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Directors' Report

For the financial year ended 30 June 2023

The Directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Company are investment holding, manufacturing, sale and trading in steel bars and related products whilst the principal activities of the significant subsidiaries consist of investment holding, manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products as disclosed in Note 3 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

ULTIMATE HOLDING COMPANY

The Company is a subsidiary of Hong Leong Company (Malaysia) Berhad, a company incorporated in Malaysia and regarded by the Directors as the Company's ultimate holding company during the financial year until the date of this report.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 3 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
Loss for the year attributable to:		
Owners of the Company	(141,437)	(113,417)
Non-controlling interests	(288)	-
	(141,725)	(113,417)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year except as disclosed in Note 18 and Note 21 to the financial statements.

DIVIDEND

No dividend was paid during the financial year and the Directors do not recommend a final dividend for the financial year ended 30 June 2023.

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

DIRECTORS

Directors who served during the financial year until the date of this report are:

Company

YBhg Datuk Kwek Leng San*, Chairman	
Mr Yeoh Choon Kwee*, Group Managing Director	
YBhg Dato' Dr Tan Tat Wai	
YBhg Dato' Tan Ang Meng	
Ms Chin Siew Siew	(Appointed on 1 July 2022)
YBhg Datuk Ir. Rosaline Ganendra	(Appointed on 1 March 2023)
Dr Kwa Lay Keng	(Retired on 10 November 2022)
YBhg Dato' Ahmad Johari bin Abdul Razak	(Resigned on 31 May 2023)

Subsidiaries

Mr Tong Woei Luen
Ms Khor Sau Mooi
Mr Cheong Khai Kong
Mr Tan Teck Heng

* *These are also Directors of subsidiaries.*

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year who have beneficial interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations during the financial year ended 30 June 2023 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016, are as follows:

	Number of ordinary shares/ordinary shares to be issued arising from the conversion of redeemable convertible unsecured loan stocks#/ordinary shares received or to be received arising from vesting of share grant*			
	At 1.7.2022	Acquired	Sold	At 30.6.2023
Shareholdings in which Directors have direct interests				
Interests of YBhg Datuk Kwek Leng San in:				
Hong Leong Company (Malaysia) Berhad	160,895	-	-	160,895
Hong Leong Industries Berhad	2,632,500	-	-	2,632,500
Malaysian Pacific Industries Berhad	1,199,167	16,667(1)	-	1,215,834
	33,333*	-	(16,667)*(1)	16,666*
Hong Leong Bank Berhad	536,000	-	-	536,000
Hong Leong Financial Group Berhad	654,000	-	-	654,000
Hume Cement Industries Berhad	3,921,600	-	-	3,921,600
	2,017,142#	-	-	2,017,142#

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

DIRECTORS' INTERESTS (cont'd)

	Number of ordinary shares/ordinary shares to be issued arising from the conversion of redeemable convertible unsecured loan stocks#/ordinary shares received or to be received arising from vesting of share grant*			
	At 1.7.2022	Acquired	Sold	At 30.6.2023
Shareholdings in which Directors have direct interests (cont'd)				
Interest of Yeoh Choon Kwee in:				
Southern Steel Berhad	-	3,744,444*	-	3,744,444*
Interest of YBhg Dato' Dr Tan Tat Wai in:				
Southern Steel Berhad	21,927	-	-	21,927
Interest of YBhg Dato' Tan Ang Meng in:				
Hume Cement Industries Berhad	50,900	-	-	50,900
Shareholdings in which Director has indirect interest				
Interest of YBhg Dato' Dr Tan Tat Wai in:				
Southern Steel Berhad	41,203,760(2)	-	-	41,203,760(2)

Legend:

(1) Vesting of shares
(2) Inclusive of an interest pursuant to Section 59(11)(c) of the Companies Act 2016 in shares held by a family member.

DIRECTORS' BENEFITS

No Director of the Company has since the end of the previous financial year received or become entitled to receive any benefit (other than fees, remuneration, other benefits and benefit-in-kind included in the aggregate amount of remuneration received or due and receivable by Directors as shown below or the fixed salary of full time employees of the Company or of related corporations) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

DIRECTORS' BENEFITS (cont'd)

The Directors' benefits paid to or receivable by Directors in respect of the financial year ended 30 June 2023 are as follows:

	From the Company	From subsidiaries of the Company
	RM'000	RM'000
Directors of the Company:		
Fee	542	-
Remuneration and other benefits	1,659	-
Benefit-in-kind	48	-
	2,249	-

There were no arrangements during and at the end of the financial year which has the object of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

ISSUE OF SHARES AND DEBENTURES

There were no issue of shares and debentures of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

INDEMNITY AND INSURANCE COSTS

During the financial year, Directors and Officers of Hong Leong Manufacturing Group Sdn Bhd, together with its subsidiaries (the "Group" which includes Southern Steel Berhad and its subsidiaries and where applicable, associated companies) are covered under the Directors and Officers Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors and Officers Liability Insurance effected for the Directors and Officers of the Group was RM10 million. The total amount of premium paid for the Directors and Officers Liability Insurance by the Group was RM63,481 and the apportioned amount of the said premium paid by the Company was RM14,933.

OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) all known bad debts have been written off and adequate provision made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

Directors' Report

For the financial year ended 30 June 2023

(Cont'd)

OTHER STATUTORY INFORMATION (cont'd)

At the date of this report, the Directors are not aware of any circumstances:

(i) that would render the amount written off for bad debts or the amount of the provision for doubtful debts, in the Group and in the Company inadequate to any substantial extent; or

(ii) that would render the value attributed to the current assets in the financial statements of the Group and of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements that would render any amount stated in the financial statements of the Group and of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Group or of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of any company in the Group has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, other than impairment loss on investment in a subsidiary company as disclosed in Note 27, the financial performance of the Group and of the Company for the financial year ended 30 June 2023 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of that financial year and the date of this report.

AUDITORS

The auditors, KPMG PLT, have indicated their willingness to accept re-appointment.

The auditors' remuneration of the Group and of the Company during the year are RM385,250 and RM175,200 respectively.

On behalf of the Board,

Yeoh Choon Kwee

Dato' Tan Ang Meng

29 August 2023

Statements of Financial Position

As at 30 June 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Assets					
Property, plant and equipment	4	398,203	394,078	98,683	107,152
Right-of-use assets	5	464,427	322,694	388,162	263,771
Goodwill on consolidation	6	30,256	30,256	-	-
Investment in subsidiary companies	7	-	-	550,756	419,288
Investment in an associated company	8	12,857	14,803	5,500	5,500
Other investments	9	394	511	394	511
Deferred tax assets	10	21,261	42,233	-	22,115
Tax credit receivable	11	5,523	7,647	4,264	6,385
Other receivables	13	126,447	121,128	-	-
Total non-current assets		1,059,368	933,350	1,047,759	824,722
Inventories	12	408,160	568,055	275,355	395,600
Trade and other receivables, including derivatives	13	144,236	168,636	103,654	126,375
Current tax assets		2,393	4,040	1,164	-
Cash and cash equivalents	14	119,321	67,333	74,493	34,109
Asset to be returned to vendor	15	193,132	193,132	-	-
Assets held for sale	16	-	54,031	-	54,215
Total current assets		867,242	1,055,227	454,666	610,299
Total assets		1,926,610	1,988,577	1,502,425	1,435,021

Statements of Financial Position

As at 30 June 2023

(Cont'd)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Equity					
Share capital	17	641,010	641,010	641,010	641,010
Reserves	18	(15,808)	(10,873)	(105,884)	(96,389)
Total equity attributable to owners of the Company		625,202	630,137	535,126	544,621
Non-controlling interests		6,130	6,767	-	-
Total equity		631,332	636,904	535,126	544,621
Liabilities					
Lease liabilities		8,827	10,969	8,827	10,969
Deferred tax liabilities	10	20,737	15,666	2,816	2,800
Deferred income	19	1,829	3,336	1,605	3,067
Employee benefits	20	27,256	27,084	14,821	14,736
Loans and borrowings	24	221,900	244,400	221,900	141,500
Total non-current liabilities		280,549	301,455	249,969	173,072
Lease liabilities		2,142	2,038	2,142	2,038
Employee benefits	20	1,516	963	858	436
Provisions	21	1,226	3,735	-	-
Trade and other payables, including derivatives	22	190,632	241,600	160,396	213,354
Contract liability	23	193,132	193,132	-	-
Loans and borrowings	24	626,059	606,685	553,934	499,511
Current tax liabilities		22	2,065	-	1,989
Total current liabilities		1,014,729	1,050,218	717,330	717,328
Total liabilities		1,295,278	1,351,673	967,299	890,400
Total equity and liabilities		1,926,610	1,988,577	1,502,425	1,435,021

The notes on pages 109 to 193 are an integral part of these financial statements.

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Revenue	25	2,386,435	2,308,915	1,972,174	2,089,825
Cost of sales		(2,392,225)	(2,107,119)	(1,984,818)	(1,857,817)
Gross (loss)/profit		(5,790)	201,796	(12,644)	232,008
Distribution expenses		(67,411)	(62,111)	(49,223)	(45,687)
Administrative expenses		(50,737)	(48,206)	(32,561)	(32,018)
Other operating expenses		(9,161)	(13,696)	(16,204)	(200,668)
Other operating income		21,034	44,642	19,133	25,445
Results from operations		(112,065)	122,425	(91,499)	(20,920)
Interest income		2,863	798	1,739	463
Finance costs	26	(32,628)	(29,952)	(28,792)	(27,193)
Share of (loss)/profit in an associated company, net of tax		(1,946)	1,994	-	-
(Loss)/Profit before taxation	27	(143,776)	95,265	(118,552)	(47,650)
Taxation	28	7,721	(2,126)	5,135	8,976
(Loss)/Profit from continuing operations		(136,055)	93,139	(113,417)	(38,674)
Discontinued operation					
Loss from a discontinued operation, net of tax	31	(5,670)	(187,642)	-	-
Loss for the year		(141,725)	(94,503)	(113,417)	(38,674)
(Loss)/Profit attributable to:					
Owners of the Company		(141,437)	(94,897)	(113,417)	(38,674)
Non-controlling interests		(288)	394	-	-
		(141,725)	(94,503)	(113,417)	(38,674)

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2023
(Cont'd)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Basic and diluted (loss)/earning per ordinary share (sen):					
from continuing operations		(22.77)	15.55		
from discontinued operation		(0.95)	(31.46)		
	29	(23.72)	(15.91)		
Loss for the year		(141,725)	(94,503)	(113,417)	(38,674)
Other comprehensive (expense)/income, net of tax					
Items that will not be reclassified subsequently to profit or loss					
Loss on fair value of equity instrument at fair value through other comprehensive income		(117)	(101)	(117)	(101)
Revaluation of freehold land		18,000	-	-	-
Revaluation of right-of-use assets		118,063	-	103,545	-
		135,946	(101)	103,428	(101)
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation differences for foreign operation		30	31	-	-
Cash flow hedge		(775)	(180)	(400)	(26)
		(745)	(149)	(400)	(26)
Total other comprehensive income/(expense) for the year	30	135,201	(250)	103,028	(127)
Total comprehensive expense for the year		(6,524)	(94,753)	(10,389)	(38,801)
Total comprehensive (expense)/income attributable to:					
Owners of the Company		(6,634)	(95,144)	(10,389)	(38,801)
Non-controlling interests		110	391	-	-
		(6,524)	(94,753)	(10,389)	(38,801)

The notes on pages 109 to 193 are an integral part of these financial statements.

Statements of Changes in Equity

For the year ended 30 June 2023

	← Attributable to owners of the Company →								
	← Non-distributable →								
	Share capital	Revaluation reserve	Merger reserve	Exchange fluctuation reserve	Hedging reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group									
At 1 July 2021	641,010	295,156	30,000	1,828	972	(243,685)	725,281	6,763	732,044
(Loss)/Profit for the year	-	-	-	-	-	(94,897)	(94,897)	394	(94,503)
Other comprehensive income/ (expense):									
- Loss on fair value of equity investments	-	-	-	-	-	(101)	(101)	-	(101)
- Foreign currency translation differences	-	-	-	31	-	-	31	-	31
- Cash flow hedge	-	-	-	-	(177)	-	(177)	(3)	(180)
Total comprehensive income/ (expense) for the year	-	-	-	31	(177)	(94,998)	(95,144)	391	(94,753)
Dividend paid to non-controlling interests by a subsidiary	-	-	-	-	-	-	-	(387)	(387)
Total transactions with owners	-	-	-	-	-	-	-	(387)	(387)
Transfer on realisation of revalued assets held for sale	-	(7,044)	-	-	-	7,044	-	-	-
At 30 June 2022	641,010	288,112	30,000	1,859	795	(331,639)	630,137	6,767	636,904
	Note 17								

Statements of Changes in Equity

For the year ended 30 June 2023 *(cont'd)*

	Attributable to owners of the Company										
	Non-distributable										
	Share capital	Reserve for own shares	Revaluation reserve	Merger reserve	Exchange fluctuation reserve	Hedging reserve	Executive share scheme reserve	Accumulated losses	Total	Non-controlling interests	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group											
At 1 July 2022	641,010	-	288,112	30,000	1,859	795	-	(331,639)	630,137	6,767	636,904
Loss for the year	-	-	-	-	-	-	-	(141,437)	(141,437)	(288)	(141,725)
Other comprehensive income/ (expense):											
- Loss on fair value of equity investments	-	-	-	-	-	-	-	(117)	(117)	-	(117)
- Foreign currency translation differences	-	-	-	-	30	-	-	-	30	-	30
- Cash flow hedge	-	-	-	-	-	(771)	-	-	(771)	(4)	(775)
- Revaluation of land	-	-	17,598	-	-	-	-	-	17,598	402	18,000
- Revaluation of right-of-use assets	-	-	118,063	-	-	-	-	-	118,063	-	118,063
Total comprehensive income/ (expense) for the year	-	-	135,661	-	30	(771)	-	(141,554)	(6,634)	110	(6,524)
- Share-based payments (Note 20 (b))	-	-	-	-	-	-	1,273	-	1,273	-	1,273
- Acquisition from non-controlling interests	-	-	72	-	-	-	-	394	466	(747)	(281)
- Purchase of own shares	-	(40)	-	-	-	-	-	-	(40)	-	(40)
Total transactions with owners	-	(40)	72	-	-	-	1,273	394	1,699	(747)	952
Transfer on realisation of revalued assets held for sale	-	-	(21,651)	-	-	-	-	21,651	-	-	-
At 30 June 2023	641,010	(40)	402,194	30,000	1,889	24	1,273	(451,148)	625,202	6,130	631,332
	Note 17										

Statements of Changes in Equity

For the year ended 30 June 2023
(Cont'd)

	← Attributable to owners of the Company →					
	← Non-distributable →					
	Share capital	Revaluation reserve	Merger reserve	Hedging reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company						
At 1 July 2021	641,010	220,794	33,600	427	(300,124)	595,707
Loss for the year	-	-	-	-	(38,674)	(38,674)
Other comprehensive expense:						
- Loss on fair value of equity investments	-	-	-	-	(101)	(101)
- Cash flow hedge	-	-	-	(26)	-	(26)
Total comprehensive expense for the year	-	-	-	(26)	(38,775)	(38,801)
Deficit reserve with the transfer of operations from a subsidiary company	-	-	-	-	(12,285)	(12,285)
Transfer on realisation of revalued assets held for sale	-	(7,044)	-	-	7,044	-
At 30 June 2022	641,010	213,750	33,600	401	(344,140)	544,621
	Note 17					

Statements of Changes in Equity

For the year ended 30 June 2023
(cont'd)

	Attributable to owners of the Company							
	Non-distributable							
	Share capital	Reserve for own shares	Revaluation reserve	Merger reserve	Hedging reserve	Executive share scheme reserve	Accumulated losses	Total equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company								
At 1 July 2022	641,010	-	213,750	33,600	401	-	(344,140)	544,621
Loss for the year	-	-	-	-	-	-	(113,417)	(113,417)
Other comprehensive income/ (expense):								
- Loss on fair value of equity investments	-	-	-	-	-	-	(117)	(117)
- Cash flow hedge	-	-	-	-	(400)	-	-	(400)
- Revaluation of right-of-use assets	-	-	103,545	-	-	-	-	103,545
Total comprehensive income/ (expense) for the year	-	-	103,545	-	(400)	-	(113,534)	(10,389)
- Share-based payments (Note 20(b))	-	-	-	-	-	934	-	934
- Purchase of own shares	-	(40)	-	-	-	-	-	(40)
Total transactions with owners	-	(40)	-	-	-	934	-	894
Transfer on realisation of revalued assets held for sale	-	-	(21,651)	-	-	-	21,651	-
At 30 June 2023	641,010	(40)	295,644	33,600	1	934	(436,023)	535,126
	Note 17							

The notes on pages 109 to 193 are an integral part of these financial statements.

