Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the fourth financial quarter ended 30 June 2019

(The figures have not been audited)

	Individual Quarter (3 months)		Cumulative Quarters (12 months)	
	Current year Quarter 30-Jun-19 RM'000	Preceding year Corresponding Quarter 30-Jun-18 RM'000	Current year To date 30-Jun-19 RM'000	Preceding year Corresponding Period 30-Jun-18 RM'000
Revenue	152,369	207,588	694,484	793,374
Cost of sales	(145,708)	(194,497)	(666,510)	(731,882)
Gross profit	6,661	13,091	27,974	61,492
Operating expenses	(6,503)	(8,619)	(31,910)	(32,644)
Other operating income/(expense)	1,371	(7)	1,721	116
Net foreign exchange gain/(loss)	151	(527)	(230)	637
Profit/(Loss) from operations	1,680	3,938	(2,445)	29,601
Impairment loss on property, plant and equipment	(1,193)	(901)	(1,674)	(901)
Finance income	308	335	1,330	1,391
Finance costs	(1,776)	(1,229)	(6,904)	(7,550)
(Loss)/Profit before tax	(981)	2,143	(9,693)	22,541
Tax	(3,889)	(891)	(2,426)	(6,440)
(Loss)/Profit for the period	(4,870)	1,252	(12,119)	16,101
Other comprehensive income				
Asset revaluation reserves:				
- revaluation surplus on property, plant and equipment, net of tax	2,497	1,317	3,257	1,317
Total (Loss)/Profit and other comprehensive income for the period	(2,373)	2,569	(8,862)	17,418
(Loss)/Earnings per share attributable to owners of the Company (sen):				
- Basic	(1.49)	0.43	(3.96)	5.54
- Diluted	N/A	N/A	N/A	N/A

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Condensed Consolidated Statements of Financial Position as at 30 June 2019

(The figures have not been audited)

	As at 30-Jun-19 RM'000	As at 30-Jun-18 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	317,837	288,470
Intangible assets	20,000	20,000
	337,837	308,470
Current Assets		
Inventories	187,491	205,190
Trade and other receivables	89,407	122,671
Amount owing by holding company	15	1,861
Amount owing by related companies	746	1,887
Tax recoverable	290	23
Derivative financial assets	800	3,341
Cash and bank balances	50,178	51,023
	328,927	385,996
Less: Current Liabilities		
Borrowings	88,464	90,735
Trade and other payables	135,816	187,001
Amount owing to related companies	1,023	1,212
Tax payable	29	608
Derivative financial liabilities	230	3
	225,562	279,559
Net Current Assets	103,365	106,437
Non-Current Liabilities		
Deferred tax liabilities	23,764	21,699
Borrowings	21,675	1,636
	45,439	23,335
	395,763	391,572
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	206,364
Warrant reserves	1,740	0
Asset revaluation reserve	30,108	26,851
Retained earnings	146,238	158,357
Total Equity	395,763	391,572
Net assets per share attributable to owners of the Company	RM1.21	RM1.38

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Condensed Consolidated Statements of Cash Flows for the fourth financial quarter ended 30 June 2019

(The figures have not been audited)

