



## **INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE SECOND FINANCIAL QUARTER ENDED 30 SEPTEMBER 2021**

### **EXPLANATORY NOTES**

#### **1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of Malaysian Financial Reporting Standards (“MFRS”), MFRS134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Bhd (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2021. These explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2021.

#### **2. SIGNIFICANT ACCOUNTING POLICIES**

The interim financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the audited financial statements for the financial year ended 31 March 2021, except for the following which are applicable to its financial statements:

Effective for financial period beginning on or after 1 January 2021:-

- Amendments to MFRS 9, Interest Rate Benchmark Reform - Phase 2  
MFRS 139, MFRS 7,  
MFRS 4 and MFRS 16

Effective for financial period beginning on or after 1 April 2021:-

- Amendments to MFRS 16 Covid-19 - Related Rent Concessions

The adoption of these Standards listed above did not result in significant changes in the accounting policies of the Group and have no significant effect on the financial performance or position of the Group.

At the date of authorisation of these interim financial statements, the following Standards and amendments to Standards were issued but not yet effective up to the date of issuance of the Group’s financial statements and have not been early adopted by the Group:

Effective for financial period beginning on or after 1 January 2022:-

- Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020

Effective for financial period beginning on or after 1 January 2023:-

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies



- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)

Effective Date Deferred Indefinitely

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

The Group will adopt the above Standards and amendments to Standards when they become effective in the respective financial periods. The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group.

### **3. AUDITOR'S REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

There were no audit qualification on the audit report of the preceding reports and financial statements.

### **4. SEASONALITY OR CYCLICALITY OF INTERIM OPERATIONS**

Except for the major festive seasons when activities slow down, the pace of the Company's business generally moves in tandem with the performance of the economy.

### **5. NATURE AND AMOUNT OF UNUSUAL ITEMS**

There were no items of unusual nature, size or incidence which affect the assets, liabilities, equity, net income or cash flows during the current quarter under review.

### **6. NATURE AND AMOUNT OF CHANGES IN ESTIMATES**

There were no major changes in estimates that have a material effect on the current quarter results.

### **7. DEBT AND EQUITY SECURITIES**

There were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter under review.

### **8. DIVIDEND PAID**

During the financial year ending 31 March 2022, the Company has paid a first single tier dividend of 1.5 sen per share in respect of the financial year ending 31 March 2022 amounting to RM5,706,264.84 on 25 October 2021.

### **9. SEGMENTAL INFORMATION**

For management purposes, the Group is organised into three reportable operating segments, which comprise the following:



- (a) Trading & Services  
Trading and marketing of steel products and all types of construction materials and warehousing and storage services.
- (b) Manufacturing  
Manufacturing and trading of steel purlin, structural steel components and other steel products.
- (c) Others  
Investment holding and dormant.

## 9.1 Business Segments

The segment revenue, segment results and segment assets for the financial year ending 31 March 2022 were as follows:

	Trading & Services RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales	470,079	13,028	1,592	-	484,699
Inter-company transactions	124,833	2,591	-	(127,424)	-
Total Sales	<u>594,912</u>	<u>15,619</u>	<u>1,592</u>	<u>(127,424)</u>	<u>484,699</u>
<b>RESULTS</b>					
Segment results	86,988	711	178	-	87,877
Finance cost	(4,845)	(105)	(146)	-	(5,096)
Interest income	280	15	-	-	295
Share of result in associated company	-	-	26	-	26
Taxation	(14,194)	(4)	(120)	-	(14,318)
Profit/(Loss) for the period	<u>68,229</u>	<u>617</u>	<u>(62)</u>	<u>-</u>	<u>68,784</u>
<b>ASSETS</b>	<u>991,022</u>	<u>30,535</u>	<u>36,487</u>	<u>(221,961)</u>	<u>836,083</u>
<b>LIABILITIES</b>	<u>704,469</u>	<u>9,370</u>	<u>354</u>	<u>(225,588)</u>	<u>488,605</u>

## 9.2 Geographical Segments

	3 months ended 30.09.2021 RM'000	6 months ended 30.09.2021 RM'000
External Sales		
Malaysia	113,518	263,039
APEC countries	103,272	215,029
Other countries	4,710	6,631
	<u>221,500</u>	<u>484,699</u>

## 10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

There has not arisen in the interval between the end of the current quarter under review and the date of this report, any item, transaction or event of a material and unusual nature likely in the opinion of the Board of Directors, to affect substantially the results of the operations of the Group for the current quarter.