Statements of Cash Flows

For the year ended 30 June 2023

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from operating activities				
(Loss)/Profit before taxation				
- continuing operations	(143,776)	95,265	(118,552)	(47,650)
- discontinued operation	(5,670)	(187,642)	-	-
	(149,446)	(92,377)	(118,552)	(47,650)
Adjustments for:				
Property, plant and equipment:				
- depreciation	24,167	25,869	14,491	13,846
- gain on disposal	(117)	(169)	(138)	(156)
- write-off	1	1	1	-
Right-of-use assets:				
- depreciation	13,613	14,298	11,854	12,737
Gain on disposal of assets held for sale	(10,969)	(2,633)	(10,785)	(2,633)
Fair value loss/(gain) on derivative instruments	21	(21)	-	-
Fair value gain on financial instruments designated as hedge instruments	(665)	(36)	(400)	-
Provision for retirement benefits	2,558	2,493	1,423	1,280
Share-based payments	1,273	-	934	-
Dividend income from subsidiary companies	-	-	(5,000)	(116,264)
Dividend income from an associated company	-	-	-	(275)
Interest income	(2,863)	(798)	(1,739)	(463)
Share of loss/(profit) in an associated company	1,946	(1,994)	-	-
Finance costs (Note 26)	32,628	29,952	28,792	27,193
Amortisation of deferred income	(1,507)	(2,754)	(1,462)	(1,462)
Unrealised (gain)/loss on foreign exchange	(97)	(64)	87	2
Impairment loss on investment in a subsidiary	-	-	7,975	189,328
Non-cash items for a discontinued operation	5,109	187,169	-	-
Operating (loss)/profit before working capital changes	(84,348)	158,936	(72,519)	75,483

Statements of Cash Flows

For the year ended 30 June 2023

(Cont'd)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Inventories		159,895	(5,442)	120,245	66,324
Trade and other receivables		24,273	(124,799)	(13,822)	(111,285)
Trade and other payables		(50,875)	(5,824)	(53,045)	(18,735)
Cash generated from/(used in) operations		48,945	22,871	(19,141)	11,787
Retirement benefits paid		(1,833)	(1,331)	(916)	(809)
Finance costs paid		(37,775)	(35,394)	(28,792)	(27,193)
Dividend income received		-	275	5,000	116,539
Interest income received		2,863	798	1,739	463
Legal costs paid		(2,509)	(4,057)	-	-
Tax paid, net		(3,791)	(279)	(6,466)	(1,378)
Net cash generated from/(used in) operating activities		5,900	(17,117)	(48,576)	99,409
Cash flows from investing activities					
Acquisition of business operation from a subsidiary		-	-	-	(213,076)
Advances to a subsidiary		-	-	-	(17,566)
Acquisition of plant and equipment		(13,674)	(12,436)	(6,102)	(1,050)
Acquisition of assets held for sale from a subsidiary company		-	-	-	(12,417)
Proceeds from disposal of plant and equipment		217	180	217	156
Proceeds from disposal of assets held for sale		65,000	33,088	65,000	33,088
Additional investment in subsidiary companies, net	B	-	-	(102,900)	-
Proceeds from redemption of redeemable preference shares from a subsidiary company		-	-	-	20,000
Proceeds from share capital reduction from subsidiary companies		-	-	-	143,990
Net cash generated from/(used in) investing activities		51,543	20,832	(43,785)	(46,875)

Statements of Cash Flows

For the year ended 30 June 2023

(Cont'd)

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Cash flows from financing activities					
Acquisition of non-controlling interests		(281)	-	-	-
Dividend paid to non-controlling interests		-	(387)	-	-
Drawdown/(Repayment) of trade borrowings, net		92,625	(39,433)	91,694	(47,076)
(Repayment)/Drawdown of revolving credits		(5,000)	7,000	-	(10,000)
Drawdown of term loan		102,900	-	102,900	-
Repayment of term loan		(193,651)	(32,979)	(59,771)	(22,979)
Payment of lease liabilities	A	(2,038)	(3,625)	(2,038)	(3,625)
Purchase of own shares		(40)	-	(40)	-
Net cash (used in)/generated from financing activities		(5,485)	(69,424)	132,745	(83,680)
Net change in cash and cash equivalents		51,958	(65,709)	40,384	(31,146)
Effect of exchange rate fluctuations on cash held		30	31	-	-
Cash and cash equivalents at 1 July		67,333	133,011	34,109	65,255
Cash and cash equivalents at 30 June	14	119,321	67,333	74,493	34,109

NOTES

A. Cash outflows for leases as a lessee

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Included in net cash from operating activities:					
Expenses relating to short-term leases		519	228	350	323
Interest paid in relation to lease liabilities	26	604	1,126	604	1,126
Included in net cash from financing activities:					
Payment of lease liabilities		2,038	3,625	2,038	3,625
Total cash outflows for leases		3,161	4,979	2,992	5,074

B. Investment in subsidiary - Company

During the financial year, the Company subscribed for additional interest in a subsidiary, Southern HRC Sdn Bhd by way of cash and capitalisation of amount due from a subsidiary of RM102,900,000 and RM36,543,000 respectively.

The notes on pages 109 to 193 are an integral part of these financial statements.

Notes to the Financial Statements

1. CORPORATE INFORMATION

Southern Steel Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of its registered office and principal place of business are as follows:

Registered office

Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur.

Principal place of business

2435, Lorong Perusahaan 12
Prai Industrial Estate
13600 Prai, Penang.

The immediate and ultimate holding companies of the Company are Hong Leong Manufacturing Group Sdn Bhd and Hong Leong Company (Malaysia) Berhad respectively, both incorporated in Malaysia.

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2023 comprise the Company, its subsidiaries (together referred to as "the Group") and the Group's interest in an associated company. The financial statements of the Company as at and for the financial year ended 30 June 2023 do not include other entities.

The principal activities of the Company are investment holding, manufacturing, sale and trading in steel bars and related products whilst the principal activities of the subsidiaries and associated companies are disclosed in Note 3 to the financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 29 August 2023.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared on the historical cost basis, other than as disclosed in Note 2.2 to the financial statements.

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The preparation of the financial statements in conformity with MFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.1 Basis of preparation (cont'd)

There are no significant areas of estimation uncertainty and critical judgements in applying accounting policies that have significant effect on the amounts recognised in the financial statements other than those disclosed in the following notes:

i) Note 6 - Impairment of goodwill

The management tests goodwill for impairment annually in accordance with the accounting policy stated in Note 2.2(f)(ii) to the financial statements. More regular reviews are performed if events indicate that this is necessary.

Measurement of recoverable amounts of cash generating units is derived based on value in use of the cash generating unit. Significant assumptions used to derive the value in use are as shown in Note 6.

ii) Note 7 - Investments in subsidiary companies

Significant judgements are required when identifying impairment indicators. Where impairment indicators exist, judgements and assumptions are required to determine the recoverable amount of the investment in the subsidiaries. Significant assumptions used to derive the recoverable amount are as shown in Note 7.

iii) Note 10 - Deferred tax assets

Estimating the deferred tax assets to be recognised requires a process that involves determining appropriate tax provisions, forecasting future years' taxable income and assessing our ability to utilise tax benefits through future earnings. The actual utilisation of tax benefit may be different from expected.

iv) Going Concern

The Board of Directors has considered the following in their assessment of the going concern assumption used in the preparation of financial statements:

- the cyclical factor of the industry, adequacy of existing banking facilities/limits and availability of cash flows from future operations to meet its liabilities as and when they fall due;
- the sales tonnage and selling price of products, purchase price of raw materials and the production based on past business performance and management's expectations on market development to project their future operation cash flows; and
- the probability of success in enforcing the arbitration awards as discussed in Note 37.

These financial statements are presented in Ringgit Malaysia ("RM"), which is the functional currency of the Company and all values are rounded to the nearest thousand ("RM'000"), unless otherwise stated.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by Group entities, unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Company. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Investments in subsidiaries are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of investments includes transaction costs.

Financial instrument (loans or advances) which, in substance, provides current access to the returns associated with an underlying ownership interest; or substantially all of the instrument's returns are driven by the financial performance of the subsidiaries such that the instrument provides an exposure similar to an investment in ordinary shares of the subsidiaries are also accounted for as investment in subsidiaries.

The results of all subsidiary companies are consolidated using the acquisition method of accounting except for the consolidation of Southern Steel Holdings Sdn Bhd sub-group prior to MFRS adoption using the merger method of accounting. The Group has applied MFRS 3, *Business Combination* prospectively.

Under the merger method of accounting, the results of the subsidiary companies are presented as if the merger had been effected throughout the current and previous financial years. The assets and liabilities combined are accounted for based on the carrying amount from the perspective of the common control shareholder at the date of transfer. On consolidation, the cost of the merger is cancelled with the value of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable merger reserve. Any resulting debit difference is adjusted against any suitable reserve. Any share premium, capital redemption reserve and any other reserves which are attributable to share capital of the merged enterprises, to the extent that they have not been capitalised by a debit difference, are classified and presented as movement in other capital reserves.

(ii) Business combinations

Business combinations are accounted for using the acquisition method from the acquisition date, which is the date on which control is transferred to the Group.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Business combinations (cont'd)

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

For each business combination, the Group elects whether it measures the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

(iii) Acquisitions of non-controlling interests

The Group accounts for all changes in its ownership interest in a subsidiary that do not result in a loss of control as equity transactions between the Group and its non-controlling interest holders. Any difference between the Group's share of net assets before and after the change, and any consideration received or paid, is adjusted to or against Group reserves.

(iv) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities, that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established: for this purpose, comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any resulting gain/loss is recognised directly in equity.

Business combinations arising from transfers of business from subsidiaries are accounted from the effective date of the transfer. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's consolidated financial statements. The difference between the consideration and the carrying amounts of assets and liabilities recorded is recognised directly in equity.

(v) Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee or as a financial asset categorised at fair value through other comprehensive income depending on the level of influence retained.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(vi) Associates

Associates are entities, including unincorporated entities, in which the Group has significant influence, but not control, over the financial and operating policies.

Investments in associates are accounted for in the consolidated financial statements using the equity method less any impairment losses, unless it is classified as held for sale or distribution (or included in a disposal group that is classified as held for sale or distribution). The cost of the investment includes transaction costs. The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted associates, after adjustments if any, to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest including any long-term investments is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the associate.

When the Group ceases to have significant influence over an associate, any retained interest in the former associate at the date when significant influence is lost is measured at fair value and this amount is regarded as the initial carrying amount of a financial asset. The difference between the fair value of any retained interest plus proceeds from the interest disposed of and the carrying amount of the investment at the date when equity method is discontinued is recognised in the profit or loss.

When the Group's interest in an associate decreases but does not result in a loss of significant influence, any retained interest is not re-measured. Any gain or loss arising from the decrease in interest is recognised in profit or loss. Any gains or losses previously recognised in other comprehensive income are also reclassified proportionately to the profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Investments in associates are measured in the Company's statement of financial position at cost less any impairment losses, unless the investment is classified as held for sale or distribution. The cost of the investment includes transaction costs.

(vii) Non-controlling interests

Non-controlling interests at the end of the reporting period, being the equity in a subsidiary not attributable directly or indirectly to the equity holders of the Company, are presented in the consolidated statement of financial position and statement of changes in equity within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group is presented in the consolidated statement of profit or loss and other comprehensive income as an allocation of the profit or loss and the comprehensive income for the year between non-controlling interests and owners of the Company.

Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(a) Basis of consolidation (cont'd)

(viii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associates are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are measured at cost or revaluation less any accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with accounting policy on borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and is recognised net within "other operating income" or "other operating expenses" respectively in profit or loss.

Property, plant and equipment under the revaluation model

The Group and the Company revalue their land whenever the fair values of the revalued land are expected to differ materially from their carrying value or at intervals of at least once in three (3) years.

Surpluses arising from revaluation are dealt with in the revaluation reserve account. Any deficit arising is offset against the property revaluation reserve to the extent of a previous increase for the same property. In all other cases, a decrease in carrying amount is charged to the profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group or the Company, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised to profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

(iii) Depreciation

Depreciation is based on the cost of an asset (or, where applicable, the revalue amount of the asset) less its residual value. Significant components of individual assets are assessed, and if a component has a useful life that is different from the remainder of that asset, then that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment from the date they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use.

The estimated useful lives for the current and comparative periods are as follows:

	Years
Leasehold land (right-of-use)	16 to 89
Buildings	8 to 50
Plant and machinery	2 to 20
Office equipment	2 to 20
Motor vehicles	4 to 10

Depreciation methods, useful lives and residual values are reviewed and adjusted as appropriate at the end of the reporting period.

(iv) Asset to be returned to vendor

Assets that have been identified to fulfil the Group's obligation to return to the vendor following the arbitration awards as discussed in Note 37 is reclassified from property, plant and equipment to current assets. These assets are measured at the lower of their carrying amounts prior to their reclassification and the net recoverable amount following the arbitration awards as discussed in Note 37.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Leased assets

(i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group or the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset; or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group or the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group or the Company is a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

(ii) Recognition and initial measurement

(a) As a lessee

The Group or the Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group or the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group or the Company is reasonably certain not to terminate early.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Leased assets (cont'd)

(ii) Recognition and initial measurement (cont'd)

(a) As a lessee (cont'd)

The Group or the Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Group or the Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group or the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group or the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group or the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group or the Company applies MFRS 15, *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling prices.

When the Group or the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group or the Company applies the exemption described above, then it classifies the sublease as an operating lease.

(iii) Subsequent measurement

(a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, leasehold land is measured at revaluation less depreciation. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's or the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group or the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(c) Leased assets (cont'd)

(iii) Subsequent measurement (cont'd)

(a) As a lessee (cont'd)

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(b) As a lessor

The Group or the Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

(d) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

(e) Financial instruments

(i) Recognition and initial measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group or the Company becomes a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

An embedded derivative is recognised separately from the host contract if the host contract is not a financial asset and certain criteria are met and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract and the host contract is not categorised as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

(ii) Financial instrument categories and subsequent measurement

Financial assets

The Group and the Company categorise financial instruments as follows:

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group or the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change of the business model.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

(a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(b) Fair value through other comprehensive income

I. Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

II. Equity investments

This category comprises investment in equity that is not held for trading, and the Group and the Company irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

(c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Group or the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(ii) Financial instrument categories and subsequent measurement (cont'd)

Financial assets (cont'd)

All financial assets, except for those measured at fair value through profit or loss and equity instruments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 2.2(f)(i)).

Financial liabilities

At initial recognition, all financial liabilities are measured at cost and subsequently measured at fair value through profit or loss or at amortised cost.

(a) Fair value through profit or loss

Fair value through profit or loss category comprises financial liabilities that are derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument), contingent consideration in a business combination and financial liabilities that are specifically designated into this category upon initial recognition.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognised the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch, and remaining amount of the change in fair value in the profit or loss.

(b) Amortised cost

Other financial liabilities not categorised as fair value through profit or loss are subsequently measured at amortised cost using the effective interest method.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in the profit or loss.

(iii) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantee. Subsequently, they are amortised to profit or loss using straight line method over the contractual period, or, when there is no specified contractual period, recognised in profit or loss upon discharge of the guarantee.

Where the loss allowance determined in accordance with the impairment model as described in Note 2.2(f)(i) is higher than the amortised amount, the carrying amount of the financial guarantee is adjusted to the loss allowance amount.

Liabilities arising from financial guarantees are included with provisions.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(iv) Regular way purchase or sale of financial assets

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting or settlement date in current date.

Trade date accounting refers to:

(a) the recognition of an asset to be received and the liability to pay for it on the trade date, and
(b) derecognition of an asset that is sold, recognition of any gain or loss on disposal and the recognition of a receivable from the buyer for payment on the trade date.

Settlement date accounting refers to:

(a) the recognition of an asset on the day it is received by the entity, and
(b) derecognition of an asset and recognition of any gain or loss on disposal on the day that is delivered by the entity.

Any change in the fair value of the asset to be received during the period between the trade date and the settlement date is accounted in the same way as it accounts for the acquired assets.

Generally, the Group or the Company applies settlement date accounting unless otherwise stated for the specific class of asset.

(v) Hedge accounting

At inception of a designated hedging relationship, the Group and the Company document the risk management objective and strategy for undertaking the hedge. The Group and the Company also document the economic relationship between the hedged item and the hedging instrument, including whether the changes in cash flows of the hedged item and hedging instrument are expected to offset each other.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction and could affect the profit or loss. In a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and accumulated in equity and the ineffective portion is recognised in profit or loss. The effective portion of changes in the fair value of the derivative that is recognised in other comprehensive income is limited to the cumulative change in fair value of the hedged item, determined on a present value basis, from inception of the hedge.

The Group designates only the change in fair value of the spot element of forward exchange contracts as the hedging instrument in cash flow hedging relationships. The change in fair value of the forward element of forward exchange contracts ('forward points') is separately accounted for as cost of hedging and recognised in a cost of hedging reserve within equity.

When the hedged forecast transaction subsequently results in the recognition of a non-financial item, the amount accumulated in the hedging reserve and the cost of hedging reserve is included directly in the initial cost of the non-financial item when it is recognised.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(v) Hedge accounting (cont'd)

Cash flow hedge (cont'd)

For all other hedged forecast transactions, the amount accumulated in the hedging reserve and the cost of hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

However, loss recognised in other comprehensive income that will not be recovered in one or more future periods is reclassified from equity into profit or loss.

Cash flow hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, the hedge is no longer highly effective, the forecast transaction is no longer expected to occur or the hedge designation is revoked. If the hedge is for a forecast transaction, the cumulative gain or loss on the hedging instrument remains in equity until the forecast transaction occurs. When hedge accounting for cash flow hedges is discontinued, the amount that has been accumulated in the hedging reserve and the cost of hedging reserve remains in equity until, for a hedge of a transaction resulting in recognition of a non-financial item, it is included in the non-financial item's cost on its initial recognition or, for other cash flow hedges, it is reclassified to profit or loss in the same period or periods as the hedged expected future cash flows affect profit or loss.

If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve and the cost of hedging reserve are immediately reclassified to profit or loss.

Fair value hedge

A fair value hedge is a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect the profit or loss.

In a fair value hedge, the gain or loss on the hedging instrument shall be recognised in profit or loss (or other comprehensive income, if the hedging instrument hedges an equity instrument which the Group or the Company has elected to present the subsequent changes in fair value of the investment in equity in other comprehensive income).

The hedging gain or loss on the hedged item shall adjust the carrying amount of the hedged item and be recognised in profit or loss. If the hedged item is a financial asset (or a component thereof) that is measured at fair value through other comprehensive income, the hedging gain or loss on the hedged item shall be recognised in profit or loss. However, if the hedged item is an equity instrument for which an entity has elected to present changes in fair value in other comprehensive income, those amounts shall remain in other comprehensive income. When a hedged item is an unrecognised firm commitment (or a component thereof), the cumulative change in the fair value of the hedged item subsequent to its designation is recognised as an asset or a liability with a corresponding gain or loss recognised in profit or loss.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(e) Financial instruments (cont'd)

(vi) Derecognition

A financial asset or part of it is derecognised when, and only when the contractual rights to the cash flows from the financial asset expire or the control of the asset is not retained or substantially all of the risks and rewards of ownership of the financial asset are transferred to another party. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received (including any new asset obtained less any new liability assumed) and any cumulative gain or loss that had been recognised in equity is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group or the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

(f) Impairment

(i) Financial assets

The Group and the Company recognise loss allowances for expected credit losses on financial assets and financial guarantees measured at amortised cost or fair value through comprehensive income, except for investments in equity instruments and interests in subsidiaries and associates.

The Group and the Company measure loss allowances at an amount equal to lifetime expected credit loss, except for debt securities that are determined to have low credit risk at the reporting date, cash and bank balance and other debt securities for which credit risk has not increased significantly since initial recognition, which are measured as 12 month expected credit loss.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument, while 12 months expected credit losses are the portion of expected credit losses that result from default events that are possible within the 12 months after the reporting date.

Loss allowances for trade receivable are always measured at an amount equal to lifetime expected credit loss.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses. The Group and the Company estimate the expected credit losses on trade receivables using a provision matrix with reference to historical credit loss experience.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Impairment (cont'd)

(i) Financial assets (cont'd)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit loss, the Group and the Company consider reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information, where available.

An impairment loss in respect of financial assets measured at amortised cost is recognised in profit or loss and the carrying amount of the asset is reduced through the use of an allowance account.

An impairment loss in respect of debt investments measured at fair value through other comprehensive income is recognised in profit or loss and the allowance account is recognised in other comprehensive income.

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The gross carrying amount of a financial asset is written off (either partially or full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group or the Company determine that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's or the Company's procedures for recovery amounts due.

(ii) Other assets

The carrying amounts of other assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(f) Impairment (cont'd)

(ii) Other assets (cont'd)

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or a group of cash-generating units) and then to reduce the carrying amount of the other assets in the cash-generating unit (or a group of cash-generating units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Reversals of impairment losses are credited to profit or loss in the financial year in which the reversals are recognised.

(g) Non-current assets held for sale

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's or the Company's accounting policies. Thereafter, generally the assets are measured at the lower of their carrying amount and fair value less costs of disposal.

Property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of work-in-progress and finished goods, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short-term commitment. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(j) Provisions

A provision is recognised if, as a result of a past event, the Group or the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group and the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group and the Company recognises any impairment loss on the assets associated with that contract.