	(12 months) 30-Jun-19 RM'000	(12 months) 30-Jun-18 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/Profit before tax	(9,693)	22,541
Adjustments for :		
- Depreciation	15,198	14,743
- (Gain)/loss on disposal of plant and equipment	(1,388)	2
- Plant and equipment written off	-	120
- Impairment loss on property, plant and equipment	1,674	901
- Writeback of impairment of receivables	(315)	-
- Net unrealised (gain)/loss/ on foreign exchange	(213)	511
- Interest income	(1,330)	(1,391)
- Interest expense	6,904	7,550
Operating profit before changes in working capital	10,837	44,977
Changes in working capital :		
- Inventories	17,699	(28,014)
- Trade and other receivables	36,326	(19,621)
- Trade and other payables	(50,950)	1,987
- Intercompanies balances	2,798	(2,487)
Cash flows generated from/(used in) operations	16,710	(3,158)
- Interest paid	(6,904)	(7,550)
- Interest received	1,330	1,391
- Tax paid	(3,400)	(5,724)
Net cash flows generated from/(used in) operating activities	7,736	(15,041)
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(18,571)	(8,129)
- Proceeds from disposal of property, plant and equipment	1,592	142
Net cash flows used in investing activities	(16,979)	(7,987)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from rights issue with warrants	13,054	-
- Proceeds from bank borrowings	206,913	170,042
- Repayment of bank borrowings	(211,569)	(160,579)
Net cash flows generated from financing activities	8,398	9,463
Net change in cash and cash equivalents	(845)	(13,565)
Cash and cash equivalents at beginning of the financial year	51,023	64,588
Cash and cash equivalents at end of the financial year	50,178	51,023

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Condensed Consolidated Statements of Changes in Equity for the fourth financial quarter ended 30 June 2019

(The figures have not been audited)

	---------- Attributable to owners of the Company ----------				
	-------- Non-distributable --------				
	Share Capital	Warrant Reserves	Asset Revaluation Reserve	Retained Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
12 months ended 30 June 2019					
At 1 July 2018	206,364	-	26,851	158,357	391,572
Rights issue with warrants	11,313	1,740	-	-	13,053
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(12,119)	(12,119)
Other comprehensive income for the financial period					
Asset revaluation reserves:					
- revaluation surplus on					
property, plant and equipment, net of tax	-	-	3,257	-	3,257
Total comprehensive loss for the financial period	-	-	3,257	(12,119)	(8,862)
As at 30 June 2019	217,677	1,740	30,108	146,238	395,763
12 months ended 30 June 2018					
At 1 July 2017	206,364	-	25,534	142,256	374,154
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	16,101	16,101
Other comprehensive income for the financial period					
Asset revaluation reserves:					
- revaluation surplus on					
property, plant and equipment, net of tax	-	-	1,317	-	1,317
Total comprehensive income for the financial period	-	-	1,317	16,101	17,418
As at 30 June 2018	206,364	-	26,851	158,357	391,572

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2018).

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2018 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited 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 30 June 2018.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2018, except for the following new amendments to the MFRS ("standards") effective from 1 January 2018 which the Group has only adopted since the commencement of the current financial year:

- IC Interpretation 22 'Foreign Currency Transactions and Advance Consideration' which applies when an entity recognises a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. MFRS 121 requires an entity to use the exchange rate at the 'date of the transaction' to record foreign currency transactions.
- MFRS 9 'Financial Instruments' in replacement of MFRS 139 "Financial Instruments: Recognition and Measurement".
- MFRS 15 'Revenue from contracts with customers' in replacement of MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations.

The adoption of the above did not have any material impact on the Group's financial statements to-date.

- MFRS 9
  The application of MFRS 9 did not result in any material change to the Group's classification and measurement of its financial assets and liabilities; nor in its hedge accounting practices that are aligned with its risk management practices- compared to the requirements under MFRS139. The new "Expected Credit Loss" (ECL) model increases the scope for credit impairment with the inclusion of forward looking information and estimates. Given that the Group's credit risks are mainly concentrated in short-term trade receivables, the Group applied allowable practical-expedient in ECL provision based on a supportable "overdue-days matrix". The adoption of the ECL model did not increase credit impairment on initial application that would render the opening loss allowances determined under MFRS 9 on 1 July 2018 different from the ending impairment allowance under MFRS139 on 30 June 2018.

