

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the fourth financial quarter ended 30 June 2022**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(12 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	30-Jun-22	30-Jun-21	30-Jun-22	30-Jun-21
	RM'000	RM'000	RM'000	RM'000
Revenue	173,257	154,302	745,875	736,673
Cost of sales	(149,331)	(126,871)	(622,203)	(632,773)
Impairment on inventories	(6,586)	-	(6,586)	-
Gross profit	17,340	27,431	117,086	103,900
Operating expenses	(8,451)	(6,076)	(37,063)	(28,372)
Other operating income/(expense), net	227	(3,607)	(4,177)	(219)
Net foreign exchange gain/(loss)	(350)	232	(526)	160
Profit from operations	8,766	17,980	75,320	75,469
Impairment on				
- property, plant and equipment	352	58	(3,151)	(4,343)
Finance income	366	495	1,311	1,167
Finance costs	(1,413)	(950)	(5,595)	(3,978)
<b>Profit before tax</b>	8,071	17,583	67,885	68,315
Tax	1,285	(1,370)	(14,977)	(14,497)
<b>Profit for the period</b>	9,356	16,213	52,908	53,818
<b>Other comprehensive income</b>				
- Revaluation surplus on				
property, plant and equipment, net of tax	4,081	7,991	4,081	7,991
<b>Total profit and other comprehensive income for the period</b>	<b>13,437</b>	<b>24,204</b>	<b>56,989</b>	<b>61,809</b>
Earnings per share attributable to owners of the Company (sen):				
- Basic	2.86	4.96	16.18	16.46
- 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 2021).

**Condensed Consolidated Statements of Financial Position as at 30 June 2022**

(The figures have not been audited)

	As at 30-Jun-22 RM'000	As at 30-Jun-21 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	312,193	314,899
Right-of-use assets	49,911	41,679
Intangible assets	20,000	20,000
	<u>382,104</u>	<u>376,578</u>
<b>Current Assets</b>		
Inventories	279,142	225,500
Trade and other receivables	76,390	41,937
Financial assets at fair value through profit or loss	2,600	-
Amount owing by related companies	1	1
Tax recoverable	53	23
Derivative financial assets	4,815	2,020
Cash and bank balances	111,796	90,931
	<u>474,797</u>	<u>360,412</u>
<b>Less: Current Liabilities</b>		
Trade and other payables	168,573	120,081
Dividend payable	9,812	-
Contract liabilities	7,628	22,991
Amount owing to holding company	6	381
Amount owing to related companies	187	-
Tax payable	1,640	2,617
Borrowings	80,135	59,956
Lease liabilities	3,693	2,952
Derivative financial liabilities	8	3
	<u>271,682</u>	<u>208,981</u>
<b>Net Current Assets</b>	<u>203,115</u>	<u>151,431</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	39,213	31,042
Deferred income	5,884	6,036
Borrowings	22,520	27,465
Lease liabilities	22,761	15,802
	<u>90,378</u>	<u>80,345</u>
	<u>494,841</u>	<u>447,664</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	42,783	38,702
Retained earnings	232,641	189,545
<b>Total Equity</b>	<u>494,841</u>	<u>447,664</u>
<b>Net assets per share attributable to owners of the Company</b>	<u>RM1.51</u>	<u>RM1.37</u>

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).

**Condensed Consolidated Statements of Cash Flows for the fourth financial quarter ended 30 June 2022**

(The figures have not been audited)