(k) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary shares

Ordinary shares are classified as equity.

(m) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are retranslated to the functional currency at the exchange rate at that date.

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(m) Foreign currency (cont'd)

(i) Foreign currency transactions (cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of financial assets categorised as equity instruments designated upon initial recognition (available-for-sale equity instruments in the previous financial year) or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(ii) Operations denominated in functional currencies other than Ringgit Malaysia ("RM")

The assets and liabilities of operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at exchange rates at the end of the reporting period, except for goodwill and fair value adjustments arising from business combinations before 1 July 2011 which are reported using the exchange rates at the date of acquisition. The income and expenses of foreign operations are translated to RM at average exchange rates for the year.

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(n) Revenue and other income

(i) Revenue from contract with customers

Revenue is measured based on the consideration specified in a contract with a customer in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties. The Group or the Company recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(n) Revenue and other income (cont'd)

(i) Revenue from contract with customers (cont'd)

The Group or the Company transfers control of a good or service at a point in time unless one of the following overtime criteria is met:

(a) the customer simultaneously receives and consumes the benefits provided as the Group or the Company performs;
(b) the Group's or the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
(c) the Group's or the Company's performance does not create an asset with an alternative use and the Group or the Company has an enforceable right to payment for performance completed to date.

(ii) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's or the Company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(iii) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

(iv) Government grants

Wages subsidy from government that compensate the Group or the Company for expenses incurred are recognised in profit or loss to offset expenses on a systematic basis in the same period in which the expenses are recognised.

(o) Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(p) Taxation

Taxation comprises current and deferred taxation. Current taxation and deferred taxation are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

Current taxation is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous financial years.

Deferred taxation is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statement of financial position and their tax bases. Deferred taxation is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred taxation is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax assets and liabilities on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A tax incentives (other than investment tax credits) that is not a tax base of an asset is recognised as a reduction of tax expense in profit or loss as and when it is granted and claimed. Any unutilised portion of the tax incentive is recognised as a deferred tax asset to the extent that it is probable that future taxable profits will be available against which the unutilised tax incentive can be utilised.

The Group and the Company regard reinvestment allowance ("RA") and investment tax allowance ("ITA") as investment tax credits ("ITCs") and these ITCs are recognised as deferred income. Unutilised RA and ITA to the extent that they are probable that the future taxable profit will be available against which the unutilised RA and ITA can be utilised are recognised as a tax credit receivable.

The tax credit receivable will be charged out to the profit or loss based on the utilisation of RA and ITA in each financial period. Deferred income, on the other hand, will be amortised over the estimated remaining useful lives of the assets concerned to the profit or loss or other income.

(q) Earnings per ordinary share ("EPS")

The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

Diluted EPS is determined by adjusting the weighted average number of ordinary shares outstanding, adjusted to assume full conversion of all dilutive potential ordinary shares, which comprise convertible loan stocks and share options granted to employees.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(r) Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus if the Group and the Company have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's and the Company's contributions to statutory pension funds are charged to profit or loss in the financial year to which they relate. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(ii) Post-employment benefits

The liability in respect of defined benefit plans is the present value of the defined benefit obligation at the reporting date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed in the interval of every 3 years by a qualified actuary using the projected unit credit method and the last actuarial valuation was carried out in April 2021.

When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense or income on the net defined liability or asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability or asset, taking into account any changes in the net defined benefit liability or asset during the period as a result of contributions and benefit payments.

Net interest expense and other expenses relating to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The Company and its subsidiary companies have 6 unfunded plans.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(r) Employee benefits (cont'd)

(ii) Post-employment benefits (cont'd)

Included in the unfunded plans is a plan established pursuant to the Collective Agreement between certain subsidiary companies and The Metal Industry Employees' Union for a duration of 3 years which ended on 31 December 2012. The unfunded defined benefits plan obligations are provided for based on triennial actuarial valuations last carried out in April 2021, using the projected unit credit method.

Effective 1 April 2002, the defined benefit plans of all eligible non-unionised employees of the Company and its subsidiary companies were changed to that of higher EPF contributions depending on years of service. The defined benefit obligation in respect of these employees up to 31 March 2002 under the unfunded old plans was carried forward as provision for retirement benefits in the financial statements. For other eligible employees, the defined benefit obligation is determined based on years of service of employees up to the reporting date.

(iii) Share-based payments

The Group operates equity-settled, share-based compensation plans for the employees of the Group under the Southern Steel Berhad ("SSB")'s Executive Share Scheme ("ESS").

In connection with the ESS, trusts have been set up and are administered by an appointed trustee ("ESS Trust"). The trustee will be entitled from time to time, to accept advances from the Group, upon such terms and conditions as the Group and the trustee may agree to purchase the ordinary shares of the Company from the open market for the ESS Trusts ("Trust Shares").

The fair value of the grant offers granted to employees is recognised as an employment cost with a corresponding increase in the executive share scheme reserve over the vesting period. When the grant offers are completed, the amount from the executive share scheme reserve is transferred to retained earnings as applicable. When the grant offers not completed are expired, the amount from the executive share scheme reserve is transferred to retained earnings.

The fair value of the grant offers is measured using Black Scholes model. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

The ESS Trust shares are consolidated into the Group's consolidated financial statements as a deduction from equity and classified as reserves for own shares. Dividends received by the ESS Trusts are eliminated against the Company's dividend payment.

(s) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segment results are reviewed regularly by the chief operating decision maker, which in this case is the Board of Directors of the Group, to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.2 Summary of significant accounting policies (cont'd)

(t) Fair value measurement

Fair value of an asset or a liability, except for share-based payment and lease transactions, is determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in the absence of a principal market, in the most advantageous market.

For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

When measuring the fair value of an asset and liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: unobservable inputs for the asset or liability.

The Group recognises transfers between levels of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfers.

(u) Discontinued operation

A discontinued operation is a component of the business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale or distribution. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative period.

(v) Contract liability

A contract liability is stated at cost and represents the obligation of the Group or the Company to transfer assets, goods or services to a counterparty for which consideration has been received or the amount is due from the counterparty. The amount will be credited to profit or loss as and when the Group or the Company losses control of the asset.

Notes to the Financial Statements

(Cont'd)

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

2.3 Statement of compliance

The financial statements of the Group and the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

The following are accounting standards, interpretations and amendments of the MFRSs that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2023

- MFRS 17, *Insurance Contracts*
- Amendments to MFRS 17, *Insurance Contracts – Initial application of MFRS 17 and MFRS 9 – Comparative Information*
- Amendments to MFRS 101, *Presentation of Financial Statements – Disclosures of Accounting Policies*
- Amendments to MFRS 108, *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*
- Amendments to MFRS 112, *Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction and International Tax Reform – Pillar Two Model Rules*

MFRSs, interpretations and amendments effective for annual periods beginning on or after 1 January 2024

- Amendment to MFRS 16, *Leases – Lease Liability in a Sale and Leaseback*
- Amendment to MFRS 101, *Presentation of Financial Statements – Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 107, *Statement of Cash Flows* and MFRS 7, *Financial Instruments: Disclosures – Supplier Finance Arrangements*

MFRSs, interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments:

- from the annual period beginning on 1 July 2023 for the accounting standard and amendments that are effective for annual periods beginning on or after 1 January 2023, except for MFRS 17 and amendments to MFRS 17 which are not applicable to the Group and the Company.
- from the annual period beginning on 1 July 2024 for those amendments that are effective for annual periods beginning on or after 1 January 2024.

The initial application of the accounting standards, interpretations or amendments are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and of the Company.

Notes to the Financial Statements

(Cont'd)

3. COMPANIES IN THE GROUP

The principal activities of the companies in the Group, their country of incorporation and the effective interest of Southern Steel Berhad are as shown below:

Name of Company	Country of incorporation	Effective interest 2023 %	Effective interest 2022 %	Principal activities
Subsidiary Companies				
Southern Steel Rod Sdn Bhd	Malaysia	100.0	100.0	Manufacture, sale and trading of billets, wire rods, deformed bar in coils and other related products
Southern HRC Sdn Bhd	Malaysia	100.0	100.0	Manufacture, sale and marketing of steel billets and other related products
Southern PC Steel Sdn Bhd	Malaysia	100.0	100.0	Manufacture and sale of pre-stressed concrete strands, wires, bars and other related products
Southern Steel Mesh Sdn Bhd	Malaysia	100.0	100.0	Manufacture, sale and marketing of steel wire mesh, concrete wires, cut and bend bars and other related products
Southern Pipe Industry (Malaysia) Sdn Bhd	Malaysia	96.6	96.1	Manufacture, sale and processing of steel pipes and other related products
• Southern Steel Pipe Sdn Bhd	Malaysia	96.6	96.1	Manufacture, sale and processing of steel pipes and other related products
Southern Steel Properties Sdn Bhd	Malaysia	100.0	100.0	Rental of properties
Danstil Sdn Bhd	Malaysia	100.0	100.0	Rental of properties
Southern Steel Holdings Sdn Bhd	Malaysia	100.0	100.0	Investment holding
• Starglow Investments Ltd#	Malaysia	100.0	100.0	Dissolved in July 2023
Associated Company				
Steel Industries (Sabah) Sdn Bhd	Malaysia	27.5	27.5	Manufacture and trading of steel bars

The financial year end of all the subsidiary companies is co-terminous with the Company.

The financial year end of the associated company is on 31 December.

Notes:

- *Sub-subsidiary companies.*
- *# The financial statements of this subsidiary company is not audited by KPMG PLT.*

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Cost							
At 1 July 2021	94,562	441,916	1,471,075	68,170	14,601	199,557	2,289,881
Additions	-	-	1,520	810	133	9,973	12,436
Disposals	-	-	(193)	(4)	(561)	(7)	(765)
Write-off	-	-	(1)	(34)	(10)	-	(45)
Reclassification	-	-	1,301	-	-	(1,301)	-
At 30 June 2022/1 July 2022	94,562	441,916	1,473,702	68,942	14,163	208,222	2,301,507
Revaluation	20,000	-	-	-	-	-	20,000
Additions	-	441	5,492	1,100	337	6,304	13,674
Disposals	-	(116)	-	(4)	(1,465)	-	(1,585)
Write-off	-	-	(2,351)	(4,759)	(356)	-	(7,466)
Reclassification	-	-	14,103	-	-	(14,103)	-
At 30 June 2023	114,562	442,241	1,490,946	65,279	12,679	200,423	2,326,130
Accumulated depreciation and impairment loss							
At 1 July 2021							
- Accumulated depreciation	-	248,271	1,317,653	67,032	11,889	-	1,644,845
- Accumulated impairment loss	-	10,610	22,763	6	-	198,761	232,140
	-	258,881	1,340,416	67,038	11,889	198,761	1,876,985
Charge for the year	-	6,680	23,323	824	422	-	31,249
Disposals	-	-	(193)	-	(561)	-	(754)
Write-off	-	-	(1)	(33)	(10)	-	(44)
Reversal of impairment loss	-	-	-	-	-	(7)	(7)
At 30 June 2022/1 July 2022							
- Accumulated depreciation	-	254,951	1,340,782	67,823	11,740	-	1,675,296
- Accumulated impairment loss	-	10,610	22,763	6	-	198,754	232,133
	-	265,561	1,363,545	67,829	11,740	198,754	1,907,429

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
Accumulated depreciation and impairment loss							
At 30 June 2022/1 July 2022							
- Accumulated depreciation	-	254,951	1,340,782	67,823	11,740	-	1,675,296
- Accumulated impairment loss	-	10,610	22,763	6	-	198,754	232,133
	-	265,561	1,363,545	67,829	11,740	198,754	1,907,429
Charge for the year	-	6,580	21,577	854	437	-	29,448
Disposals	-	(16)	-	(4)	(1,465)	-	(1,485)
Write-off	-	-	(2,351)	(4,758)	(356)	-	(7,465)
At 30 June 2023							
- Accumulated depreciation	-	261,515	1,360,008	63,915	10,356	-	1,695,794
- Accumulated impairment loss	-	10,610	22,763	6	-	198,754	232,133
	-	272,125	1,382,771	63,921	10,356	198,754	1,927,927
Carrying amounts							
At 1 July 2021	94,562	183,035	130,659	1,132	2,712	796	412,896
At 30 June 2022/1 July 2022	94,562	176,355	110,157	1,113	2,423	9,468	394,078
At 30 June 2023	114,562	170,116	108,175	1,358	2,323	1,669	398,203

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Cost							
At 1 July 2021	35,000	211,879	170,572	47,399	7,904	-	472,754
Additions	-	-	599	388	63	-	1,050
Disposals	-	-	-	-	(561)	-	(561)
Write-off	-	-	-	(8)	-	-	(8)
Business transfer from a subsidiary company	-	-	60,894	32	574	-	61,500
At 30 June 2022/1 July 2022	35,000	211,879	232,065	47,811	7,980	-	534,735
Additions	-	19	4,298	422	337	1,026	6,102
Disposals	-	(95)	-	(4)	(1,465)	-	(1,564)
Write-off	-	-	(109)	(3,061)	(356)	-	(3,526)
At 30 June 2023	35,000	211,803	236,254	45,168	6,496	1,026	535,747
Accumulated depreciation and impairment loss							
At 1 July 2021							
- Accumulated depreciation	-	196,637	135,719	46,863	7,369	-	386,588
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	201,592	158,482	46,863	7,369	-	414,306
Charge for the year	-	826	12,312	461	247	-	13,846
Write-off	-	-	-	(8)	-	-	(8)
Disposals	-	-	-	-	(561)	-	(561)
At 30 June 2022/1 July 2022							
- Accumulated depreciation	-	197,463	148,031	47,316	7,055	-	399,865
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	202,418	170,794	47,316	7,055	-	427,583

Notes to the Financial Statements

(Cont'd)

4. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	Freehold land	Buildings	Plant and machinery	Office equipment	Motor vehicles	Capital work-in-progress	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Accumulated depreciation and impairment loss							
At 30 June 2022/1 July 2022							
- Accumulated depreciation	-	197,463	148,031	47,316	7,055	-	399,865
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	202,418	170,794	47,316	7,055	-	427,583
Charge for the year	-	807	13,102	350	232	-	14,491
Disposals	-	(16)	-	(4)	(1,465)	-	(1,485)
Write-off	-	-	(109)	(3,060)	(356)	-	(3,525)
At 30 June 2023							
- Accumulated depreciation	-	198,254	161,024	44,602	5,466	-	409,346
- Accumulated impairment loss	-	4,955	22,763	-	-	-	27,718
	-	203,209	183,787	44,602	5,466	-	437,064
Carrying amounts							
At 1 July 2021	35,000	10,287	12,090	536	535	-	58,448
At 30 June 2022/1 July 2022	35,000	9,461	61,271	495	925	-	107,152
At 30 June 2023	35,000	8,594	52,467	566	1,030	1,026	98,683

4.1 Freehold land under revaluation model - Group and Company

All land of the Group and of the Company were remeasured at fair value based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted in April 2023 (2022 : April 2019). The Directors classified this fair value as level 3 of the fair value hierarchy. The fair value was using the comparison approach with relevant adjustments made to key attributes such as land size and accessibility of the location. The most significant input into the valuation approach was price per square foot ranging from RM59 to RM101. The estimated fair value would increase/(decrease) if the price per square foot was higher/(lower).

Had the Group and the Company revalued land been carried under the cost model, their carrying amounts would have been RM25,061,000 (2022 : RM25,061,000) and RM6,997,000 (2022 : RM6,997,000) respectively.

Notes to the Financial Statements

(Cont'd)

5. RIGHT-OF-USE ASSETS

	Land	Gas infrastructure facilities	Total
	RM'000	RM'000	RM'000
Group			
At 1 July 2021	321,801	24,181	345,982
Remeasurement*	-	(13,839)	(13,839)
Addition	-	4,849	4,849
Depreciation for the year	(10,377)	(3,921)	(14,298)
At 30 June 2022/1 July 2022	311,424	11,270	322,694
Revaluation	155,346	-	155,346
Depreciation for the year	(11,471)	(2,142)	(13,613)
At 30 June 2023	455,299	9,128	464,427
Company			
At 1 July 2021	261,317	24,181	285,498
Remeasurement*	-	(13,839)	(13,839)
Addition	-	4,849	4,849
Depreciation for the year	(8,816)	(3,921)	(12,737)
At 30 June 2022/1 July 2022	252,501	11,270	263,771
Revaluation	136,245	-	136,245
Depreciation for the year	(9,712)	(2,142)	(11,854)
At 30 June 2023	379,034	9,128	388,162

* The remeasurement of gas infrastructure of the Group and of the Company during 2022 was as a result of the Group entered into a supplementary agreement for reduction in committed purchase amount of gaseous oxygen.

The Group and the Company leased land and gas infrastructure facilities that run between 16 years to 89 years (2022 : 17 years to 90 years) and 13 years (2022 : 14 years) respectively, with an option to renew the leases after the expiry of the initial lease periods.

5.1 Extension options

Some leases of gas infrastructure facilities contain extension option exercisable by the Group up to one year before the end of the contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

The disclosure of potential future lease payment has not been made as the Directors noted the amount to be inconsequential.

Notes to the Financial Statements

(Cont'd)

5. RIGHT-OF-USE ASSETS (cont'd)

5.2 Significant judgements and assumptions in relation to leases

The Group assesses at lease commencement by applying significant judgement whether it is reasonably certain to exercise the extension options. Group entities consider all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term.

The Group also applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

5.3 Leasehold land under revaluation model - Group and Company

All land of the Group and of the Company were remeasured at fair value based on an independent valuation carried out by an independent firm of valuers on an open market basis conducted in April 2023 (2022 : April 2019). The Directors classified this fair value as level 3 of the fair value hierarchy. The fair value was using the comparison approach with relevant adjustments made to key attributes such as land size and accessibility of the location. The most significant input into this valuation approach was price per square foot ranging from RM13 to RM125. The estimated fair value would increase/(decrease) if the price per square foot is higher/(lower).

Had the Group and the Company revalued right-of-use of land been carried under the cost model, their carrying amounts would have been RM66,909,000 (2022 : RM68,936,000) and RM52,484,000 (2022 : RM54,200,000) respectively.

6. GOODWILL ON CONSOLIDATION

	Group	
	2023	2022
	RM'000	RM'000
At cost:		
At 1 July/30 June	30,256	30,256

(a) Impairment test of goodwill

The carrying amounts of goodwill allocated to the Group's cash-generating units are as follows:

	2023	2022
	RM'000	RM'000
Southern Steel Mesh Sdn Bhd and upstream business	19,767	19,767
Southern PC Steel Sdn Bhd	9,684	9,684
Danstil Sdn Bhd	805	805
	30,256	30,256

The Group undertakes an annual test for impairment evaluation. No impairment loss was identified for the aforesaid carrying amount of goodwill assessed at the reporting date as their recoverable amounts were in excess of their carrying amounts.