- MFRS 15
  The application of MFRS 15 did not result in any change to the timing and quantum of revenue recognition of the Group – compared to the requirements under MFRS 118 and 111. The Group's steel products conform to industry standards and specifications, and are sold mainly on spot and/or short-term-forward contracts with single point fulfilment at predetermined prices which under normal circumstances do not give rise to any contract assets or liabilities. The sales contract for "goods" is generally separated from "services", and these do not entail any financing feature beyond short credit periods customary to the industry. The Group elected to adopt the "cumulative effect method" for outstanding contracts at the date of initial application, and no opening adjustment resulted from the aforementioned.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies (continued)

The Group has not adopted the following new standards, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

- MFRS 16 'Leases' (effective from 1 January 2019) supersedes MFRS 117 'Leases' and the related interpretations.
- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.
- Amendments to MFRS 128 'Long-term Interests in Associates and Joint Venture' (effective from 1 January 2019)
- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019)
- Annual Improvements to MFRSs 2015 – 2017 Cycle:
  - Amendments to MFRS 3 'Business Combinations' (effective from 1 January 2019)
  - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019)
  - Amendments to MFRS 123 'Borrowing Costs' (effective from 1 January 2019)
- Amendments to MFRS 119 on Employee Benefits - 'Plan amendment, curtailment or settlement' (effective 1 January 2019)

The initial adoption of the above pronouncements, including MFRS16 as summarized below, in the next financial year is not expected to have any significant impact on the financial statements of the Group.

MFRS 16 eliminates the classification of leases either by finance lease (on balance sheet) or operating lease (off balance sheet) and requiring the lessee to recognize both the "rights" and "obligations" of the underlying lease on balance sheet. The "rights" is depreciated in accordance with the principles in MFRS116 whilst the lease liability is accreted over time with interest expense recognized in profit or loss. The Group would apply 'practical expedient option' on transition to MFRS 16 on contracts previously identified as leases under MFRS117 (i.e. such as rental contracts) and those entered into on or after initial application on 1 July 2019. In this regard, the Group currently does not have any material off-balance-sheet lease arrangements other than some non-cancellable operation lease on the rental of factories' land and buildings with annual rental obligations amounting to around RM3.6 million The initial recognition of these under MFRS 16 in the next financial year is not expected to have significant impact on the Group's financial statements other than their presentation on statement of financial position.

A2 Declaration of audit qualification

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2018 was not subject to any audit qualification.

A3 Seasonality or cyclicality of operations

The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Chinese New Year festive months.

A4 Unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A5 Changes in estimates

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 Debts and equity securities

There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group has a policy to maintain its' Gearing Ratio (measured as interest bearing debts over shareholders' equity adjusted for the exclusion of intangibles) at below 1.5 times.

	30 Jun 2019	30 Jun 2018
Total interest bearing debts in RM'million	119.6	120.4
Adjusted Shareholders' funds in RM'million	399.5	393.3
Absolute Gearing Ratio	0.30	0.31

Of the total interest bearing debts as at 30 June 2019, around RM84.3 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM9.5 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). The remaining debt of RM25.8 million is secured against a fixed charge on a property and some plant and equipment to-which the acquisition-financing relates.

Debt covenants where applicable are in full compliance for the current financial quarter ended 30 June 2019 except for the Cold Rolled subsidiary's Debt Service Cover Ratio due to its operating loss position. The subsidiary has since obtained a waiver indulgence on the said covenant ratio for the current financial year.

A7 Dividend paid

During the current financial quarter, no dividend was paid by the Company.

A8 Segmental reporting

The Group's year-to-date segmental information by nature-of-business is as follows:

	Cold Rolled RM'000	Steel Tube RM'000	Others RM'000	Total RM'000
Revenue				
Total revenue	462,959	259,695	2,326	724,980
Inter segment	(28,170)	-	(2,326)	(30,496)
External revenue	434,789	259,695	-	694,484
Pre-tax profit/(loss)	(16,430)	7,240	(503)	(9,693)
Segment assets	443,132	213,264	9,277	665,673

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting (continued)

	RM'000
Segment assets	665,673
Derivative assets	800
Tax recoverable	291
	666,764

The businesses of the Group are carried out entirely in Malaysia.

