	210	565
(b) Other income	1,852	6,511
(c) Interest expense	(1,029)	(5,026)
(d) Depreciation and amortization	(2,129)	(8,089)
(e) Provision (for) and written down of receivables	787	341
(f) Provision (for) and written down of inventories	3,590	(624)
(g) Gain / (loss) on disposal of quoted / unquoted investment / properties	-	-
(h) Impairment of assets	(539)	(539)
(i) Foreign exchange gain/(loss) - Realised and unrealized	42	(34)
(j) Gain / (loss) on derivatives	270	(131)
(k) Exceptional items	N/A	N/A