Notes to the Financial Statements

(Cont'd)

6. GOODWILL ON CONSOLIDATION (cont'd)

(b) Recoverable amount based on value-in-use

The recoverable amounts of cash-generating units containing the above goodwill are determined based on value-in-use calculations. These calculations use cash flow projections that have been projected based on financial budgets and projections prepared by the management and approved by the Board of Directors. The sales tonnage and margins of the cash-generating units used in preparing the projected cash flows were determined based on past business performance and management's expectations on market development. The cash flow projections is discounted using a rate of 12% (2022 : 12%) after considering the risks and uncertainties of the cashflows.

(c) Impact of possible change in key assumptions

The Group's review includes an impact assessment of changes in key assumptions. Based on the sensitivity analyses performed, management has concluded that no reasonable change in the key assumptions would cause the carrying amounts of the cash-generating units to exceed their recoverable amounts.

7. INVESTMENT IN SUBSIDIARY COMPANIES

		Company	
	Note	2023	2022
		RM'000	RM'000
At cost:			
Unquoted shares		1,239,244	1,193,768
Redeemable Preference Shares		152,900	50,000
Less: Impairment loss	7.2	(841,388)	(833,413)
		550,756	410,355
Amount due from a subsidiary	7.1	-	8,933
		550,756	419,288

The subsidiary companies and their principal activities are disclosed in Note 3 to the financial statements.

7.1 The amount due from a subsidiary was unsecured, interest free and with no fixed term of repayment. After considering the capital structure of the subsidiary, the Management is of the view that, in substance, the advances provided an exposure similar to an interest in equity shares of the subsidiary. Consequently, the amount due is classified as an interest in the subsidiary.

7.2 During the financial year, the Company recorded an additional impairment loss of RM7,975,000 (2022 : RM189,328,000) after having assessed the recoverable amount of a subsidiary based on the net shareholders' fund which approximates to its fair value less cost of disposal and is classified as level 3 of the fair value hierarchy.

In the assessment of recoverable amount of the fair value less cost of disposal for the subsidiary, the management considered the following key assumptions:

- The conclusion of the arbitration case referred to in Note 37 of the financial statements;
- Potential streamlining opportunities of operations for business efficiency including the transfer of remaining property, plant and equipment to the Company at their carrying amount; and
- All the current assets and liabilities to be realised at their net realisable value.

Notes to the Financial Statements

(Cont'd)

8. INVESTMENT IN AN ASSOCIATED COMPANY

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
At cost:				
Unquoted shares	5,500	5,500	5,500	5,500
Share of post-acquisition reserves	7,357	9,303	-	-
	12,857	14,803	5,500	5,500

The associated company and its principal activities are disclosed in Note 3 to the financial statements.

The disclosure of summary of financial information of the associate has not been made as the Directors noted the amount to be inconsequential.

9. OTHER INVESTMENTS

	Group/Company	
	2023	2022
	RM'000	RM'000
Fair value through other comprehensive income		
Shares quoted in Malaysia	394	511

Notes to the Financial Statements

(Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES)

Recognised deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023	2022	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	-	-	(35,028)	(34,640)	(35,028)	(34,640)
Right-of-use assets (including assets held for sale)	-	-	(95,527)	(67,514)	(95,527)	(67,514)
Unabsorbed capital allowances	7,213	2,200	-	-	7,213	2,200
Unutilised tax losses	71,085	78,215	-	-	71,085	78,215
Employee benefits	6,905	6,731	-	-	6,905	6,731
Trade and other payables	12,235	11,402	-	-	12,235	11,402
Provisions	294	896	-	-	294	896
Unutilised increased export allowance	29,792	25,050	-	-	29,792	25,050
Lease liabilities	2,633	3,122	-	-	2,633	3,122
Others	922	1,105	-	-	922	1,105
Deferred tax assets/(liabilities)	131,079	128,721	(130,555)	(102,154)	524	26,567
Set off of tax	(109,818)	(86,488)	109,818	86,488	-	-
Net deferred tax assets/(liabilities)	21,261	42,233	(20,737)	(15,666)	524	26,567
Company						
Property, plant and equipment	-	-	(7,072)	(7,222)	(7,072)	(7,222)
Right-of-use assets (including assets held for sale)	-	-	(80,310)	(56,542)	(80,310)	(56,542)
Unabsorbed capital allowances	2,945	-	-	-	2,945	-
Unutilised increased export allowance	29,792	25,050	-	-	29,792	25,050
Unutilised tax losses	36,282	44,408	-	-	36,282	44,408
Employee benefits	3,763	3,641	-	-	3,763	3,641
Trade and other payables	9,151	6,858	-	-	9,151	6,858
Lease liabilities	2,633	3,122	-	-	2,633	3,122
Deferred tax assets/(liabilities)	84,566	83,079	(87,382)	(63,764)	(2,816)	19,315
Set off of tax	(84,566)	(60,964)	84,566	60,964	-	-
Net deferred tax assets/(liabilities)	-	22,115	(2,816)	(2,800)	(2,816)	19,315

Notes to the Financial Statements

(Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movements in temporary differences during the financial year are as follows:

	At 1.7.2021	Recognised in profit or loss (Note 28)	At 30.6.2022/ 1.7.2022	Recognised in profit or loss (Note 28)	Recognised directly in equity (Note 30)	At 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group						
Property, plant and equipment	(29,117)	(5,523)	(34,640)	1,612	(2,000)	(35,028)
Right-of-use assets (including assets held for sale)	(74,852)	7,338	(67,514)	9,270	(37,283)	(95,527)
Unabsorbed capital allowances	6,825	(4,625)	2,200	5,013	-	7,213
Unutilised tax losses	56,431	21,784	78,215	(7,130)	-	71,085
Employee benefits	6,453	278	6,731	174	-	6,905
Trade and other payables	5,377	6,025	11,402	833	-	12,235
Provisions	1,270	(374)	896	(602)	-	294
Unutilised increased export allowance	29,792	(4,742)	25,050	4,742	-	29,792
Lease liabilities	6,149	(3,027)	3,122	(489)	-	2,633
Others	3,851	(2,746)	1,105	(183)	-	922
	12,179	14,388	26,567	13,240	(39,283)	524

Notes to the Financial Statements

(Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Movements in temporary differences during the financial year are as follows (cont'd)**:**

	At 1.7.2021	Transfer of business from a subsidiary company	Recognised in profit or loss (Note 28)	At 30.6.2022/ 1.7.2022	Recognised in profit or loss (Note 28)	Recognised directly in equity (Note 30)	At 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
Property, plant and equipment	4,850	(12,285)	213	(7,222)	150	-	(7,072)
Right-of-use assets (including assets held for sale)	(63,575)	-	7,033	(56,542)	8,932	(32,700)	(80,310)
Unabsorbed capital allowances	3,175	-	(3,175)	-	2,945	-	2,945
Unutilised increased export allowance	29,792	-	(4,742)	25,050	4,742	-	29,792
Unutilised tax losses	27,860	-	16,548	44,408	(8,126)	-	36,282
Employee benefits	2,933	-	708	3,641	122	-	3,763
Trade and other payables	1,478	-	5,380	6,858	2,293	-	9,151
Lease liabilities	6,149	-	(3,027)	3,122	(489)	-	2,633
	12,662	(12,285)	18,938	19,315	10,569	(32,700)	(2,816)

Included in the deferred tax assets as at 30 June 2023 were unused tax credits which arose from tax losses and tax incentives enjoyed by the Company and certain subsidiaries. The recognition of these deferred tax assets is dependent on whether it is probable that sufficient taxable profit is available.

In the recognition of deferred tax asset, the management considered the following key assumptions:

- The sales tonnage and selling price of products, purchase price of raw materials and the production of the Group and the Company based on past business performance and management's expectations on market development; and
- No changes in the existing tax legislation.

Notes to the Financial Statements

(Cont'd)

10. DEFERRED TAX ASSETS/(LIABILITIES) (cont'd)

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unutilised tax losses	444,394	110,551	131,986	-
Unabsorbed capital allowances	3,081	2,189	-	-
Unabsorbed investment tax allowances	740,269	740,269	-	-
	1,187,744	853,009	131,986	-

Based on existing tax legislation,

(i) The unutilised tax losses can be carried forward for ten (10) consecutive year of assessment ("YA") immediately following that YA.
(ii) The unabsorbed capital allowance and unabsorbed investment tax allowances do not expire under current tax legislation.

Deferred tax assets have not been recognised in respect of these items as it is not probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised before they expire.

The unutilised tax losses will expire in the following YA:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Year of assessment:				
2028	89,596	98,096	-	-
2029	62,597	7,195	55,418	-
2030	77,448	880	76,568	-
2031	1,555	1,555	-	-
2032	199,458	2,825	-	-
2033	13,740	-	-	-
	444,394	110,551	131,986	-

Any amounts not utilised upon expiry period of the above YA will be disregarded.

Notes to the Financial Statements

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11. TAX CREDIT RECEIVABLE

Tax credit receivable is attributable to the following:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Unutilised reinvestment allowances ("RA")	5,523	7,647	4,264	6,385

Tax credit receivable is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Movements in tax credit receivable during the financial year are as follows:

	At 1.7.2021	Utilisation of RA during the year	At 30.6.2022/ 1.7.2022	Utilisation of RA during the year	At 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000
Group					
Unutilised reinvestment allowances	16,525	(8,878)	7,647	(2,124)	5,523
Company					
Unutilised reinvestment allowances	12,414	(6,029)	6,385	(2,121)	4,264

12. INVENTORIES

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Raw materials	205,511	354,626	133,249	253,008
Work-in-progress	12,954	14,749	-	-
Finished goods	142,551	157,808	105,082	107,540
General consumables and other stores	47,144	40,872	37,024	35,052
	408,160	568,055	275,355	395,600
Recognised in profit or loss:				
Inventories recognised as cost of sales	2,392,225	2,107,119	1,984,818	1,857,817
Write down of inventories	4,523	55	8,204	13,278

Notes to the Financial Statements

(Cont'd)

13. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Non-current					
Non-trade					
Other receivables	13.3	126,447	121,128	-	-
Current					
Trade					
Trade receivables					
- Third parties		132,170	150,635	58,671	68,596
- Subsidiaries		-	-	32,430	46,909
- Related parties		3,433	6,174	1,624	3,017
- Associated company		2,932	-	2,932	-
		138,535	156,809	95,657	118,522
Current					
Non-trade					
Amounts due from:					
- Subsidiaries	13.1	-	-	543	99
- Related parties	13.2	-	22	-	-
Other receivables	13.3	4,741	12,756	4,237	5,675
Deposits		2,118	1,342	699	866
Prepayments		3,495	2,019	2,717	1,412
Derivative financial assets:					
- Forward contracts		-	21	-	-
- Forward exchange contracts designated as hedge instruments		-	106	-	-
		10,354	16,266	8,196	8,052
Less: Impairment losses					
- trade		(4,653)	(4,439)	(199)	(199)
		144,236	168,636	103,654	126,375

13.1 The non-trade amounts due from subsidiaries are unsecured, interest-free and with no fixed term of repayment.

13.2 The non-trade amounts due from related parties are unsecured, interest-free and repayable on demand.

13.3 Included in the other receivables is RM126 million (2022 : RM121 million) in relation to the final award of the arbitration case as discussed in Note 15 and Note 37 which is interest-bearing at 5.33% (2022 : 5.33%) per annum. The amount owing is classified as non-current as at 30 June 2023 because the Group is taking enforcement action and is not expected that the enforcement can be completed within twelve (12) months.

Notes to the Financial Statements

(Cont'd)

13. TRADE AND OTHER RECEIVABLES, INCLUDING DERIVATIVES (cont'd)

13.4 Offsetting of financial assets and financial liabilities

The following table provides information of financial assets and liabilities that have been set off for presentation purpose:

	Note	Gross amount	Balances that are set off	Net carrying amount in the statement of financial position
		RM'000	RM'000	RM'000
Group				
2023				
Other receivables (including non-current portion)		215,804	(84,616)	131,188
Other payables	22	(100,540)	84,616	(15,924)
2022				
Other receivables (including non-current portion)		218,500	(84,616)	133,884
Other payables	22	(106,090)	84,616	(21,474)

Certain other receivables and other payables were set off for presentation purpose because the counter parties agree to set off and they intend either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

14. CASH AND CASH EQUIVALENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	87,200	17,183	57,554	9,420
Cash and bank balances	32,121	50,150	16,939	24,689
	119,321	67,333	74,493	34,109

Notes to the Financial Statements

(Cont'd)

14. CASH AND CASH EQUIVALENTS (cont'd)

14.1 Cash and cash equivalents managed by a related company licensed financial institutions

Included in deposit with licensed banks and cash and bank balances at the end of the reporting period are the following balances maintained with a related company:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	50,013	12,633	27,200	4,870
Cash and bank balances	14,190	26,002	7,213	8,150
	64,203	38,635	34,413	13,020

15. ASSET TO BE RETURNED TO VENDOR

The hot rolled coil plant of the Group is presented as asset to be returned to vendor following the final award of the arbitration case referred to in Note 37 of the financial statements. The carrying amount of assets to be returned to vendor are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Plant and equipment	193,132	193,132

The Group has an obligation to return the asset to the vendor upon receiving payments from the vendor that are already due as discussed in Note 13.3. During the previous year, the Group recorded an impairment loss amounting to RM176,245,000 following the judgement as disclosed in the Note 37 to the financial statements.

16. ASSETS HELD FOR SALE

Certain leasehold land and buildings were presented as assets held for sale following the plan of the Group and the Company to dispose properties to improve their cashflows. The Group and the Company had entered into a sale and purchase agreement with a third party and the sales have been completed in the financial year ended 30 June 2023. At 30 June 2023, the assets are as follows:

	Group					
	2023			2022		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Right-of-use of land	-	-	-	43,500	(1,702)	41,798
Buildings	-	-	-	14,756	(2,523)	12,233
Total	-	-	-	58,256	(4,225)	54,031

Notes to the Financial Statements

(Cont'd)

16. ASSETS HELD FOR SALE (cont'd)

	Company					
	2023			2022		
	Cost	Accumulated depreciation	Carrying amount	Cost	Accumulated depreciation	Carrying amount
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Right-of-use of land	-	-	-	43,500	(1,702)	41,798
Buildings	-	-	-	12,417	-	12,417
Total	-	-	-	55,917	(1,702)	54,215

The carrying value of assets is the same as it's carrying value before it was being reclassified to current assets.

17. SHARE CAPITAL

	Group/Company			
	2023		2022	
	Number of shares	Amount	Number of shares	Amount
	'000	RM'000	'000	RM'000
Issued and fully paid ordinary shares with no par value:				
At 1 July/30 June	596,313	641,010	596,313	641,010

18. RESERVES

		Group		Company	
	Note	2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Reserves consist of:					
Revaluation reserve	18.1	402,194	288,112	295,644	213,750
Merger reserve	18.2	30,000	30,000	33,600	33,600
Exchange fluctuation reserve	18.3	1,889	1,859	-	-
Hedging reserve	18.4	24	795	-	401
Executive share scheme reserve	18.5	1,273	-	934	-
Reserve for own shares	18.6	(40)	-	(40)	-
Accumulated losses		(451,148)	(331,639)	(436,022)	(344,140)
		(15,808)	(10,873)	(105,884)	(96,389)

Notes to the Financial Statements

(Cont'd)

18. RESERVES (cont'd)

18.1 The revaluation reserve relates to the revaluation of land and right-of-use of land (including assets held for sale).

18.2 Merger reserve is the difference between the cost of acquisition and the nominal value of the share capital and reserves of the merged subsidiary companies.

18.3 Exchange fluctuation reserve represents all foreign currency differences arising from the translation of the financial statements of foreign operations.

18.4 Hedging reserve represents the effective portion of the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

18.5 Executive share scheme reserve represents fair value of the share grant offers granted to Employees as disclosed in Note 2.2(r)(iii) and Note 20(b).

18.6 Reserve for own shares represent Trust Shares purchased by the ESS Trust as disclosed in Note 2.2(r)(iii). As at 30 June 2023, the total number of SSB Shares held by the ESS Trust at the Group level was 81,500 (2022 : Nil) shares.

19. DEFERRED INCOME

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current				
Reinvestment allowance	1,829	3,336	1,605	3,067

The tax benefits arising from reinvestment allowance are being amortised over the estimated useful lives of the underlying plant and equipment for which reinvestment allowances were claimed. During the financial year, a total of RM1,507,000 (2022 : RM2,754,000) and RM1,462,000 (2022 : RM1,462,000) have been amortised and recognised as other operating income in profit or loss of the Group and of the Company respectively.

20. EMPLOYEE BENEFITS

(a) Unfunded retirement benefits

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current	27,256	27,084	14,821	14,736
Current	1,516	963	858	436
	28,772	28,047	15,679	15,172

Notes to the Financial Statements

(Cont'd)

20. EMPLOYEE BENEFITS (cont'd)

(a) Unfunded retirement benefits (cont'd)

Movements in net defined benefit liability

	Defined benefit liability	
	2023	**2022**
	RM'000	**RM'000**
Group		
At 1 July	28,047	26,885
Included in profit or loss		
Current service cost	1,296	1,302
Interest cost	1,262	1,191
	2,558	2,493
Others		
Benefits paid	(1,833)	(1,331)
At 30 June	28,772	28,047
Company		
At 1 July	15,172	12,221
Included in profit or loss		
Current service cost	726	642
Interest cost	697	638
	1,423	1,280
Others		
Benefits paid	(916)	(809)
Transfer from a subsidiary company	-	2,480
At 30 June	15,679	15,172

Notes to the Financial Statements

(Cont'd)

20. EMPLOYEE BENEFITS (cont'd)

(a) Unfunded retirement benefits (cont'd)

Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
Discount rate	4.52	4.52	4.52	4.52
Expected rates of salary increases	5.00	5.00	5.00	5.00
Weighted-average duration	12.3 years	12.3 years	12.3 years	12.3 years

Sensitivity analysis

The disclosure of sensitivity analysis has not been made as the Directors noted the amount to be inconsequential.

(b) Executive Share Scheme ("ESS")

The main features of the ESS are, inter alia, as follows:

(i) Eligible executives are those executives of the Group who have been confirmed in service on the date of offer or Directors of the Group. The Board may from time to time at its discretion select and identify suitable eligible executives to be offered options or grants.

(ii) The aggregate number of shares comprised in:

(a) exercised options;
(b) unexercised options;
(c) unexpired option offers and unexpired grant offers pending acceptances by the eligible executives;
(d) outstanding grants;
(e) completed grants; and
(f) exercised options, unexercised options, outstanding grants, completed grants and unexpired offers pending acceptances, under any other executive share schemes established by the Company which are still subsisting,

shall not exceed 10% of the total number of issued ordinary shares (excluding treasury shares) of the Company at any one time ("Maximum Aggregate").

(iii) The option price shall not be at a discount of more than 10% (or such discount as the relevant authorities shall permit) from the 5-day weighted average market price of the shares of the Company preceding the date of offer and shall in no event be less than the par value of the shares of the Company.

(iv) The exercise of the options or vesting of shares may, at the absolute discretion of the Board, be satisfied by way of issuance of new ordinary shares in the Company (unless otherwise adjusted); transfer of existing shares, or a combination of both new shares and existing shares.