A9 Valuation of Property, Plant and Equipment

In-conjunction with the current financial year ended 30 June 2019, the Group's property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the said revaluation, the surpluses net deferred tax amounting to RM2.5 million was credited to the asset revaluation reserve while the deficits (less reversal of provision for impairment charge on planned assets write-off) totaling RM1.2 million was charged to profit or loss as an impairment loss in the current financial quarter.

A10 Fair Value Measurement

Except for the financial instruments disclosed below which are fair valued, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximate their fair values.

Financial instruments subjected to fair valuation are categorised into the following fair value hierarchy and are represented in the table below as at 30 June 2019:

Level 1: based on unadjusted quoted prices in active markets for identical assets and liabilities
Level 2: based on observable inputs not included within level 1
Level 3: based on unobservable inputs

Recurring fair value measurement	Fair Value RM'000		
Foreign Currency Forwards	Level 1	Level 2	Level 3
as Assets (not hedge accounted)	0	0.3	0
as Assets (hedge accounted)	0	799.6	0
as Liabilities (not hedge accounted)	0	(15.2)	0
as Liabilities (hedge accounted)	0	(214.8)	0
Total	0	569.9	0

The Foreign Currency Forwards are fair valued by way of marking-to-market using reference bank's published forward rates.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A11 Significant events and transactions

There were no significant events or transactions for the current quarter affecting the Group's financial position and performance of its entities.

A12 Subsequent material events

There are no known material subsequent events up-till the date of this report which may affect the Group's financial position and performance of its entities.

A13 Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter.

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the end of the reporting quarter.

A15 Changes in Financial Year End Date

There were no changes to the financial year end date during the current financial quarter.

A16 Capital Commitments

At the end of the current reporting quarter, the Group's Cold Rolled subsidiary has an outstanding capital commitment balance of around RM20.7 million. From this amount, RM6.1 million has been committed for the construction of a new Acid Regeneration Plant and RM14.6 million for the revamp of Continuous Pickling Line. The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM0.9 million for plant-equipment. These capital commitments will be payable over established milestones running into financial year 2020.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B1 **Review of the performance of the Company and its principal subsidiaries**

	Individual Period (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/6/2019	Preceding Year Corresponding Quarter 30/6/2018			Current Year To-date 30/6/2019	Preceding Year Corresponding Period 30/6/2018		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	152,369	207,588	(55,219)	-27%	694,484	793,374	(98,890)	-12%
Operating Profit/(Loss)	1,680	3,938	(2,258)	-57%	(2,445)	29,601	(32,046)	-108%
Profit/(Loss) Before Interest and Tax	487	3,037	(2,550)	-84%	(4,119)	28,700	(32,819)	-114%
Profit/(Loss) Before Tax	(981)	2,143	(3,124)	-146%	(9,693)	22,541	(32,234)	-143%
Profit/(Loss) After Tax	(4,870)	1,252	(6,122)	-489%	(12,119)	16,101	(28,220)	-175%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	(4,870)	1,252	(6,122)	-489%	(12,119)	16,101	(28,220)	-175%

For the 4th quarter ended 30 June 2019, the Group registered a 27% lower total revenue of RM152.4 million (compared to RM207.6 million achieved in the preceding year's corresponding quarter) mainly due to lower sales volume. At segment level, the average unit selling price for the current quarter for the Cold Rolled segment is down 6% and the Steel Tube segment is down 2% compared with the preceding year corresponding quarter, while sales volume is down 26% for the Cold Rolled segment and 14% for the Steel Tube segment.

The Group recorded a pre-tax loss of RM1.0 million for the current quarter as compared to a pre-tax profit of RM2.1 million in the preceding year's corresponding quarter. The weaker performance for the current quarter compared to the preceding year's corresponding quarter is mainly attributed to the lower gross profit achieved of RM6.7 million (preceding year's corresponding quarter gross profit: RM13.1 million) due to lower price spread and sales volume in both segments. Consequently, the Group recorded an after-tax loss of RM4.9 million for the current quarter as compared to the preceding year's corresponding quarter after-tax profit of RM1.3 million.