	(12 months) 30-Jun-22 RM'000	(12 months) 30-Jun-21 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	67,885	68,315
Adjustments for :		
- Depreciation	17,687	17,870
- Gain on rental discount	(786)	(46)
- Gain on disposal of plant and equipment	(91)	(68)
- Impairment on property, plant and equipment	3,151	4,343
- Impairment on inventories	6,586	-
- Impairment on receivables	-	43
- Fair value loss on financial assets at fair value through profit or loss	600	-
- Amortisation of deferred income	(152)	(64)
- Net unrealised loss on foreign exchange	433	25
- Interest income	(1,311)	(1,167)
- Interest expense	5,595	3,978
Operating profit before changes in working capital	99,597	93,229
Changes in working capital :		
- Inventories	(60,227)	(68,372)
- Trade and other receivables	(36,793)	33,824
- Trade and other payables	48,062	(16,734)
- Contract liabilities	(15,362)	21,532
- Intercompanies balances	(188)	(1,046)
- Tax paid	(8,365)	(4,742)
Net cash flows (used in)/generated from operating activities	26,724	57,691
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(10,749)	(14,645)
- Investment in financial assets at fair value through profit or loss	(3,200)	-
- Proceeds from disposal of property, plant and equipment	505	265
- Proceeds from grant on property, plant and equipment	-	6,100
- Interest received	1,311	1,167
Net cash flows used in investing activities	(12,133)	(7,113)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Proceeds from bank borrowings	303,827	178,698
- Repayment of bank borrowings	(288,950)	(165,253)
- Payment of lease liabilities	(3,008)	(2,803)
- Interest paid	(5,595)	(4,844)
Net cash flows generated from financing activities	6,274	5,798
Net change in cash and cash equivalents	20,865	56,376
Cash and cash equivalents at beginning of the financial year	90,931	34,555
Cash and cash equivalents at end of the financial year	111,796	90,931

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).



Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2022

**Condensed Consolidated Statements of Changes in Equity for the fourth financial quarter ended 30 June 2022**

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Asset				
	Share	Warrant	Revaluation	Retained	
	Capital	Reserves	Reserve	Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>12 months ended 30 June 2022</u>					
At 1 July 2021	217,677	1,740	38,702	189,545	447,664
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	52,908	52,908
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	4,081	-	4,081
Total comprehensive income for the financial period	-	-	4,081	52,908	56,989
Dividend payable	-	-	-	(9,812)	(9,812)
As at 30 June 2022	<u>217,677</u>	<u>1,740</u>	<u>42,783</u>	<u>232,641</u>	<u>494,841</u>
<u>12 months ended 30 June 2021</u>					
At 1 July 2020	217,677	1,740	30,711	135,727	385,855
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	53,818	53,818
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	7,991	-	7,991
Total comprehensive income for the financial period	-	-	7,991	53,818	61,809
As at 30 June 2021	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>189,545</u>	<u>447,664</u>

(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 2021).



## 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 2021 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 preceding financial year ended 30 June 2021.

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 2021, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2021 which the Group has adopted since the commencement of the current financial year on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ which provide relevant practical expediciencies and reliefs as a direct consequence of IBOR reform; such as, the launch of the ‘Malaysia Overnight Rate’ in September 2021 and the discontinuation of the 2 and 12-months Kuala Lumpur Interbank Offered Rate (KLIBOR) from January 2023. The Group does not have any financial instruments linked to IBOR reform. The adoption of these amendments did not have any impact on the Group’s financial statements.

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.

#### Effective for financial year beginning after 1 July 2022.

- Amendments to MFRS 3 “Reference to the Conceptual Framework”
- Amendments to MFRS 116 “Proceeds before Intended Use”
- Annual Improvements to MFRS 9 “Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities”

#### Effective for financial year beginning after 1 July 2023.

- Amendments to MFRS 101 “Classification of liabilities as current or non-current”
- Amendments to MFRS 101 and MFRS Practice Statement 2 on “Disclosure of Accounting Policies”
- Amendments to MFRS 108 on “Definition of Accounting Estimates”

These amendments to published standards will be adopted on the respective effective dates.

### 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 2021 was not subjected to any audit qualification.

### A3 Seasonality or cyclicity 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.

**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134****A4 Unusual items**

Hot Rolled Coil (HRC)- being the main raw material for both the Cold Rolled Coil and Steel Tube segments- has been on a declining price trend since April 2022, with the drop extending by more than 35% from its peak beyond the current reporting period. Even-though the net realized and realizable value of inventories were consistently above carrying value in the current reporting period, sales contracted by the Cold Rolled Coil subsidiary in the subsequent period (up to latest practical date) indicate otherwise- necessitating the impairment of its uncommitted inventory to net realizable value amounting to RM6.6 million in the current reporting period. The Steel Tube subsidiary was not affected. Both the subsidiaries have an uncommitted inventory position of around 57.9% at closing.

Besides the above, there were no other unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the current financial quarter.

**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 2022	30 Jun 2021
Total interest bearing debts in RM'million	116.4	87.4
Adjusted Shareholders' funds in RM'million	514.1	458.7
Absolute Gearing Ratio	0.23	0.19

On the total interest-bearing debts as at 30 June 2022, around RM88.0 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM13.7 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM14.7 million is secured against a fixed charge on a property and other specific assets to-which the financing relates. Lease liability classification pursuant to MFRS 16 are excluded from the ratio computation as these are contractually non-interest bearing.