(v) At any point in time during the existence of the ESS, the allocation to an eligible executive who, either singly or collectively through persons connected with the eligible executive, holds 20% or more of the total number of issued ordinary shares (excluding treasury shares) of the Company, must not exceed the Maximum Aggregate.

Notes to the Financial Statements

(Cont'd)

20. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS") (cont'd)

(vi) The option offered to an option holder under the ESOS is exercisable by the option holder or the shares to be vested to a grant holder under the ESGS will be vested to the grant holder only during his employment or directorship with the Group and within the option exercise period of the ESOS, subject to any maximum limit as may be determined by the Board under the By-Laws of the ESS.

ESS 2014

The Company had in place an existing 10-year ESS which was implemented on 28 February 2014, comprising an executive share option scheme ("ESOS") and an executive share grant scheme ("ESGS") (collectively, "ESS 2014"), which would be expiring on 27 February 2024.

(i) ESOS

During the financial year ended 30 June 2023, there was no grant or vesting of conditional incentive share options ("Options") over ordinary shares of the Company ("SSB Shares") to eligible executives (including directors and chief executives) of the Group.

Since the commencement of the ESS 2014, the Group had granted a total of 22,500,000 Options and none had been vested and all Options had lapsed. The aggregate Options granted to directors and chief executives (including a past director and chief executive) of the Group amounted to 18,250,000 Options and all Options had lapsed as at 30 June 2023. The actual percentage of total Options granted to directors and senior management (including a past director) of the Group was 2.47% based on the total number of issued SSB Shares as at 30 June 2023.

(ii) ESGS

During the financial year ended 30 June 2023 and since the commencement of the ESS 2014, there was no grant or vesting of free SSB Shares to eligible executives (including directors and chief executives) of the Group.

The aggregate allocation of Options and SSB Shares to directors and senior management of the Group pursuant to the ESS is at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

ESS 2022

The Company had, on 15 November 2022, implemented a new ESS which comprises an ESOS and an ESGS of up to 10% of the Company's total number of issued SSB Shares for eligible executives and/or directors of the Group ("ESS 2022"). The ESS 2022 will be in force for a period of 10 years from 15 November 2022.

(i) ESOS

During the financial year ended 30 June 2023 and since the commencement of the ESS 2022, there was no grant or vesting of Options over SSB Shares to eligible executives (including directors and chief executives) of the Group.

(ii) ESGS

During the financial year ended 30 June 2023 and since the commencement of the ESS 2022, 12,294,444 free SSB Shares were granted to eligible executives (including director/chief executive) of the Group and, out of which 12,050,000 free SSB Shares granted are subject to the achievement of certain performance criteria over the performance periods. As at 30 June 2023, none of the SSB Shares had been vested, with 150,000 had lapsed and 12,144,444 SSB Shares remain outstanding. The aggregate SSB Shares granted to a director/chief executive of the Group amounted to 3,744,444 SSB Shares, none of the SSB Shares had been vested and 3,744,444 SSB Shares remain outstanding as at 30 June 2023. The actual percentage of total SSB Shares granted to a director and senior management of the Group was 1.09% based on the total number of issued SSB Shares as at 30 June 2023.

Notes to the Financial Statements

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20. EMPLOYEE BENEFITS (cont'd)

(b) Executive Share Scheme ("ESS") (cont'd)

The aggregate allocation of Options and SSB Shares to directors and senior management of the Group pursuant to ESS 2022 is at the discretion of the Board provided that such allocation does not exceed the Maximum Aggregate.

The number of SSB Shares granted are as follows:

	Group 2023 '000	Company 2023 '000
Granted during the year	12,144	8,894

Value of employee services received for SSB Shares grant

	Group 2023 RM'000	Company 2023 RM'000
SSB Shares granted in 2023	1,273	934

Weighted average fair value of SSB Shares grant and assumptions

	Group/Company 2023
Weighted average fair value at grant date	RM0.58 - RM0.69
At grant date:	
Weighted average share price	RM0.57 - RM0.61
Expected volatility (weighted average volatility)	47.61% - 50.74%
Weighted average expected dividends	0%
Weighted average risk-free interest rate (based on Malaysian government bonds)	3.58% - 3.64%

21. PROVISIONS

	Legal RM'000
Group	
At 1 July 2022	3,735
Paid during the year	(2,509)
At 30 June 2023	1,226

The provision for legal costs is related to the arbitration as disclosed in Note 37 to the financial statements.

Notes to the Financial Statements

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22. TRADE AND OTHER PAYABLES, INCLUDING DERIVATIVES

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Trade					
Trade payables					
- Third parties		89,034	141,177	79,966	128,758
- Subsidiaries		-	-	855	2,051
- Associated company		-	5	-	5
- Related parties		63	240	-	211
		89,097	141,422	80,821	131,025
Non-trade					
Amounts due to:					
- Subsidiaries	22.1	-	-	835	671
- Related parties	22.1	38	511	21	463
Other payables	22.2	15,924	21,474	11,737	14,159
Accrued expenses		85,569	78,193	66,982	67,036
Derivative financial liabilities:					
- Forward contracts designated as hedge instruments		4	-	-	-
		101,535	100,178	79,575	82,329
		190,632	241,600	160,396	213,354

22.1 The non-trade amounts due to subsidiaries and related parties are unsecured, interest-free and repayable on demand.

22.2 (a) The amount of RM84,616,000 (2022 : RM84,616,000) payable to vendor of the HRC plant included in other payables was netted off against final award of the arbitration (Note 13.3) as agreed by both parties after the conclusion of the arbitration.

(b) Out of the RM84,616,000 (2022 : RM84,616,000) mentioned above, RM69,000,000 (2022 : RM69,000,000) is bearing interest at 1% up to the date of conclusion of the arbitration.

Notes to the Financial Statements

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23. CONTRACT LIABILITY

	2023	2022
	RM'000	RM'000
Group		
Contract liability	193,132	193,132

The contract liability primarily relates to the arbitration award following the outcome of the arbitration case referred to in Note 37 of the financial statement. It is the Group's obligation to return the asset to the vendor as disclosed in Note 15. This amount will be reversed upon the return of the relevant asset.

24. LOANS AND BORROWINGS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-current - unsecured				
Term loans	221,900	244,400	221,900	141,500
Current - unsecured				
Trade financing	516,659	424,034	460,534	368,840
Revolving credits	71,900	76,900	55,900	55,900
Term loans	37,500	105,751	37,500	74,771
	626,059	606,685	553,934	499,511
	847,959	851,085	775,834	641,011

24. LOANS AND BORROWINGS (cont'd)

24.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	At 1.7.2021	Remeasurement	Drawdown/ New lease obtained	Repayment	At 30.6.2022/ 1.7.2022	Drawdown	Repayment	At 30.6.2023
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group								
Trade financing	463,467	-	2,533,413	(2,572,846)	424,034	2,977,652	(2,885,027)	516,659
Revolving credits	69,900	-	148,500	(141,500)	76,900	16,000	(21,000)	71,900
Term loans	383,130	-	-	(32,979)	350,151	102,900	(193,651)	259,400
Lease liabilities	25,622	(13,839)	4,849	(3,625)	13,007	-	(2,038)	10,969
	942,119	(13,839)	2,686,762	(2,750,950)	864,092	3,096,552	(3,101,716)	858,928
Company								
Trade financing	415,916	-	2,271,204	(2,318,280)	368,840	2,486,188	(2,394,494)	460,534
Revolving credits	65,900	-	110,000	(120,000)	55,900	-	-	55,900
Term loans	239,250	-	-	(22,979)	216,271	102,900	(59,771)	259,400
Lease liabilities	25,622	(13,839)	4,849	(3,625)	13,007	-	(2,038)	10,969
	746,688	(13,839)	2,386,053	(2,464,884)	654,018	2,589,088	(2,456,303)	786,803

Notes to the Financial Statements

(Cont'd)

24. LOANS AND BORROWINGS (cont'd)

24.2 Interest rates

	Group		Company	
	2023	2022	2023	2022
	%	%	%	%
	Per annum	Per annum	Per annum	Per annum
Trade financing/Revolving credits	3.85 - 5.07	2.39 - 3.93	3.85 - 4.80	2.39 - 3.93
Term loans	5.41 - 5.51	3.92 - 4.42	5.41 - 5.51	3.92 - 4.42

25. REVENUE

	Note	Group		Company	
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
Continuing operations					
Revenue from contracts with customers					
- sale of goods	25.1	2,386,435	2,308,915	1,967,174	1,973,286
Other revenue:					
Dividend income		-	-	5,000	116,539
Total revenue	25.1	2,386,435	2,308,915	1,972,174	2,089,825

Notes to the Financial Statements

(Cont'd)

25. REVENUE (cont'd)

25.1 Disaggregation of revenue

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Primary geographical markets				
Malaysia	2,077,903	2,055,778	1,775,798	1,832,777
Singapore	38,331	34,204	5,945	573
Indonesia	10,375	8,086	10,375	8,086
Taiwan	13,100	20,552	-	-
The United States of America	34,494	27,463	-	-
Australia	140,462	103,405	137,632	103,240
Papua New Guinea	7,912	23,058	7,912	23,058
Japan	9,612	554	9,612	554
Philippines	13,826	6,771	-	-
Bangladesh	9,274	1,733	9,274	1,733
Others	31,146	27,311	10,626	3,265
	2,386,435	2,308,915	1,967,174	1,973,286
Major products				
Bars, wire mesh, cut and bend and pre-stressed concrete wire	1,449,723	1,388,417	1,039,720	1,077,619
Wire rod	655,425	650,044	916,666	790,101
Flat steel	274,309	261,769	-	-
Scrap	-	-	10,788	105,566
Others	6,978	8,685	-	-
	2,386,435	2,308,915	1,967,174	1,973,286
Timing and recognition				
At a point in time	2,386,435	2,308,915	1,967,174	1,973,286
Revenue from contracts with customers	2,386,435	2,308,915	1,967,174	1,973,286
Other revenue	-	-	5,000	116,539
Total revenue	2,386,435	2,308,915	1,972,174	2,089,825

Notes to the Financial Statements

(Cont'd)

25. REVENUE (cont'd)

25.2 Nature of goods and services

The following information reflects the typical transactions of the Group and of the Company:

Nature of goods or services	Timing of recognition or method used to recognise revenue	Significant payment terms	Variable element in consideration	Obligation for returns or refunds	Warranty
Bars, wire mesh, cut and bend and pre-stressed concrete wire	Revenue for local sales is recognised at a point in time when the goods are delivered and accepted by the customers. Revenue for export sales is recognised in accordance with international shipping terms.	Credit period of 14 to 60 days from invoice date/end of month for local sales. Letter of credit terms for export sales.	Volume incentives/ early payment rebates are given to customers, where applicable.	Credit notes issued for defect items/ allow returns for exchange with new goods, where applicable.	Not applicable.
Wire rod	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. Revenue for export sales is recognised in accordance with international shipping terms.	Credit period of 14 days from invoice date for local sales. Letter of credit terms for export sales.	Export rebates are given to customers, where applicable.	Credit notes issued for defect items, where applicable.	Not applicable.
Flat steel	Revenue is recognised at a point in time when the goods are delivered and accepted by the customers. Revenue for export sales is recognised in accordance with international shipping terms.	Credit period of 14 to 90 days from invoice date for local sales. Letter of credit terms for export sales.	Early payment rebates are given to customers, where applicable.	Credit notes issued for defect items, where applicable.	Not applicable.
Scraps	Revenue is recognised at a point in time when the goods are delivered and accepted by the subsidiary companies.	Credit period of 14 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

The Group and the Company apply the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

Notes to the Financial Statements

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26. FINANCE COSTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Continuing operations:				
Interest expense on:				
Borrowings	30,445	23,929	27,426	22,242
Lease liabilities	604	1,126	604	1,126
Others	1,579	4,897	762	3,825
	32,628	29,952	28,792	27,193
Discontinued operation:				
Interest expense on borrowings	5,147	5,442	-	-
	37,775	35,394	28,792	27,193

27. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/Profit before taxation is arrived at after charging/(crediting):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Auditors' remuneration				
Statutory audits				
- KPMG PLT				
- current year	385	365	175	146
Other services				
- KPMG PLT	7	7	7	7
- Affiliated of KPMG PLT	74	118	20	59
Amortisation of deferred income	(1,507)	(2,754)	(1,462)	(1,462)
Dividend income from subsidiary companies	-	-	(5,000)	(116,264)
Dividend income from an associate	-	-	-	(275)
Personnel expenses (including Directors' remuneration)				
- Salaries and other expenses	103,245	95,165	55,806	49,334
- Contribution to Employees Provident Fund	9,495	9,131	5,687	4,860
- Retirement benefits	2,558	2,493	1,423	1,280
- Share-based payments	1,273	-	934	-
	116,571	106,789	63,850	55,474
(Gain)/Loss on foreign exchange				
- realised	(3,273)	(2,085)	(2,252)	(992)
- unrealised	(97)	(64)	87	2

Notes to the Financial Statements

(Cont'd)

27. (LOSS)/PROFIT BEFORE TAXATION (cont'd)

(Loss)/Profit before taxation is arrived at after charging/(crediting) (cont'd):

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Gain on disposal	(117)	(169)	(138)	(156)
- Write-off	1	1	1	-
Gain on disposal of assets held for sale	(10,969)	(2,633)	(10,785)	(2,633)
Impairment loss on investment in subsidiary companies	-	-	7,975	189,328
Management fee income	-	-	(3,922)	(3,338)
Government grant **(Note a)**	-	(2,538)	-	(640)
Expenses/(income) arising from lease				
Expenses relating to short-term lease **(Note b)**	519	228	350	323
Income from subleasing of right-of-use assets	-	(15,005)	(180)	(16,022)

Note a
The Group and the Company received government grants as wage subsidies to retain local employees during the approved period of economic uncertainty brought about by the coronavirus (Covid-19) outbreak.

Note b
The Group and the Company lease hostel with contract term of 1 to 2 years. These leases are short-term leases. The Group has elected not to recognise right-of-use assets and lease liabilities.

28. TAXATION

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current taxation				
- Current year	3,403	16,617	3,304	9,961
- Prior year	2,116	(103)	2,130	1
	5,519	16,514	5,434	9,962
Deferred taxation				
- Current year	(11,296)	(14,943)	(8,448)	(19,784)
- Prior year	(1,944)	555	(2,121)	846
	(13,240)	(14,388)	(10,569)	(18,938)
	(7,721)	2,126	(5,135)	(8,976)

Notes to the Financial Statements

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28. TAXATION (cont'd)

The reconciliation of income tax applicable to loss before taxation at the statutory income tax rate to income tax at the effective tax rate of the Group and of the Company are as follows:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Loss for the year	(141,725)	(94,503)	(113,417)	(38,674)
Total income tax expense	(7,721)	2,126	(5,135)	(8,976)
Loss excluding tax, including discontinued operation	(149,446)	(92,377)	(118,552)	(47,650)
Taxation at Malaysian statutory tax rates of 24%	(35,867)	(22,170)	(28,452)	(11,436)
Non-deductible expenses	2,696	47,409	2,265	48,710
Non-taxable income	(3,850)	(827)	(3,839)	(28,419)
Difference attributable to an associated company	467	(479)	-	-
Effect of lower Real Property Gain Tax rate for gain on disposal of assets held for sale	(6,423)	-	(6,423)	-
Recognition/Utilisation of previously unrecognised deferred tax assets	-	(22,729)	-	(18,905)
Deferred tax assets not recognised	38,038	-	31,677	-
Others	(2,954)	470	(372)	227
	(7,893)	1,674	(5,144)	(9,823)
Under provision in prior years	172	452	9	847
	(7,721)	2,126	(5,135)	(8,976)

Notes to the Financial Statements

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29. (LOSS)/EARNING PER ORDINARY SHARE

Basic (loss)/earning per ordinary share

The calculation of basic (loss)/earning per ordinary share at 30 June 2023 is based on the (loss)/profit attributable to ordinary shareholders and a weighted average number of ordinary shares outstanding, calculated as follows:

(Loss)/Profit attributable to ordinary shareholders

	Continuing operations	Discontinued operation	Total
	RM'000	RM'000	RM'000
Group			
2023			
Loss attributable to ordinary shareholders	(135,767)	(5,670)	(141,437)
2022			
Profit/(Loss) attributable to ordinary shareholders	92,745	(187,642)	(94,897)

Weighted average number of ordinary shares (basic)

	2023	2022
	'000	'000
Issued ordinary shares at 1 July	596,313	596,313
ESS Trust Shares held	(81)	-
Weighted numbers of ordinary shares at 30 June	596,232	596,313

	Sen	Sen
From continuing operations	(22.77)	15.55
From discontinued operation	(0.95)	(31.46)
Basic (loss)/earning per ordinary share	(23.72)	(15.91)

Diluted (loss)/earning per ordinary share

The Group's diluted (loss)/earning per ordinary shares for the financial year ended 30 June 2023 is the same as the basic (loss)/earning per ordinary share since the Group does not have any anti-dilutive instrument.

Notes to the Financial Statements

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30. OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR

	Before tax RM'000	Tax expense RM'000	Net of tax RM'000
Group			
2023			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(117)	-	(117)
Revaluation of land	20,000	(2,000)	18,000
Revaluation of right-of-use assets	155,346	(37,283)	118,063
	175,229	(39,283)	135,946
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	30	-	30
Cash flow hedge			
- Loss arising during the year	(110)	-	(110)
- Reclassification adjustment for gain included in profit or loss	(665)	-	(665)
	(775)	-	(775)
	(745)	-	(745)
	174,484	(39,283)	135,201
2022			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(101)	-	(101)
Items that are or may be reclassified subsequently to profit or loss			
Foreign currency translation differences for foreign operations			
- Gain arising during the year	31	-	31
Cash flow hedge			
- Loss arising during the year	(144)	-	(144)
- Reclassification adjustment for gain included in profit or loss	(36)	-	(36)
	(180)	-	(180)
	(149)	-	(149)
	(250)	-	(250)

Notes to the Financial Statements

(Cont'd)

30. OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR (cont'd)

	Before tax	Tax expense	Net of tax
	RM'000	RM'000	RM'000
Company			
2023			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(117)	-	(117)
Revaluation of right-of-use assets	136,245	(32,700)	103,545
	136,128	(32,700)	103,428
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Loss arising during the year	(400)	-	(400)
	135,728	(32,700)	103,028
2022			
Items that will not be reclassified subsequently to profit or loss			
Loss on fair value of equity investments at fair value through other comprehensive income	(101)	-	(101)
Items that are or may be reclassified subsequently to profit or loss			
Cash flow hedge			
- Loss arising during the year	(26)	-	(26)
	(127)	-	(127)

Notes to the Financial Statements

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31. DISCONTINUED OPERATION

Following the final award from the arbitration as discussed in Note 37, the Group is required to return the hot rolled coil plant to the vendor. Consequently, the operation of this plant is classified as a discontinued operation.