The Group recorded a quarterly EBITDA of RM5.5 million compared to the preceding year's corresponding quarter of RM7.5 million.

B2 **Material changes in the quarterly results compared to the results of the immediate preceding quarter**

	Current Quarter 30/6/2019	Immediate Preceding Quarter 31/3/2019	Changes	
	RM'000	RM'000	RM'000	%
Revenue	152,369	157,036	(4,667)	-3%
Operating Profit/(Loss)	1,680	(4,897)	6,577	134%
Profit/(Loss) Before Interest and Tax	487	(4,897)	5,384	110%
Loss Before Tax	(981)	(6,232)	5,251	84%
Loss After Tax	(4,870)	(4,866)	(4)	0%
Loss Attributable to Ordinary Equity Holders of the Parent	(4,870)	(4,866)	(4)	0%

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter (continued)

The Group's revenue at RM152.4 million for the current 4th financial quarter is around RM4.7 million lower than the immediate preceding quarter at RM157.0 million. The lower revenue for the current quarter is mainly due to lower sales volume for the Cold Rolled segment attributed to the Hari Raya festive period's low demand. The average unit selling price for the current quarter for both the Cold Rolled and the Steel Tube segments are down 2% whilst the sales volume is down by around 8% for the Cold Rolled but up 11% for the Steel Tube.

The Group registered a lower pre-tax loss of RM1.0 million compared with the immediate preceding quarter's pre-tax loss of RM6.2 million mainly due to the higher gross profit margin for both steel segments. Both Cold Rolled and Steel Tube segments achieve better price spreads on its raw material coil. Arising from the new tax law in 2019 which limits the eligible carrying forward period on tax losses and reinvestment allowance to 7 years, the Group assessed its carrying unabsorbed tax losses and allowances, and concluded to derecognize allowable deferred-tax-asset amounting to around RM3.4 million on the current financial year's tax losses. (See Note B6). As such despite the financial quarter's lower pre-tax loss, the Group recorded a net-tax loss of RM4.9 million which is comparable to the immediate preceding quarter's net-tax loss of RM4.9 million.

The Group recorded a positive quarterly EBITDA of RM5.5 million compared to the negative RM1.0 million recorded in the immediate preceding quarter.

B3 Prospects for the next financial year

The Country's GDP for the 2nd fiscal quarter for 2019 (which correspond to the Group's 4th financial quarter) grew at a higher pace of 4.9% year-on-year (4.5% last quarter) driven largely by domestic consumption on the backdrop of global economic slowdown tied to the deepened protracted trade war between the world's two largest economies, coupled with the ramifications from numerous geopolitical flashpoints. Moving into the next financial year, these external threats would likely further manifest in-tandem with sustained sanctions, trade-protectionism, and hardline policies. At the home-front, those sectors entwined in the global supply chain and export-commodities will likely continue to bear the brunt of slowdown, whilst spillover effects from assets/ investment relocation into the country -as reported on the recent historic-high FDI inflows- may provide some uplift. However, the overall net impact still poses significant downside risk from the very least a slower growth. Sentiment remains weak as reflected in the sliding private investment trend in-tandem with the soft financial markets, anemic Ringgit, and subdued corporate performances.