Debt covenants where applicable are in full compliance as at the close of the current financial quarter.

**A7 Dividend paid**

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



**Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

**A8 Segmental reporting**

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

	<u>Cold Rolled</u> RM'000	<u>Steel Tube</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>				
Total revenue	496,592	307,222	5,291	809,105
Inter segment	(45,716)	(12,223)	(5,291)	(63,230)
External revenue	<u>450,876</u>	<u>294,999</u>	<u>-</u>	<u>745,875</u>
Pre-tax profit	<u>40,207</u>	<u>27,339</u>	<u>339</u>	<u>67,885</u>
Segment assets	<u>492,798</u>	<u>345,749</u>	<u>13,485</u>	<u>852,032</u>
	 RM'000			
Segment assets	852,032			
Derivative assets	4,816			
Tax recoverable	53			
	<u>856,901</u>			

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

**A9 Valuation of Property, Plant and Equipment (PPE)**

In-conjunction with the current financial year ended 30 June 2022, 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 RM4.1 million was credited to the asset revaluation reserve, while the deficits totaling RM3.2 million resulted in write-back of RM0.4 million to income statement in the current quarter due to over-provisions made in preceding quarters.

**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 2022:

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

Investment in Quoted Shares  
Foreign Currency Forwards  
as Assets (not hedge accounted)  
as Assets (hedge accounted)  
as Liabilities (not hedge accounted)  
as Liabilities (hedge accounted)

	Fair Value RM'000		
	Level 1	Level 2	Level 3
Investment in Quoted Shares	2,600.0	0	0
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	6.1	0
as Assets (hedge accounted)	0	4,809.1	0
as Liabilities (not hedge accounted)	0	(7.5)	0
as Liabilities (hedge accounted)	0	0	0
<b>Total</b>	<b>2,600.0</b>	<b>4,807.7</b>	<b>0</b>



## **Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134**

### **A10 Fair Value Measurement** (continued)

The Investment in Quoted Shares (see Note B8) is fair valued by way of marking-to-market using the quoted closing price on Bursa Malaysia.

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

### **A11 Significant events and transactions**

There were no significant events and transactions for the current financial quarter affecting the Group's financial position and performance of its entities, except for that mentioned in Note A4.

### **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 current financial 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 and Steel Tube subsidiary has an outstanding capital commitment balance of around RM2.9 million and RM1.5 million respectively for plant-equipment. These capital commitments will be payable over established milestones in the next financial year.





**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 30/6/2022	Preceding Year Corresponding Quarter 30/6/2021			Current Year To-date 30/6/2022	Preceding Year Corresponding Period 30/6/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	173,257	154,302	18,955	12%	745,875	736,673	9,202	1%
Operating Profit/(Loss)	8,766	17,980	(9,214)	-51%	75,320	75,469	(149)	0%
Profit/(Loss) Before Interest and Tax	9,118	18,038	(8,920)	-49%	72,169	71,126	1,043	1%
Profit/(Loss) Before Tax	8,071	17,583	(9,512)	-54%	67,885	68,315	(430)	-1%
Profit/(Loss) After Tax	9,356	16,213	(6,857)	-42%	52,908	53,818	(910)	-2%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	9,356	16,213	(6,857)	-42%	52,908	53,818	(910)	-2%

For the full financial year ended 30 June 2022 (FYE22), the Group recorded a 1% higher revenue but 19% higher gross profit (before the impairment on inventory) compared to preceding FYE21. FYE22 was turning out to outperform FYE21 despite the higher COVID19 shutdown cost of 6 weeks in Q1 of current FYE22 compared to only 4 weeks in Q4 of preceding FYE21. However, the Group's recorded a flat operating profit and a 2% lower net-profit at RM52.9 million for FYE22 compared to the preceding FYE21 due to an unexpected impairment on inventory amounting to RM6.6 million taken-up at the Cold-Rolled-Coil (CRC) subsidiary in the current Q4 FYE22 (See Note A4). At 'gross-profit' levels, both the CRC and Steel Tube segments had performed better for the full FYE22 by 27% (before the impairment on inventory) and 6% respectively compared to FYE21.