Loss attributable to the discontinued operation was as follows:

Results of discontinued operation

	Group	
	2023	2022
	RM'000	RM'000
Expenses	(5,842)	(193,550)
Result from operating activities	(5,842)	(193,550)
Interest income	5,319	11,350
Finance cost	(5,147)	(5,442)
Loss for the year	(5,670)	(187,642)

The loss from discontinued operation of RM6 million (2022 : RM188 million) is attributable entirely to the owners of the Company.

	Group	
	2023	2022
	RM'000	RM'000
Cash flows used in discontinued operation		
Net cash (used in)/generated from operating activities	(2,913)	1,390
Net cash generated from investing activities	-	9
Net cash used in financing activities	(30,980)	(10,000)
Effect on cash flows	(33,893)	(8,601)

Loss for the year for the discontinued operation is arrived after charging/(crediting):

	Group	
	2023	2022
	RM'000	RM'000
Impairment loss on other receivables	-	176,245
Finance cost	5,147	5,442
Interest income	(5,319)	(11,350)
Reversal for write-down of inventories	(8)	(269)
Gain on disposal of plant and equipment	-	(9)
Depreciation of property, plant and equipment	5,281	5,380

Notes to the Financial Statements

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32. RELATED PARTIES

32.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows:

(i) Hong Leong Company (Malaysia) Berhad ("HLCM") is a major shareholder of the Company through Hong Leong Manufacturing Group Sdn Bhd ("HLMG"), GuoLine Capital Assets Limited is a person connected with certain major shareholders of the Company and persons connected with them (collectively referred to as "Hong Leong Group").

(ii) Hong Bee Hardware Company, Sdn Bhd ("HBH") and Hong Bee Engineering Sdn Bhd ("HBE") are persons connected with Mr Kwek Leng Kee and Mr Kwek Leng Beng, both major shareholders of the Company; and

(iii) Hong Leong Asia Ltd is a person connected to Mr Kwek Leng Kee and Mr Kwek Leng Beng, both are major shareholders of the Company.

Significant transactions with related parties are as follows:

(i) Transactions with subsidiary companies

		Company	
		2023	2022
		RM'000	RM'000
Transactions			
(a)	Sale of goods	427,232	530,917
(b)	Purchase of goods	52,182	390,087
(c)	Rental expenses	269	269
(d)	Rental income	576	1,018
(e)	Management fees income	3,922	3,338
(f)	Management fees expenses	-	726
(g)	Dividend income	5,000	116,264
(h)	Purchase of fixed assets	1,211	-

Notes to the Financial Statements

(Cont'd)

32. RELATED PARTIES (cont'd)

32.1 The Group has related party transactions with corporations which are related to the Directors and/or major shareholders of the Company and/or related corporations and/or persons connected with them as follows: (cont'd)

Significant transactions with related parties are as follows: (cont'd)

(ii) Transactions with related parties

		Related party	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Transactions						
(a)	Receipt of Group management and/or support services	Hong Leong Group	3,299	5,991	2,028	2,712
(b)	Sale of goods	HBH & HBE	61,208	88,516	32,715	57,810
		Hong Leong Group	6,001	4,838	3,062	1,860
		Associated company	3,075	158	3,074	158
(c)	Purchase of goods	Hong Leong Group	-	6	-	6
(d)	Purchase of insurance	Hong Leong Group	6,562	7,865	3,443	3,844
(e)	Rental expense	Hong Leong Group	23	17	-	-
(f)	Income distribution received	Hong Leong Group	-	683	-	403

Significant balances with related parties of the Group and of the Company at the reporting date are disclosed in Note 13, Note 14 and Note 22.

The above transactions have been carried out on commercial terms consistent with the usual business practices and policies of the Group and of the Company.

32.2 Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group.

The fees, remuneration and other benefits of the Directors of the Group and of the Company are as follows:

	Note	Group 2023 RM'000	Group 2022 RM'000	Company 2023 RM'000	Company 2022 RM'000
Executive Directors					
Remuneration and other benefits	32.2.1	1,659	1,528	1,659	1,528
Non-Executive Directors					
Fees	32.2.2	542	513	542	513

Notes to the Financial Statements

(Cont'd)

32. RELATED PARTIES (cont'd)

32.2 Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel includes all the Directors of the Group. (cont'd)

32.2.1 The estimated monetary value of benefit-in-kind of the Directors of the Group and of the Company is RM47,785 (2022 : RM13,742) and RM47,785 (2022 : RM13,742) respectively.

32.2.2 This includes the fee for Directors which has been assigned in favour of the Company where the Director is employed.

33. OPERATING SEGMENTS

The Board of Directors reviews financial reports at least on a quarterly basis. Operating segments are components in which separate financial information that is available and is evaluated by the Board of Directors on resource allocation and in assessing performance.

The Group comprises the following reportable segments:

• Steel products	Includes manufacturing, sale and trading in billets, steel bars, wire rods, wire mesh, pre-stressed concrete strands, bars and wires, steel pipes, steel wires and other related products.
• Investment holding and others	Includes investment holding activities.
• Hot rolled coil operations	Includes manufacturing, sale and trading of hot rolled coils, this segment was discontinued upon the conclusion of material litigation as discussed in Note 37 of the financial statements.

Segment profit/(loss)

Performance is measured based on segment profit/(loss) before interest income, finance costs, share of profit of associated companies and taxation as included in the internal management reports that are reviewed by the Board of Directors.

Segment assets

Segment assets information is not presented to the Board of Directors and hence, no disclosure is made on the segment asset.

Segment liabilities

Segment liabilities information is not presented to the Board of Directors and hence, no disclosure is made on the segment liability.

Notes to the Financial Statements

(Cont'd)

33. OPERATING SEGMENTS (cont'd)

Reconciliation of the Group's reportable segment profit/(loss)

	Steel Products	Investment holding and others	Discontinued Hot rolled coil operation	Total
	RM'000	RM'000	RM'000	RM'000
2023				
Segment Loss	(111,428)	(637)	(5,842)	(117,907)
Interest income	2,863	-	5,319	8,182
Finance costs	(32,628)	-	(5,147)	(37,775)
Share of loss in an associated company, net of tax	-	(1,946)	-	(1,946)
Consolidated loss before taxation				(149,446)
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	2,386,435	-	-	2,386,435
Provision/(Reversal) of write down of inventories	4,523	-	(8)	4,515
Depreciation of:				
- Property, plant and equipment	24,167	-	5,281	29,448
- Right-of-use assets	13,050	563	-	13,613
Amortisation of deferred income	(1,507)	-	-	(1,507)
Unrealised forex gain	(97)	-	-	(97)
Gain on disposal of asset held for sale	(10,969)	-	-	(10,969)
2022				
Segment Profit/(Loss)	123,025	(600)	(193,550)	(71,125)
Interest income	798	-	11,350	12,148
Finance costs	(29,952)	-	(5,442)	(35,394)
Share of profit in an associated company, net of tax	-	1,994	-	1,994
Consolidated loss before taxation				(92,377)
Included in the measure of segment profit/(loss) are:				
Revenue from external customers	2,308,915	-	-	2,308,915
Provision/(Reversal) of write down of inventories	55	-	(269)	(214)
Depreciation of:				
- Property, plant and equipment	25,869	-	5,380	31,249
- Right-of-use assets	13,798	500	-	14,298
Impairment of other receivables	-	-	176,245	176,245
Amortisation of deferred income	(2,754)	-	-	(2,754)
Unrealised forex (gain)/loss	(64)	-	8,959	8,895

Notes to the Financial Statements

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33. OPERATING SEGMENTS (cont'd)

Major customer

During the financial year, there was no revenue from one single customer that contributed to more than 10% of the Group's revenue.

Geographical information

Revenue of the Group by geographical locations of the customers is disclosed in Note 25.

Non-current assets (except for investments in associated company, financial instruments, deferred tax assets and tax credit receivable) of the Group by geographical locations of the assets are located in Malaysia.

34. CAPITAL COMMITMENTS

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
- Contracted but not provided for	2,105	11,401	2,055	3,551

35. FINANCIAL INSTRUMENTS

35.1 Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Financial assets measured at amortised cost ("FAAC");
(b) Fair value through profit or loss ("FVTPL") - Designated upon initial recognition ("DUIR");
(c) Fair value through other comprehensive income ("FVOCI") - Equity instrument designated upon initial recognition ("EIDUIR"); and
(d) Financial liabilities measured at amortised cost ("FLAC")

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS (cont'd)

35.1 Categories of financial instruments (cont'd)

	Carrying amount	FAAC	FVTPL	FVOCI - EIDUIR	Derivatives used for hedging
	RM'000	RM'000	RM'000	RM'000	RM'000
2023					
Financial assets					
Group					
Other investments	395	-	-	395	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	265,070	265,070	-	-	-
Cash and cash equivalents	119,321	119,321	-	-	-
	384,786	384,391	-	395	-
Company					
Other investments	395	-	-	395	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	100,278	100,278	-	-	-
Cash and cash equivalents	74,493	74,493	-	-	-
	175,166	174,771	-	395	-
2022					
Financial assets					
Group					
Other investments	511	-	-	511	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	286,403	286,276	21	-	106
Cash and cash equivalents	67,333	67,333	-	-	-
	354,247	353,609	21	511	106
Company					
Other investments	511	-	-	511	-
Trade and other receivables, including derivatives (excluding deposits and prepayments)	124,097	124,097	-	-	-
Cash and cash equivalents	34,109	34,109	-	-	-
	158,717	158,206	-	511	-

Notes to the Financial Statements

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35. FINANCIAL INSTRUMENTS (cont'd)

35.1 Categories of financial instruments (cont'd)

	Carrying amount	FLAC	Derivative used for hedging
	RM'000	RM'000	RM'000
2023			
Financial liabilities			
Group			
Loans and borrowings	847,959	847,959	-
Trade and other payables, including derivatives	190,632	190,628	4
	1,038,591	1,038,587	4
Company			
Loans and borrowings	775,834	775,834	-
Trade and other payables, including derivatives	160,396	160,396	-
	936,230	936,230	-
2022			
Financial liabilities			
Group			
Loans and borrowings	851,085	851,085	-
Trade and other payables, including derivatives	241,600	241,600	-
	1,092,685	1,092,685	-
Company			
Loans and borrowings	641,011	641,011	-
Trade and other payables, including derivatives	213,354	213,354	-
	854,365	854,365	-

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.2 Net gains and losses arising from financial instruments

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Net gains/(losses) arising on:				
Financial assets measured at amortised cost	10,494	4,288	4,037	834
Financial liabilities measured at amortised cost	(34,345)	(28,337)	(27,158)	(21,623)
Fair value through profit or loss:				
- Loss on financial instruments designated as hedge instruments	(110)	(144)	-	(26)
- (Loss)/Gain on fair value of derivative instruments	(21)	21	-	-
- Dividend income from short-term money market fund	-	683	-	403
Fair value through other comprehensive income:				
- Fair value loss on equity investment	(116)	(101)	(116)	(101)
	(24,098)	(23,590)	(23,237)	(20,513)

35.3 Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

(a) Credit risk

Credit risk is the risk of a financial loss to the Group and the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk principally arises from the individual characteristics of each customer, receivables from a vendor and bank balances. The Company's exposure to credit risk arises principally from advances to subsidiaries and financial guarantee given to a bank for credit facilities granted to a subsidiary. There are no significant changes as compared to prior periods.

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables

Risk management objectives, policies and processes for managing the risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group and the Company assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous year.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due which are deemed to have higher credit risk, are monitored individually.

The exposure of credit risk for trade receivables, net of impairment loss, as at the end of the reporting period by geographic region was:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Malaysia	111,361	131,372	88,133	109,863
Singapore	5,563	3,054	-	-
Indonesia	351	2,430	351	2,430
The United States of America	3,537	7,048	-	-
Australia	4,996	3,580	5,051	3,580
Others	8,074	4,886	1,923	2,450
	133,882	152,370	95,458	118,323

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit loss ("ECL") assessment for trade receivables as at 30 June

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of insignificant balances outstanding.

To measure the expected credit losses, trade receivables have been grouped based on credit risk and days past due.

Where a trade receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 30 June.

	Gross carrying amount	Loss allowance	Net carrying amount
	RM'000	RM'000	RM'000
2023			
Group			
Not past due	86,542	-	86,542
Past due 1 - 30 days	43,120	-	43,120
Past due 31 - 60 days	2,152	-	2,152
Past due 61 - 90 days	2,266	(404)	1,862
Past due more than 120 days	4,455	(4,249)	206
	138,535	(4,653)	133,882
Company			
Not past due	60,937	-	60,937
Past due 1 - 30 days	32,908	-	32,908
Past due 61 - 90 days	1,613	-	1,613
Past due more than 120 days	199	(199)	-
	95,657	(199)	95,458

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Expected credit loss ("ECL") assessment for trade receivables as at 30 June (cont'd)

	Gross carrying amount	Loss allowance	Net carrying amount
	RM'000	RM'000	RM'000
2022			
Group			
Not past due	98,154	-	98,154
Past due 1 - 30 days	51,749	-	51,749
Past due 31 - 60 days	1,212	-	1,212
Past due 61 - 90 days	369	-	369
Past due 91 - 120 days	193	-	193
Past due more than 120 days	5,132	(4,439)	693
	156,809	(4,439)	152,370
Company			
Not past due	76,686	-	76,686
Past due 1 - 30 days	41,637	-	41,637
Past due more than 120 days	199	(199)	-
	118,522	(199)	118,323

Movements in the allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year is as follows:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Balance at 1 July	4,439	4,422	199	199
Impairment loss recognised	249	17	-	-
Impairment loss reversed	(35)	-	-	-
Net measurement of loss allowance	214	17	-	-
Balance at 30 June	4,653	4,439	199	199

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Trade receivables (cont'd)

Movements in the allowance for impairment in respect of trade receivables (cont'd)

The allowance account in respect of trade receivable is used to record impairment losses. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the trade receivables directly.

Other receivables

Credit risk on other receivable are mainly arising from a receivable of plant's vendor amounting to RM126 million (2022 : RM121 million) in relation to the final award of the arbitration case as discussed in Note 13 and Note 37.

Expected credit loss of other receivable is determined individually after considering the financial strength of the other receivable. Based on management's assessment, the probability of the default of amount owing by the vendor is low. Nevertheless, in arriving at the amortised cost, management has factored in certain assumptions on recovery, of which further disclosure will be prejudicial to the Group. The Group is still pursuing enforcement as discussed in Note 37.

Intercompany balances

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured advances to subsidiaries. The Company monitors the results of the subsidiaries regularly.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Impairment losses

As at the end of the reporting period, there was no indication that the advances to the subsidiaries were not recoverable. The Company does not specifically monitor the ageing of the advances to the subsidiaries.

Cash and cash equivalents

Risk management objectives, policies and processes for managing the risk

The Group's and the Company's short-term deposits are placed as fixed rates investments and upon which management endeavors to obtain the best rate available in the market.

Cash and cash equivalents of the Group and the Company are placed with licensed financial institutions which are mainly placed with a related company licensed financial institutions as disclosed in Note 14 to the financial statements.

Exposure to credit risk and credit quality

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(a) Credit risk (cont'd)

Cash and cash equivalents (cont'd)

Impairment losses

The Group and the Company consider that their cash and cash equivalents have low credit risk.

Financial guarantees

Risk management objectives, policies and processes for managing the risk

The Company provides unsecured financial guarantees to a bank in respect of banking facilities granted to a subsidiary company. The Company monitors on an ongoing basis the results of the subsidiary and repayments made by the subsidiary.

Exposure to credit risk, credit quality and collateral

The maximum exposure to credit risk for the Company amounted to about RM Nil (2022 : RM134 million) representing the outstanding banking facilities of the subsidiary covered by the financial guarantee as at the end of the reporting period.

Impairment losses

As at the end of the reporting period, there was no indication that the subsidiary would default on repayment.

The fair value of the financial guarantees, on initial recognition, was not recognised since the fair value was not material.

Investments and other financial assets

Risk management objectives, policies and processes for managing the risk

Investments are allowed only in liquid securities and only with counterparties that have a credit rating equal to or better than the Group and the Company. Transactions involving derivative financial instruments are with approved financial institutions.

Exposure to credit risk, credit quality and collateral

As at the end of the reporting period, the Group and the Company have invested in domestic securities. The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position.

In view of the sound credit rating of counterparties, management does not expect any counterparty to fail to meet its obligations. The Group and the Company do not have overdue investments that have not been impaired.

Impairment losses

As at the end of the reporting period, there were no significant financial difficulties being experienced by the issuer.

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arise principally from their various payables, loans and borrowings.

The Group and the Company actively manage their operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintain sufficient levels of cash and facilities from banks to meet their working capital requirements.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Maturity analysis

The table below summarises the maturity profile of the Group's and the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount	Contractual interest rates/ discount rate per annum	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2023							
Non-derivative financial liabilities							
Loans and borrowings	847,959	3.85 - 5.51	876,853	639,278	87,758	149,817	-
Lease liabilities	10,969	5.00	14,066	2,642	1,770	2,694	6,960
Trade and other payables	190,628	-	190,628	190,628	-	-	-
	1,049,556		1,081,547	832,548	89,528	152,511	6,960
Derivative financial liabilities/(assets)							
Forward exchange contracts:							
- outflow	4	-	7,843	7,843	-	-	-
- inflow	-	-	(7,839)	(7,839)	-	-	-
	1,049,560		1,081,551	832,552	89,528	152,511	6,960

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rates/ discount rate per annum	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Group							
2022							
Non-derivative financial liabilities							
Loans and borrowings	851,085	2.39 - 4.42	868,620	619,389	237,027	12,204	-
Lease liabilities	13,007	5.00	16,708	2,642	2,642	3,566	7,858
Trade and other payables	241,600	-	241,600	241,600	-	-	-
	1,105,692		1,126,928	863,631	239,669	15,770	7,858
Derivative financial (assets)/liabilities							
Forward exchange contracts:							
- outflow	-	-	31,696	31,696	-	-	-
- inflow	(127)	-	(31,823)	(31,823)	-	-	-
	1,105,565		1,126,801	863,504	239,669	15,770	7,858

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(b) Liquidity risk (cont'd)

Maturity analysis (cont'd)

	Carrying amount	Contractual interest rates/ discount rate per annum	Contractual cash flows	Under 1 year	1-2 years	2-5 years	More than 5 years
	RM'000	%	RM'000	RM'000	RM'000	RM'000	RM'000
Company							
2023							
Non-derivative financial liabilities							
Loans and borrowings	775,834	3.85 - 5.51	804,728	567,153	87,758	149,817	-
Lease liabilities	10,969	5.00	14,066	2,642	1,770	2,694	6,960
Trade and other payables	160,396	-	160,396	160,396	-	-	-
	947,199		979,190	730,191	89,528	152,511	6,960
2022							
Non-derivative financial liabilities							
Loans and borrowings	641,011	2.39 - 4.42	651,798	507,467	132,127	12,204	-
Lease liabilities	13,007	5.00	16,708	2,642	2,642	3,566	7,858
Trade and other payables	213,354	-	213,354	213,354	-	-	-
Financial guarantees	-	-	133,880	133,880	-	-	-
	867,372		1,015,740	857,343	134,769	15,770	7,858

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group and the Company are exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currency giving rise to this risk is primarily U.S. Dollar ("USD"), Singapore Dollar ("SGD") and European Dollar ("EURO").