The domestic steel industry generally had performed badly for the 2018/19 period due to the consequential effects from the rise in external trade-protectionism, and the 'adjustment and consolidation' dip following the vanguard change in the last general election. The active few domestic Cold Rollers –including the Group's Cold Rolled subsidiary – suffered major losses as the rise of protectionism in the West diverted Asian's cold-rolled-coils dumping into vulnerable and unprotected markets such as Malaysia. The domestic steel tube sector- including the Group's steel tube subsidiary- was somewhat shielded by prevailed tariff but suffered from the post-election dip as major projects were halted for review coupled with other spending cuts. Outlook and performance only turned better in the current 4th financial quarter as the authorities' effort to address the foreign cold-rolled-coil (CRC) dumping into the domestic market begun to gain traction; coupled with the revival of the renegotiated Light Rail Transit Line 3, the East Coast Rail Line (ECRL), and the Bandar Malaysia project – which could significantly boost steel demand over the next 4 to 6 years. The country's embrace of China's belt-and-road initiative with the Chinese as joint owner and operator of the ECRL project is expected to spur significant developments along the served areas. The Group's Steel Tube and the Cold-Rolled segments' performance could potentially benefit from these projects over their development cycles, if the country's 'buy Malaysian first' directive is consistently applied. Improvements in key performance metrics also seem to support the notion that the country is slowly emerging from the post-election-dip on a stronger footing to deal with external threats in the next financial year.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B3 Prospects for the next financial year (continued)

Considering the above and the required gestation period for the market to pick-up which may goes beyond twelve months, the Group's outlook for the next financial year remains 'cautious.' Barring any severe external shocks or material deterioration in the domestic economy, the Group is hopeful to improve its performance in the next financial year compared to the loss reported in the current financial year.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 30 Jun 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000	Current Year To Date Ended 30 Jun 2019 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2018 RM'000
Depreciation	3,794	3,515	15,198	14,743
Interest income	(308)	(335)	(1,330)	(1,391)
Interest expense	1,776	1,229	6,904	7,550
FX differences loss/(gain)	1,372	7,360	3,445	(10,220)
FX derivatives (gain)/loss	(1,523)	(6,833)	(3,215)	9,583

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2019 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2018 RM'000	Current Year To Date Ended 30 Jun 2019 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2018 RM'000
Current tax (expense)/credit				
Current period	(278)	(1,074)	(2,553)	(4,915)
Deferred tax (expense)/income				
Current period	(3,611)	183	127	(1,525)
	(3,889)	(891)	(2,426)	(6,440)

Arising from the new tax law in 2019 which limits the eligible carrying forward period on tax losses and reinvestment allowance to 7 years, the Group assessed its carrying unabsorbed tax losses and allowances, and concluded to derecognize allowable deferred-tax-asset amounting to around RM3.4 million on the current financial year's tax losses in the current final financial quarter.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B7 Profit on sale of unquoted investments and / or properties

The Group did not engage in any sales of unquoted investments and / or properties in the current financial quarter.

B8 Purchase or disposal of quoted securities

There are no purchases or disposals of quoted securities in the current financial quarter.

B9 Status of corporate proposals

There are no outstanding corporate proposals as at the date of this announcement.

The Company completed its Rights Issue with Warrant exercise on 31 January 2019, and raised RM13,053,643.20 (‘Rights Proceeds’). Details on the utilisation of the Rights Proceeds as at the date of this report are as follows:

Areas of Approved Utilization	RM’000		
	Proposed Use	Actual Use	Balance to Use
a) Capital expenditure	10,100	2,425	7,575
b) Working capital	2,254	2,245	0
c) Estimated expenses in relation to the Rights Issue exercise	700	809	0
Total	13,054	5,479	7,575

Footnote

i. The actual expenses incurred for the Rights Issue exercise exceeded the approved estimate by around RM109 thousand, and this difference is adjusted against the capital expenditure (reduced RM100 thousand) and working capital (reduced RM9 thousand).

ii. The ‘Balance to Use’ on capital expenditure relates to the Cold-Rolled subsidiary’s process line upgrade and acid regeneration plant project which would be used in accordance with the scheduled implementation progress, and within 12 months from the completed Rights Issue date.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B10 Group borrowings and debt securities

The Group's borrowings from lending institutions as at 30 June 2019, which are denominated entirely in Ringgit Malaysia, are as follows:

	RM'000
Short-term borrowings:	
Secured	88,464
Long-term borrowings:	
Secured	21,675
Total borrowings	110,139
	======

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' on a year-to-date basis is outlined below:

	RM'000
Total Borrowings' opening balance as at 1 July 2018	92,371
Cash Flows:	
Inflows from new debts	206,913
Outflows on repayment	(211,569)
Non-Cash Changes:	
Property, plant and equipment acquired via bank loan/hire purchase	22,424
Closing balance as at 30 June 2019	110,139
	======

Based on the above, the Group's bank-gearing ratio is around 0.28 times. Besides the said borrowings, the Group's Steel Tube subsidiary also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM9.5 million as at 30 June 2019. Inclusive of this, the Group's absolute-gearing ratio as at 30 June 2019 is around 0.30 times.

B11 Outstanding Derivatives

The Group has entered into forward foreign currency exchange contracts (FX forwards) to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar ("USD") and certain sales denominated in Singapore Dollar ("SGD"). In this regard, the Group covers its USD exposure at the range of 80% to 90% depending on the length of the forward period and the availability of FX facilities.

The Group designates eligible hedge relations on FX forwards incepted to cover its USD and/or SGD exposure for the purpose of hedge accounting. These are designated as fair value hedges with the arising mark-to-market foreign currency fair value gain/ (loss) of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and or accounts payables in USD or accounts receivables in SGD) being charged to the Statement of Profit or Loss.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B11 Outstanding Derivatives (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 30 June 2019 are outline below:

Non-designated

FX Forward Contracts (SGD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Short SGD	Long RM	Financial Asset	Financial Liability
Less than 1 year	360	1,095	0.3	15.2

Non-designated

FX Forward Contracts (USD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability
Less than 1 year	-	-	-	-

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value '000		Fair Value RM'000			Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	35,007	144,694	799.6	214.8	Matching	35,007	n.a.	214.8	799.6

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM2.6 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM3.1 million from its hedged items over the current financial year.

(i) Risk associated with the derivatives

Counter-Party Risk
The Forward FX contracts are entered into with domestic licensed financial institutions which have extended FX lines to the Group. The associated Counter-Party risk is negligible.

(ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the Forward FX contracts are incepted. Upon maturity of the Forward FX contracts, domestic currency is exchanged for the foreign currency to meet its obligations.

(iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in foreign currency exchange rates closely with the objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B12 Off balance sheet financial instruments and commitments

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued by its principal subsidiaries amounting to RM3.7 million as security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries amounting to RM104.1 million as at 30 June 2019.

B13 Material litigation

The Group is not engaged in any on-going material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group; and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

B14 Dividend

The Company did not declare any dividend for the financial period ended 30 June 2019.

B15 (Loss)/Earnings per share

(i) Basic (loss)/earnings per ordinary share

	Current Year Quarter Ended 30 Jun 2019	Preceding Year Corresponding Quarter Ended 30 Jun 2018	Current Year To Date Ended 30 Jun 2019	Preceding Year Corresponding Period Ended 30 Jun 2018
(Loss)/Profit attributable to owners (RM'000)	(4,870)	1,252	(12,119)	16,101
Weighted average number of ordinary shares in issue ('000)	327,058	290,708	305,746	290,708
Basic (loss)/earnings per share (sen)	(1.49)	0.43*	(3.96)	5.54*

***** Basic EPS for the comparative periods which was previously stated at 0.44 and 5.68 sens respectively has been restated for the effects of the 'Rights Issue with free Warrant' concluded in the previous financial quarter.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B15 (Loss)/Earnings per share (continued)

(ii) Diluted earnings per ordinary share

No diluted loss per share is presented since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sens) is above the listed market price of the mother share at the close of the current financial quarter.

These interim financial statements have been authorized for issue by the Board of Directors on the date set-forth below.

By order of the Board
LILY YIN KAM MAY (MAICSA 0878038)

Secretary
Kuala Lumpur
27 August 2019