The Group's revenue for current Q4 at RM173.3 million is 12% higher compared to the preceding FYE21 Q4 which was affected by the 4 weeks of COVID-19 shutdown. However, gross profit in the current Q4 at RM 23.9 million (before impairment on inventory) is 13% lower Y-on-Y due to lower margin-spreads (i.e. between raw material cost vs finished goods selling price) in both the CRC and Steel Tube segments from weaker demand and declining steel-price trend which had a lagging negative impact on margins. The domestic and regional steel market had weakened considerably in Q4 due to the fallout from the Ukraine-conflict, raging inflation, rate hikes, reverse-capital-flows, tighten liquidity, and global economic turmoil. On top of that, domestic steel demand was also stymied by constraint economic activities attributed to labor-shortages, supply-chain disruption, and falling durable-goods export. As a result, the CRC segment recorded decline in both sales volume and margin-spread Y-on-Y, whilst the Steel Tube segment recorded higher sales volume but lower margin-spread Y-on-Y. Both the steel segments recorded lower Pre-Tax results Y-on-Y due to higher overheads and net-interest expense, coupled with the CRC subsidiary's RM6.6 million impairment charge on Inventory. As a result, the Group's net-profit for Q4 at RM9.4 million is 42% lower Y-on-Y.

For the full financial year Y-on-Y comparison, the Group's FYE22 EBITDA at RM89.7million is only 0.6% lower than the preceding FYE21. However, for the current quarter Y-on-Y comparison, the Group's Q4 FYE22 EBITDA at RM12.4 million is 42.6% lower than the preceding Q4 FYE21 at RM21.7 million.



**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**

	Current Quarter 30/6/2022	Immediate Preceding Quarter 31/3/2022	Changes	
	RM'000	RM'000	RM'000	%
Revenue	173,257	174,656	(1,399)	-1%
Operating Profit	8,766	23,368	(14,602)	-62%
Profit Before Interest and Tax	9,118	21,865	(12,747)	-58%
Profit Before Tax	8,071	20,841	(12,770)	-61%
Profit After Tax	9,356	14,905	(5,549)	-37%
Profit Attributable to Ordinary Equity Holders of the Parent	9,356	14,905	(5,549)	-37%

The Group’s revenue for the current Q4 at RM173.3 million is flat compared to Q3. However, the sales volume in Q4 was 1% higher (solely from the Steel Tube segment) than Q3, which was a seasonally slower quarter with the long Chinese New Year break. The steel market condition in Q4 had deteriorated compared to Q3, as steel prices began to decline from April onwards with business sentiment and demand turned weaker due to raging inflation, rate hikes, labor shortage, and capital reverse-flows. China’s property crisis and COVID lockdowns coupled with recessionary pressure in major economies further weighted-down steel demand across the region. Gross-margins for both the steel segments were considerably weaker in Q4 compared to Q3. The Group’s pre-tax profit performance in Q4 would have weakened by around 30% compared to Q3, before being further dragged down by the CRC subsidiary’s inventory impairment charge of RM6.6 million – pushing its Q4 net-profit 37% lower at RM9.4 million.

The Group’s EBITDA for the current Q4 at RM12.4 million is 54% lower compared to Q3 at RM27.0 million.

**B3 Prospects for the next financial year**

The Country’s GDP has rebounded since the COVID19 restrictions upliftment and transition into the ‘endemic phase’. However, the recovery has largely been consumption-driven. Industrial/ business growth remained uneven and thwarted by the multifront external shocks from the Ukraine-conflict & sanctions, raging inflation, rate hikes, reverse-capital-flows, tighten liquidity, and global economic turmoil. These conditions are likely to persist into the 1<sup>st</sup> half of the next financial year with the heightened geopolitical risks in Europe and East-Asia.

Specific to the domestic steel industry, the sullen market conditions will likely persist into the 1<sup>st</sup> half of the next financial year. Domestic steel demand will likely continue to be stymied by constraint industrial activities (due to labor-shortages, supply-chain disruption, and falling durable goods export) amidst declining/ weak steel prices, and cautious consumer sentiment (due to inflation). The ripple-effects from China’s property crisis and zero-COVID lockdowns are also expected to weigh-down on regional and domestic steel demand and prices. That coupled with the rise in production cost (on almost everything), may result in our steel segments confronting a triple whammy of lower sales volume, lower gross-margin, and higher costs in 1<sup>st</sup> half of the next financial year. However, some comfort can be drawn on emerging signs that the ‘steel-price-decline’ is flattening; and the Government’s effort to resolve labor-supply issues is progressing.