Risk management objectives, policies and processes for managing the risk

Material foreign currency transaction exposures are hedged, mainly with derivative financial instruments such as forward foreign exchange contracts, on a case by case basis.

Exposure to foreign currency risk

The Group's and the Company's exposure to foreign currency (a currency other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Amount denominated in USD:				
Trade and other receivables	18,512	17,410	8,605	8,459
Trade and other payables	(799)	(7,754)	(357)	(7,428)
Cash and bank balances	46,481	16,916	35,046	11,094
Forward exchange contracts	3	100	-	-
Net exposure	64,197	26,672	43,294	12,125
Amount denominated in SGD:				
Trade and other receivables	5,508	3,054	-	-
Trade and other payables	(203)	-	(203)	-
Cash and bank balances	177	393	-	-
Forward exchange contracts	(7)	-	-	-
Net exposure	5,475	3,447	(203)	-
Amount denominated in EURO:				
Trade and other receivables	125,926	120,607	-	-
Cash and bank balances	-	131	-	-
Trade and other payables	(238)	(120)	(237)	(120)
Net exposure	125,688	120,618	(237)	(120)

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(i) Currency risk (cont'd)

Currency risk sensitivity analysis

A 5% (2022 : 5%) strengthening of the RM against the following currency at the end of the reporting period would have increased/(decreased) profit before taxation by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted purchases.

	Profit or loss			
	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
USD	(3,210)	(1,334)	(647)	(606)
SGD	(274)	(172)	10	-
EURO	(6,284)	(6,031)	12	6

A 5% (2022 : 5%) weakening of the RM against the above currency at the end of the reporting period would have had equal but opposite effect on the above currency to the amounts shown above, on the basis that all other variables remained constant.

(ii) Interest rate risk

Risk management objectives, policies and processes for managing the risk

The Group and the Company manage their interest rate exposure by maintaining available lines of fixed and floating rate borrowings. Investments in deposits with licensed banks are not significantly exposed to interest rate risk.

Exposure to interest rate risk

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group		Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fixed rate instruments				
Financial assets	213,647	138,311	57,554	9,420
Financial liabilities	(599,528)	(513,941)	(527,403)	(437,747)
	(385,881)	(375,630)	(469,849)	(428,327)
Floating rate instruments				
Financial liabilities	(259,400)	(350,151)	(259,400)	(216,271)

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.3 Financial risk management (cont'd)

(c) Market risk (cont'd)

(ii) Interest rate risk (cont'd)

Interest rate risk sensitivity analysis

(a) Fair value sensitivity analysis for fixed rate instruments

The Group or the Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group or the Company does not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

(b) Cash flow sensitivity analysis for variable rate instruments

An increase/(decrease) of 50 basis points ("bp") in interest rates at the end of the reporting period would have (decreased)/increased the profit before tax and equity of the Group and of the Company by RM1,297,000 (2022 : RM1,751,000) and RM1,297,000 (2022 : RM1,081,000) respectively. This analysis assumes that all other variables remain constant.

(iii) Other price risk

Equity price risk arises from the Group's and the Company's investment in equity securities.

Risk management objectives, policies and processes for managing securities

Management of the Group monitors the equity investments on an individual basis and are approved by the Risk Management Committee of the Group.

Equity price risk sensitivity analysis

No sensitivity analysis is performed on equity price risk as the Directors are of the view that the risk is not significant.

35.4 Fair value information

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings reasonably approximate fair values due to the relatively short-term nature of these financial instruments. Accordingly, the fair value and fair value hierarchy levels have not been presented for these instruments.

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.4 Fair value information (cont'd)

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Group										
2023										
Financial assets										
Investment in quoted shares	395	-	-	395	-	-	-	-	395	395
Other receivables	-	-	-	-	-	-	126,447	126,447	126,447	126,447
Financial liabilities										
Term loans	-	-	-	-	-	-	259,400	259,400	259,400	259,400
Forward exchange contracts	-	4	-	4	-	-	-	-	4	4
2022										
Financial assets										
Investment in quoted shares	511	-	-	511	-	-	-	-	511	511
Forward exchange contracts	-	127	-	127	-	-	-	-	127	127
Other receivables	-	-	-	-	-	-	121,128	121,128	121,128	121,128
Financial liabilities										
Term loans	-	-	-	-	-	-	350,151	350,151	350,151	350,151

Notes to the Financial Statements

(Cont'd)

35. FINANCIAL INSTRUMENTS (cont'd)

35.4 Fair value information (cont'd)

	Fair value of financial instruments carried at fair value				Fair value of financial instruments not carried at fair value				Total fair value	Carrying amount
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Company										
2023										
Financial assets										
Investment in quoted shares	395	-	-	395	-	-	-	-	395	395
Financial liabilities										
Term loans	-	-	-	-	-	-	259,400	259,400	259,400	259,400
2022										
Financial assets										
Investment in quoted shares	511	-	-	511	-	-	-	-	511	511
Financial liabilities										
Term loans	-	-	-	-	-	-	216,271	216,271	216,271	216,271

Derivatives

The fair value of forward exchange contracts is estimated based on the difference between the contractual forward price and the current forward price for the residual maturity of the contract.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities.

The fair value of non-current other receivable is estimated to approximate its carrying value. The Directors estimated the fair value of non-current other receivable by discounting expected future cashflows at 5.33% (2022 : 5.33%).

Notes to the Financial Statements

(Cont'd)

36. CAPITAL MANAGEMENT

The Group's objectives when managing capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern, so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor and are determined to maintain an optimal debt-to-equity ratio.

The debt-to-equity ratios are as follows:

	Group	
	2023	2022
	RM'000	RM'000
Total loans and borrowings	847,959	851,085
Lease liabilities	10,969	13,007
Less: Cash and cash equivalents	(119,321)	(67,333)
Net debt	739,607	796,759
Total equity	631,332	636,904
Debt-to-equity ratio	1.17	1.25

37. MATERIAL LITIGATION

Southern HRC Sdn Bhd ("SHRC"), a wholly-owned subsidiary of Southern Steel Berhad, on 7 July 2016 and 11 July 2016 terminated the contract between SHRC and Danieli & C. Officine Meccaniche S.p.A. ("Danieli") dated 16 June 2011 for the design, manufacture and supply of a "Thin Slab Casting Unit feeding directly a twin Steckel Mill" ("Plant") for the production of hot rolled coils ("Contract") and the Service Agreement No. 1 between SHRC, Danieli and Danieli Malaysia Sdn Bhd ("DMSB") dated 10 May 2014 ("Service Agreement") respectively.

i. Commencement of Arbitration Proceedings by SHRC

Following the termination of the Contract and Service Agreement, SHRC commenced arbitration proceedings against Danieli and DMSB. SHRC claimed several reliefs against Danieli and DMSB, including repayment of contract sum and damages for misrepresentation and breach of contract.

ii. Commencement of Arbitration Proceedings against SHRC by Danieli and DMSB

Danieli and DMSB also commenced arbitration proceedings against SHRC. Danieli and DMSB sought several declarations in relation to the Contract and the Service Agreement and claiming damages, interest and costs.

The aforementioned arbitration proceedings were consolidated ("First Arbitration") and heard by the same arbitral tribunal in Singapore.

iii. Commencement of Arbitration Proceedings against SHRC by Danieli Co. Ltd (a wholly owned subsidiary of Danieli) ("Danieli Thailand")

Danieli Thailand commenced arbitration proceedings against SHRC ("Second Arbitration").

Danieli Thailand claimed the sum of EUR2,800,000 being the balance purchase price of spare parts under a sale contract dated 24 December 2013 between SHRC and Danieli Thailand ("Sale Contract") plus interest and general damages.

The same arbitral tribunal for the First Arbitration also heard the Second Arbitration.

Notes to the Financial Statements

(Cont'd)

37. MATERIAL LITIGATION (cont'd)

On 28 November 2019, the Tribunal decided and determined as follows:

A. The First Arbitration

The Tribunal decided in SHRC's favour and awarded, inter alia, the following:

i) the Contract is rescinded;
ii) the Service Agreement is rescinded;
iii) Danieli and DMSB shall repay SHRC the Contract Price in the amount of EUR92.7 million minus EUR15 million and RM270 million after taking into consideration the use of the Plant and its plausible diminution in value;
iv) Danieli and DMSB shall pay SHRC RM176,245,250 as damages for misrepresentation; and
v) in return, SHRC shall transfer the title to the Plant, together with additional equipment installed thereon, to Danieli.

(hereinafter called "First Award")

B. The Second Arbitration

The Tribunal decided in Danieli Thailand's favour and awarded, inter alia, the sum of EUR2,795,796.98 ("Second Award") being the balance purchase price of spare parts under the Sale Contract.

First Award

Danieli and DMSB applied to the Singapore Courts to set aside the First Award. They were unsuccessful at the Singapore High Court. On appeal to the Singapore Court of Appeal ("CA"), the CA decided, inter alia, as follows:

i) The CA dismissed Danieli's appeal in relation to the Transfer Order (the order where SHRC is to transfer the title of the Plant, together with additional equipment installed thereon, to Danieli);

ii) The CA dismissed Danieli's appeal in relation to the Repayment Order (the order where Danieli and DMSB are to pay SHRC the contract price in the amount of EUR92,700,000 minus EUR15 million and RM270 million after taking into consideration the use of the Plant and its plausible diminution in value); and

iii) The Court of Appeal allowed DanieIi's appeal in relation to the Damages Order and set the Damages Order aside (the order where Danieli and DMSB are to pay SHRC RM176,245,250 as damages for misrepresentation).

On 4 August 2023, the Italian Court of Appeal allowed Danieli's challenge and revoked the recognition order of the First Award obtained by SHRC in Italy on 12 June 2020. SHRC has been advised by its Italian lawyer that the decision was based on technical grounds and does not deny SHRC the right to pursue recovery in Italy of the amounts due under the First Award which have not been set aside by the Singapore Court of Appeal ("Modified Award"). SHRC will pursue all avenues to register and enforce the Modified Award in Italy.

Separately, SHRC has also commenced enforcement actions in France and Luxembourg and obtained recognition orders of the First Award in France and Luxembourg on 30 January 2023 and 15 March 2023 respectively.

In France, the court bailiff has seized and attached (i) receivable debts owed by certain clients of Danieli in France and (ii) patents belonging to Danieli in France.

In Luxembourg, the court bailiff has seized (saisie arret conservatoire) the shares of two of Danieli's wholly owned subsidiaries, which are now frozen.

Danieli has filed appeals against the enforcement orders obtained in Luxembourg and France, but no hearing dates have been fixed yet. SHRC will continue to pursue enforcement of the First Award.

Notes to the Financial Statements

(Cont'd)

37. MATERIAL LITIGATION (cont'd)

Second Award

On 3 January 2022, Danieli Thailand commenced proceedings against SHRC in the Malaysian Courts to recognise and enforce the Second Award in favour of Danieli Thailand against SHRC ("Danieli Thailand's Action"). SHRC is opposing and challenging Danieli Thailand's Action.

38. CONTINGENT LIABILITY

A wholly owned subsidiary of the Group is in dispute with the Minister of Finance on the eligibility to claim certain tax for exemption. This has resulted in an additional tax (including penalty) amounted to RM15.5 million. The Board, as advised by the solicitors, is of the view that the Company is entitled to the tax exemption.

Statement by Directors

Pursuant to Section 251(2) of the Companies Act 2016

In the opinion of the Directors, the financial statements set out on pages 98 to 193 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023 and of their financial performance and cash flows for the financial year then ended.

On behalf of the Board,

Yeoh Choon Kwee

Dato' Tan Ang Meng

29 August 2023

Statutory Declaration

Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Tan Teck Heng, the person primarily responsible for the financial management of Southern Steel Berhad, do solemnly and sincerely declare that the financial statements set out on pages 98 to 193 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovenamed, Tan Teck Heng, MIA 16615, at George Town in the State of Penang on 29 August 2023.

Tan Teck Heng
Chief Financial Officer

Before me

GOH SUAN BEE (P 125)
Commissioner for Oaths
Penang

Independent Auditors' Report

To the members of Southern Steel Berhad

(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Southern Steel Berhad, which comprise the statements of financial position as at 30 June 2023 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 98 to 193.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2023, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our auditors' report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the *By-Laws (on Professional Ethics, Conduct and Practice)* of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Going concern basis of accounting	
Refer to the accounting policy on Note 2.1 Basis of preparation - use of estimates and judgements.	
The key audit matter	**How the matter was addressed in our audit**
During the year, the Group and the Company have incurred losses of RM141,725,000 and RM113,417,000 respectively. As at 30 June 2023, the Group and the Company reported net current liabilities of RM147,488,000 and RM262,664,000 respectively. In assessing the use of going concern assumption in the preparation of the financial statements, the Directors have exercised significant judgment and use several estimates. This is a key audit matter due to the high level of judgement required by us in evaluating the assessment.	Our procedures, amongst others, include: • challenged the cashflow projections of the Group by evaluating the key assumptions adopted, in particular, those relating to sales growth and gross profit margin, to determine reasonableness by comparing them with historical performance, and internal and external sources of information; • performed stress tests to identify critical factors that might increase the risk of breaching available banking facilities; • read correspondences with banks and interviewed appropriate personnel to determine whether there were notifications from banks of potential cancellations of facilities; and • evaluated the appropriateness of the Group's going concern disclosures.

Independent Auditors' Report

To the members of Southern Steel Berhad

(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Key Audit Matters (cont'd)

Accounting of a subsidiary's arbitration award	
Refer to the Note 13 – Trade and other receivable, Note 15 – Asset to be returned to vendor, Note 23 - Contract liability and Note 37 – Material litigation, to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
In the financial year ended 30 June 2023, Southern HRC Sdn Bhd ("SHRC"), a wholly-owned subsidiary of the Group, concluded its arbitrations as discussed in Note 37. The subsidiary is currently enforcing the final awards. This is one of the key audit matters because of their complexities, and hence, requires the involvement of our more experience personnel in assessing the appropriateness of the accounting of the arbitration awards.	Our procedures, amongst others, include: • Obtained and read confirmations from the Group's legal counsel on the status of the awards enforcement; • Determined whether the Group's rights and obligations were reflected appropriately in the financial statements; • Compared the recoverable amount of the plant to be returned to the vendor with the Group's entitlement in the arbitration; and • Determined the adequacy of disclosures in the financial statements.

Impairment assessment of cost of investment in subsidiaries – Company	
Refer to the accounting policy on Note 2.1 Basis of preparation – use of estimate and judgements, Note 2.2(f)(ii) - Impairment of other assets and Note 7 – Investments in subsidiary companies, to the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
As disclosed in Note 7 to the financial statements, the Company has material interests in subsidiaries. It is approximately 37% of the total assets of the Company. Where there are indicators of impairment, the Company will perform impairment tests which will require the Company to estimate their recoverable amounts. This is one of the key audit matters because it required involvement of our more experience personnel as assessment of indicator of impairments and recoverable values are complex.	Our audit procedures, amongst others include: • In the assessment of impairment indicators, we challenged whether internal and external factors were considered; • Assessed the impairment test model by comparing it with the requirements of the relevant accounting standard; • We challenged the fair value less cost of disposal by performing a re-assessment of the value of the underlying assets recoverable values; and • Determined the adequacy of disclosures in the financial statements.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Directors' Report, and Statement on Risk Management and Internal Control (but does not include the financial statements of the Group and of the Company and our auditors' report thereon), which we obtained prior to the date of this auditors' report, and the remaining parts of the annual report, which are expected to be made available to us after that date.

Our opinion on the financial statements of the Group and of the Company does not cover the annual report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the annual report and, in doing so, consider whether the annual report is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of the annual report, we are required to report that fact. We have nothing to report in this regard.

Independent Auditors' Report

To the members of Southern Steel Berhad

(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon (cont'd)

When we read the remaining parts of the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate actions in accordance with approved standards on auditing in Malaysia and International Standards on Auditing.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Group and of the Company.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group or of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

Independent Auditors' Report

To the members of Southern Steel Berhad

(Registration No. 196301000443 (5283 - X)) (Incorporated in Malaysia)
(Cont'd)

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditors' report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors are disclosed in Note 3 to the financial statements.

Other Matter

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

KPMG PLT
(LLP0010081-LCA & AF 0758)
Chartered Accountants

Penang

29 August 2023

Thong Foo Vung
Approval Number : 02867/08/2024 J
Chartered Accountant

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Sixty-first Annual General Meeting of Southern Steel Berhad ("the Company") will be held at Training Room C, Level 1, Southern Steel Berhad, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang, Malaysia on Thursday, 9 November 2023 at 11.00 a.m. in order:

1. To lay before the meeting the audited financial statements together with the reports of the Directors and Auditors thereon for the financial year ended 30 June 2023.

2. To approve the payment of Director Fees of RM541,576/- (2022: RM545,220/-) for the financial year ended 30 June 2023, to be divided amongst the Directors in such manner as the Directors may determine and Directors' Other Benefits of up to an amount of RM61,000/- from the Sixty-first Annual General Meeting ("AGM") to the Sixty-second AGM of the Company. **Resolution 1**

3. To re-elect YBhg Datuk Ir. Rosaline Ganendra as a Director pursuant to the Company's Constitution. **Resolution 2**

4. To re-appoint KPMG PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 3**

SPECIAL BUSINESS

As special business, to consider and, if thought fit, pass the following motions as resolutions:

5. **Ordinary Resolution**
   - Authority To Directors To Allot Shares
   - Waiver Of Pre-Emptive Rights Over New Ordinary Shares ("Shares") Or Other Convertible Securities In The Company Under Section 85(1) Of The Companies Act 2016 ("Act") Read Together With Clause 50 Of The Company's Constitution

   "**THAT** subject to the Act, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ["MMLR"], the Company's Constitution and approval of the relevant governmental regulatory authorities, if required, the Directors be and are hereby empowered pursuant to Sections 75 and 76 of the Act to issue and allot new Shares in the Company, grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer at any time and from time to time, and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, to any persons who are not caught by Paragraph 6.04(c) of the MMLR provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional Shares so allotted on Bursa Securities and that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company.