The 2<sup>nd</sup> half of the next financial year may offer respite and upside potential if the existing tumultuous global situation starts to wear out - instead of tipping further towards deterioration and deeper chasm. In summary, the outlook for the next financial is highly volatile and challenging with significant downside pressure on bottom-line.



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

**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 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2021 RM'000	Current Year To Date Ended 30 Jun 2022 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2021 RM'000
Depreciation:				
- property, plant and equipment	3,678	3,612	14,376	14,445
- right-of-use assets	906	849	3,310	3,395
Finance income	(366)	(495)	(1,311)	(1,167)
Finance costs on:				
- borrowings	1,202	765	4,794	3,335
- lease liabilities	211	131	801	589
FX differences loss/(gain)	5,841	(571)	5,837	(3,182)
FX derivatives (gain)/loss	(5,491)	339	(5,311)	3,022



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

**B6 Taxation**

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2022 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2021 RM'000	Current Year To Date Ended 30 Jun 2022 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2021 RM'000
Current tax (expense)/credit				
Current period	(1,802)	(1,899)	(7,358)	(7,688)
Deferred tax (expense)/income				
Current period	3,087	529	(7,619)	(6,809)
	<u>1,285</u>	<u>(1,370)</u>	<u>(14,977)</u>	<u>(14,497)</u>

In the current Q4, the CRC subsidiary recognized deferred tax credit on Reinvestment Allowance on qualifying capital expenditure up to 70% of statutory income totaling RM2.8 million; and on past unrecognized business losses totaling RM1.4 million (since the allowable carry forward period for absorption has been extended by legislature from 7 years to 10 years).

**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**

On 14 June 2022, the Company subscribed for 10 million Unitrade Industries Bhd's IPO (Initial Public Offerings) shares at 32 sens/share for a total outlay of RM 3.2 million, which represented around 0.64% of Unitrade's enlarged post-IPO share capital. The investment represents 0.7% of the Group's last FYE 21 audited net asset value. The investment was made by the Company at the recommendation of its steel subsidiaries. Unitrade is our Steel Tube segment's single largest customer with a long business relation history. Unitrade is unrelated to the Group or any of its directors or management. Unitrade's share price closed at 26 sens/share on 30 June 2022, resulting in a mark-to-market loss of RM0.6 million charged to income statement in the current financial quarter. This is also reflected in Notes A10 as a financial instrument fair valued at Level 1 hierarchy. There is no holding-period moratorium on the investment, and the Company is free to deal as it sees fit.

**B9 Status of corporate proposals**

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



**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 2022, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM’000</u>
<u>Short-term borrowings:</u>	
Secured	80,135
<u>Long-term borrowings:</u>	
Secured	22,520
Total borrowings	<u>102,655</u> =====

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

	<u>RM’000</u>
Total Borrowings’ opening balance as at 1 July 2021	87,421
<u>Cash Flows:</u>	
Inflows from new debts	303,827
Outflows on repayment	(288,593)
Closing balance as at 30 June 2022	<u>102,655</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.20 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 RM13.7 million. Inclusive of that, the Group’s absolute-gearing ratio as at 30 June 2022 is 0.23 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 2022 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	1,134	6.1	7.5

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	27,497	116,340	4,809.1	-	Matching	27,497	n.a.	-	4,809.1

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM0.5 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM0.6 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 at the contracted rate 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 RM3.9 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 RM102.2 million as at 30 June 2022.

**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**

During the current financial quarter, the Company declared a dividend of 3 sen per share amounting to RM9,811,728.

**B15 Earnings per share**

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Jun 2022	Preceding Year Corresponding Quarter Ended 30 Jun 2021	Current Year To Date Ended 30 Jun 2022	Preceding Year Corresponding Period Ended 30 Jun 2021
Profit attributable to owners (RM'000)	9,356	16,213	52,908	53,818
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings per share (sen)	2.86	4.96	16.18	16.46



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

**B15 Earnings per share** (continued)

(ii) Diluted earnings per ordinary share

No diluted earnings 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  
29 August 2022