   AND THAT in connection with the above, pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, the shareholders of the Company do hereby waive their pre-emptive rights over all new Shares, options over or grants of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities, such new Shares when issued, to rank pari passu with the existing Shares in the Company." **Resolution 4**

Notice of Annual General Meeting

(Cont'd)

6. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Company (Malaysia) Berhad ("HLCM"), GuoLine Capital Assets Limited ("GCA") And Persons Connected With Them

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(A) of the Circular to Shareholders dated 11 October 2023 with HLCM, GCA and persons connected with them ("Hong Leong Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Leong Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

Resolution 5

7. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Bee Hardware Company, Sdn Berhad ("Hong Bee Hardware") And Its Subsidiary

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 11 October 2023 with Hong Bee Hardware and its subsidiary ("Hong Bee Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the Hong Bee Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

Resolution 6

Notice of Annual General Meeting

(Cont'd)

8. **Ordinary Resolution**
- Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature With Hong Leong Investment Holdings Pte. Ltd. ("HLIH") And Persons Connected with HLIH

"**THAT** approval be and is hereby given for the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.3(B) of the Circular to Shareholders dated 11 October 2023 with HLIH and persons connected with HLIH ("HLIH Group") provided that such transactions are undertaken in the ordinary course of business, on commercial terms which are not more favourable to the HLIH Group than those generally available to and/or from the public, where applicable, and are not, in the Company's opinion, detrimental to the minority shareholders;

AND THAT such approval shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed; or
(b) the expiration of the period within which the next AGM of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or
(c) revoked or varied by resolution passed by the shareholders in general meeting,

whichever is the earlier;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated and/or authorised by this ordinary resolution." **Resolution 7**

9. To consider any other business of which due notice shall have been given.

By Order of the Board

Wong Wei Fong
SSM PC No. 201908001352
MAICSA 7006751

Valerie Mak Mew Chan
SSM PC No. 202008002623
MAICSA 7017944

Company Secretaries

Kuala Lumpur
11 October 2023

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 1 November 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*

2. *Save for a member who is an exempt authorised nominee, a member entitled to attend and vote at this meeting is entitled to appoint not more than two (2) proxies to attend, participate, speak and vote in his stead. A proxy may but need not be a member of the Company. A member who is an authorised nominee may appoint not more than two (2) proxies in respect of each securities account it holds. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*

Notice of Annual General Meeting

(Cont'd)

3. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid.*

4. *The Form of Proxy must be deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*

5. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all resolutions set out in this Notice will be put to a vote by way of a poll.*

Explanatory Notes:

1. *Resolution 1 - Director Fees And Directors' Other Benefits*

   Director Fees of RM541,576/- are inclusive of Board Committee Fees of RM172,699/-; and Directors' Other Benefits refer to Directors and Officers Liability Insurance coverage based on premium paid/payable and Directors' training benefits of up to an amount of RM61,000/-.

2. *Resolution 2 - Re-Election Of A Director*

   The Nominating Committee ("NC") has assessed the independence of the retiring Independent Non-Executive Director ("ID") seeking for re-election at the Sixty-first Annual General Meeting ("AGM"). The NC has further assessed the retiring ID in terms of her quality and integrity in complying with Paragraph 2.20A of the MMLR. Based on the results of the Independence and Fit and Proper Assessments conducted for the financial year ended 30 June 2023, the retiring ID complied with the independence criteria as required by the MMLR and the fit and properness of the retiring ID was found to be satisfactory.

   The Board has endorsed the NC's recommendation on the re-election of the retiring ID. The retiring ID had abstained from deliberations and decisions on her own re-election at the NC and Board meetings.

   The details and profile of the Director who is standing for re-election at the Sixty-first AGM are provided in the Board of Directors section on page 72 of the Company's Annual Report 2023.

3. *Resolution 4 - Authority To Directors To Allot Shares And Waiver Of Pre-Emptive Rights*

   The proposed ordinary resolution, if passed, will renew the general mandate given to the Directors of the Company to allot ordinary shares ("Shares") of the Company from time to time and expand the mandate to grant rights to subscribe for Shares in the Company, convert any security into Shares in the Company, or allot Shares under an agreement or option or offer, provided that the aggregate number of Shares issued and allotted, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution does not exceed 10% of the total number of issued Shares of the Company for the time being ("Renewed General Mandate"). In computing the aforesaid 10% limit, Shares issued or agreed to be issued or subscribed pursuant to the approval of shareholders in a general meeting where precise terms and conditions are approved shall not be counted. The Renewed General Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

   As at the date of this Notice, no new Shares in the Company were issued and allotted pursuant to the general mandate given to the Directors at the last AGM held on 10 November 2022 and which will lapse at the conclusion of the Sixty-first AGM. The Renewed General Mandate will enable the Directors to take swift action in case of, inter alia, a need for corporate exercises or in the event business opportunities or other circumstances arise which involve the issuance and allotment of new Shares, grant of rights to subscribe for Shares, conversion of any security into Shares, or allotment of Shares under an agreement or option or offer, and to avoid delay and cost in convening general meetings to approve the same.

   Please refer Section 85(1) of the Companies Act 2016 ("Act") and Clause 50 of the Company's Constitution as detailed below.

   Details of Section 85(1) of the Act and Clause 50 of the Company's Constitution

   Pursuant to Section 85(1) of the Act read together with Clause 50 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new Shares in the Company which rank equally to the existing issued Shares in the Company or other convertible securities.

   Section 85(1) of the Act provides as follows:

   "85. Pre-emptive rights to new shares

   (1) Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

Notice of Annual General Meeting

(Cont'd)

Clause 50 of the Company's Constitution provides as follows:

"50. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible securities, shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled...

Subject to the provisions of this Constitution, the Directors may recognise a renunciation of any share by the allottee thereof in favour of some other person."

In order for the Board to issue any new Shares or other convertible securities free of pre-emptive rights, such pre-emptive rights must be waived. The proposed ordinary resolution, if passed, will exclude your pre-emptive rights over all new Shares, options over or grant of new Shares or any other convertible securities in the Company and/or any new Shares to be issued pursuant to such options, grants or other convertible securities under the Authority To Directors To Allot Shares.

4. *Resolutions 5 to 7 - Proposed Renewal Of Shareholders' Mandate For Recurrent Related Party Transactions Of A Revenue Or Trading Nature*

The proposed ordinary resolutions, if passed, will empower the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Southern Steel Berhad Group, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related parties than those generally available to and/or from the public and are not, in the Company's opinion, detrimental to the minority shareholders of the Company ("Proposed Shareholders' Mandate").

Detailed information on the Proposed Shareholders' Mandate is set out in the Circular to Shareholders dated 11 October 2023, which is available on the Company's website at www.southsteel.com/gm-current.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. Details of individuals who are standing for election as Directors

   No individual is seeking election as a Director at the Sixty-first Annual General Meeting of the Company.

2. Statement relating to general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad

   Details of the general mandate to allot shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 are set out in Explanatory Note 3 of the Notice of the Sixty-first Annual General Meeting.

Other Information

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2023

	Location	Tenure	Existing Use	Revaluation Date	Approximate Area	Approximate Age of Building (Year)	Net Book Value as at 30 June 2023 (RM'000)
1	No PT 3057 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Mar 2050	Office and factory building	14 Apr 2023	2.53 acres	9	171,613
	No PT 3982 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 13 Jan 2059	Office and factory building	14 Apr 2023	1.11 acres	9	
	No PT 3039 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 07 Nov 2049	Office and factory building	14 Apr 2023	1.15 acres	9	
	No PT 2996 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 18 Sep 2049	Office and factory building	14 Apr 2023	10,170.08 sq m	9	
	No PT 2992 Lorong Perusahaan 10 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 18 Sep 2049	Office and factory building	14 Apr 2023	13,126.38 sq m	9	
	Plot 524(c), Prai Industrial Park	Leasehold expiring on 24 Oct 2073	Office and factory building	14 Apr 2023	1.41 acres	9	
2	2435 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai	Leasehold expiring on 31 Jan 2039	Factory	14 Apr 2023	50.9 acres	32-40	84,746
3	PT 4639, Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 01 Jul 2112	Vacant Land	14 Apr 2023	7.25 hectares	-	70,169

Other Information

(Cont'd)

1. PROPERTIES HELD BY THE GROUP AS AT 30 JUNE 2023 (cont'd)

	Location	Tenure	Existing Use	Revaluation Date	Approximate Area	Approximate Age of Building (Year)	Net Book Value as at 30 June 2023 (RM'000)
4	No PT 3171 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Mar 2050	Factories	14 Apr 2023	4.78 acres	25-27	
	No PT 3178 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 09 Apr 2050	Factories	14 Apr 2023	2.60 acres	25	
	2595 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 09 Apr 2050	Factories	14 Apr 2023	2.60 acres	25	
	2613 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai, Penang	Leasehold expiring on 21 Mar 2050	Factories	14 Apr 2023	5.10 acres	25	52,925
	No PT 3831 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 21 Oct 2054	Factories	14 Apr 2023	1.31 acres	27	
	No PT 3980 Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 25 Jan 2059	Drains	14 Apr 2023	2.13 acres	-	
	No PT 4271 (formerly Plot 596) Mukim 1 Seberang Perai Tengah Penang	Leasehold expiring on 04 Nov 2064	Vacant Land	14 Apr 2023	0.12 hectares	-	
5	2624 Lorong Perusahaan 12 Prai Industrial Estate 13600 Prai	Leasehold expiring on 05 Jun 2046	Office and factory building	14 Apr 2023	9.53 acres	30	23,262
6	4457 Mukim 15 Jalan Chain Ferry 12100 Butterworth Penang	Freehold	Factory Godown	14 Apr 2023	413,427 sq ft	27-54	39,782
7	3081 Jalan Besar Nibong Tebal	Freehold	Factory	14 Apr 2023	304,210 sq ft	27-59	23,760
8	No. 5 Jalan Utas 15/7 Seksyen 15 40200 Shah Alam Selangor Darul Ehsan	Leasehold expiring on 02 Dec 2072	Office and factory building	14 Apr 2023	328,800 sq ft	43	41,559
9	5 1/2 Mile, Jalan Kapar 42100 Klang Selangor Darul Ehsan	Freehold	Office and factory building	14 Apr 2023	31,180 sq m	27-42	41,424
10	Rawang Integrated Industrial Park	Freehold	Office and factory building	14 Apr 2023	4.63 hectares	26	38,193
							587,433

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023

Class of Shares : Ordinary shares
Voting Rights : 1 vote for each share held

Distribution Schedule Of Shareholders As At 29 September 2023

Size of Holdings	No. of Shareholders	%	No. of Shares	%
Less than 100	80	2.12	3,154	0.00
100 – 1,000	1,038	27.49	935,803	0.16
1,001 – 10,000	1,747	46.26	8,050,404	1.35
10,001 – 100,000	746	19.76	24,118,517	4.04
100,001 – less than 5% of issued shares	162	4.29	110,784,418	18.58
5% and above of issued shares	3	0.08	452,421,154	75.87
	3,776	100.00	596,313,450	100.00

List Of Thirty Largest Shareholders As At 29 September 2023

	Name of Shareholders	No. of Shares	%
1.	Hong Leong Manufacturing Group Sdn Bhd	294,595,115	49.40
2.	HLMG Capital Sdn Bhd	122,641,531	20.57
3.	Southern Amalgamated Co Sdn Bhd	35,184,508	5.90
4.	AMSEC Nominees (Tempatan) Sdn Bhd - AmBank (M) Berhad	16,851,590	2.83
5.	Southern Properties Sdn Bhd	13,325,070	2.23
6.	Hong Bee Hardware Company, Sdn. Berhad	7,371,493	1.24
7.	Hock Kheng Industries Sendirian Berhad	5,976,190	1.00
8.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Helina Shanti Solomon (7001761)	2,591,400	0.43
9.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Inbamanay A/P M J Arumanayagam (E-SS2)	2,506,100	0.42
10.	Public Invest Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Deva Dassan Solomon (M)	2,397,100	0.40
11.	Ooi Chieng Sim	2,200,000	0.37
12.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Inbamanay A/P M J Arumanayagam (8061712)	2,120,500	0.36
13.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Selina Sharmalar Solomon (8112136)	2,085,400	0.35
14.	Hwang Enterprises Sdn Bhd	2,000,000	0.34

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023 (cont'd)

List Of Thirty Largest Shareholders As At 29 September 2023 (cont'd)

	Name of Shareholders	No. of Shares	%
15.	AllianceGroup Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Deva Dassan Solomon (8041850)	1,734,300	0.29
16.	Leong Kok Tai	1,520,802	0.26
17.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Deva Dassan Solomon	1,516,100	0.25
18.	HLB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Inbamanay A/P M J Arumanayagam	1,474,200	0.25
19.	Su Hock Company Sdn. Berhad	1,428,571	0.24
20.	Kheng Lip Company Sdn. Berhad	1,428,571	0.24
21.	Lee Wen Siong	1,300,000	0.22
22.	Chua Holdings Sdn Bhd	1,207,509	0.20
23.	Tan Aik Choon	1,191,400	0.20
24.	Seri Pinang Sdn. Bhd.	1,153,200	0.19
25.	CGS-CIMB Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Deva Dassan Solomon (MY1091)	1,107,400	0.19
26.	Wang Hui Tzu	1,036,095	0.17
27.	Lin Ting Yie (Lam Tin Yie)	1,000,000	0.17
28.	Public Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Deva Dassan Solomon (E-SS2)	984,100	0.16
29.	Southgroup Holdings Sdn.Bhd.	972,815	0.16
30.	Maybank Nominees (Tempatan) Sdn Bhd - Pledged Securities Account for Tye Terk Soon	876,157	0.15
		531,777,217	**89.18**

Other Information

(Cont'd)

2. ANALYSIS OF SHAREHOLDINGS AS AT 29 SEPTEMBER 2023 (cont'd)

Substantial Shareholders

According to the Register of Substantial Shareholders, the substantial shareholders of the Company as at 29 September 2023 are as follows:

		Direct Interest		Indirect Interest	
	Name of Shareholders	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Hong Leong Manufacturing Group Sdn Bhd	294,595,115	49.40	122,641,531	20.57*
2.	HLMG Capital Sdn Bhd	122,641,531	20.57	-	-
3.	Hong Leong Company (Malaysia) Berhad ("HLCM")	-	-	417,236,646	69.97*
4.	HL Holdings Sdn Bhd	-	-	417,236,646	69.97®
5.	YBhg Tan Sri Quek Leng Chan	-	-	417,246,046	69.97^
6.	Hong Realty (Private) Limited	-	-	424,608,139	71.21^
7.	Hong Leong Investment Holdings Pte. Ltd.	-	-	424,617,539	71.21^
8.	Kwek Holdings Pte Ltd	-	-	424,617,539	71.21^
9.	Mr Kwek Leng Beng	-	-	424,617,539	71.21^
10.	Mr Kwek Leng Kee	-	-	424,617,539	71.21^
11.	Davos Investment Holdings Private Limited	-	-	424,617,539	71.21^
12.	Southern Amalgamated Co Sdn Bhd	35,184,508	5.90	-	-
13.	Su Hock Company Sdn Bhd	1,428,571	0.24	36,613,079	6.14#
14.	Hock Kheng Industries Sendirian Berhad	5,976,190	1.00	35,184,508	5.90#
15.	YBhg Dato' Dr Tan Tat Wai	21,927	0.00	41,203,760	6.91@

Notes:

* *Held through subsidiaries*
® *Held through HLCM*
^ *Held through HLCM and company(ies) in which the substantial shareholder has interest*
\# *Held through company(ies) in which the substantial shareholder has interest*
@ *Held through companies in which the substantial shareholder has interest and a family member*

3. DIRECTORS' INTERESTS AS AT 29 SEPTEMBER 2023

Subsequent to the financial year end, there was no change, as at 29 September 2023, to the Directors' interests in the ordinary shares and/or redeemable convertible unsecured loan stocks over ordinary shares of the Company and/or its related corporations, appearing in the Directors' Report on pages 94 to 95 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016.

4. MATERIAL CONTRACTS

There are no material contracts (not being contracts entered into in the ordinary course of business) which had been entered into by the Company and its subsidiaries involving the interest of Directors, chief executives and major shareholders, either still subsisting at the end of the financial year or entered into since the end of the previous financial year pursuant to Item 21, Part A, Appendix 9C of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

南達 **Southern Steel** Berhad

A Member of the Hong Leong Group

Registration No. 196301000443 (5283-X)

FORM OF PROXY

I/We _____

NRIC/Passport/Company No. _____ Tel No. _____

of _____

_____ Email address _____

being a member of **SOUTHERN STEEL BERHAD** ("the Company"), hereby appoint _____

_____ NRIC/Passport No. _____

of _____

Tel No. _____ Email address _____

or failing him/her _____ NRIC/Passport No. _____

of _____

Tel No. _____ Email address _____

or failing him/her, the Chairman of the meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Sixty-first Annual General Meeting of the Company to be held at the Training Room C, Level 1, Southern Steel Berhad, 2723 Lorong Perusahaan 12, Prai Industrial Estate, 13600 Prai, Penang, Malaysia on Thursday, 9 November 2023 at 11.00 a.m. and at any adjournment thereof.

My/Our proxy/proxies is/are to vote on a poll as indicated below with an "X":

	RESOLUTIONS	FOR	AGAINST
1	To approve the payment of Director Fees and Directors' Other Benefits		
2	To re-elect YBhg Datuk Ir. Rosaline Ganendra as a Director		
3	To re-appoint KPMG PLT as Auditors and to authorise the Directors to fix their remuneration		
	Special Business		
4	To approve the ordinary resolution on authority to Directors to allot shares and waiver of pre-emptive rights		
5	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Company (Malaysia) Berhad, GuoLine Capital Assets Limited and persons connected with them		
6	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Bee Hardware Company, Sdn Berhad and its subsidiary		
7	To approve the ordinary resolution on the proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature with Hong Leong Investment Holdings Pte. Ltd. ("HLIH") and persons connected with HLIH		

Dated this _____ day of _____ 2023

Number of shares held: _____

CDS Account No.: _____

_____

Signature(s) of Member

Notes:

1. *For the purpose of determining members' eligibility to attend this meeting, only members whose names appear in the Record of Depositors as at 1 November 2023 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on their behalf.*
2. *If you wish to appoint other person(s) to be your proxy, insert the name(s) and address(es) of the person(s) desired in the space so provided.*
3. *If there is no indication as to how you wish your vote(s) to be cast, the proxy will vote or abstain from voting at his/her discretion.*
4. *A proxy may but need not be a member of the Company.*
5. *Save for a member who is an exempt authorised nominee, a member shall not be entitled to appoint more than two (2) proxies to attend, participate, speak and vote at the same meeting. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account. A member who is an exempt authorised nominee for multiple beneficial owners in one (1) securities account ("Omnibus Account") may appoint any number of proxies in respect of the Omnibus Account.*
6. *Where two (2) or more proxies are appointed, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies, failing which the appointments shall be invalid (please see note 9 below).*
7. *In the case where a member is a corporation, this Form of Proxy must be executed under its Common Seal or under the hand of its duly authorised officer or attorney.*
8. *All Forms of Proxy must be duly executed and deposited at the Registered Office of the Company at Level 31, Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, 50490 Kuala Lumpur, Malaysia or lodged electronically via email at cosec-hlmg@hlmg.com.my, not less than forty-eight (48) hours before the time appointed for holding of the meeting or adjourned meeting.*
9. *In the event two (2) or more proxies are appointed, please fill in the ensuing section:*

Name of proxies	*% of shareholdings to be represented*

10. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of the Sixty-first Annual General Meeting will be put to a vote by way of a poll.*

Fold this flap for sealing

Then fold here

Affix
Stamp

The Company Secretaries
SOUTHERN STEEL BERHAD
Registration No. 196301000443 (5283-X)
Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Malaysia

1st fold here

Southern Steel Berhad
Registration No. 196301000443 (5283-X)

Level 31, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur
Tel : 03-2080 9200
Fax : 03-2080 9238

www.southsteel.com