## 11. CHANGES IN THE COMPOSITION OF THE GROUP

There were no changes in the composition of the Group during the current quarter under review and financial period to-date.

## 12. CONTINGENT LIABILITIES OR CONTINGENT ASSETS

There were no material changes in contingent liabilities or contingent assets since the last reports and financial statements.

## 13. CAPITAL COMMITMENTS

The capital commitments as at 30 September 2021 were as follows:

<b>Commitments in respect of capital expenditure</b>	<b>RM'000</b>
(a) Contracted but not provided for	36,891
(b) Approved but not contracted for	57,681

## 14. COMMENTARY ON FINANCIAL PERFORMANCE

	Individual Period (2nd Quarter)				Cumulative Period			
	Current Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-date	Preceding Year Corresponding Period	Changes	
	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	%	30.09.2021 RM'000	30.09.2020 RM'000	RM'000	%
Revenue	221,500	186,849	34,651	18.54%	484,699	294,783	189,916	64.43%
Operating Profit	38,808	4,044	34,764	>100%	87,881	1,750	86,131	>100%
Profit Before Interest and Tax	41,325	3,880	37,445	>100%	90,426	1,568	88,858	>100%
Profit/ (Loss) Before Tax	36,389	732	35,657	>100%	83,102	(5,644)	88,746	> 100%
Profit/ (Loss) After Tax	30,634	688	29,946	>100%	68,784	(5,807)	74,591	> 100%
Profit/ (Loss) Attributable to Ordinary Equity Holders of the	24,769	201	24,568	>100%	57,123	(6,549)	63,672	> 100%

For the second quarter ended 30 September 2021, the Group registered revenue of RM221.500 million, an increase of RM34.651 million or 18.54% as compared to the revenue of RM186.849 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to higher revenue in Trading & Services division despite lower revenue from Manufacturing division.



The Group operating profit increased by RM34.764 million to operating profit of RM38.808 million in the current quarter as compared to the operating profit of RM4.044 million for the corresponding quarter of the preceding year. The Group registered a profit before tax (“PBT”) of RM36.389 million for the current quarter, an increase in PBT of RM35.657 million as compared to PBT of RM0.732 million in the corresponding quarter of the preceding year. The increase in operating profit and PBT mainly due to higher revenue coupled with the tight supply situation leading to higher selling prices despite higher cost of goods sold, and the lower interest expense.

Trading & Services division’s revenue increased by RM34.395 million to RM215.994 million for the current quarter compared to RM181.599 million for the corresponding quarter of the preceding year. The segment PBT increased by RM35.344 million to RM36.724 million for the current quarter as compared to segment PBT of RM1.380 million for the corresponding quarter of the preceding year. The higher segment revenue was mainly attributable to the higher average selling prices despite lower sales volume of steel products. The higher segment PBT during the current quarter was mainly attributable to higher average selling prices and higher cost of goods sold which the effect of the increased in average selling price was higher than the increased in weighted average cost and lower interest expense.

Manufacturing division’s revenue decreased by RM0.540 million to RM4.710 million for the current quarter compared to RM5.250 million for the corresponding quarter of the preceding year. The segment LBT decrease by RM0.418 million to LBT of RM0.101 million for the current quarter as compared to LBT of RM0.519 million for the corresponding quarter of the preceding year. The higher segment revenue was mainly attributable to higher average selling price despite lower sales volume of manufactured products. The lower segment LBT during the current quarter was due to higher average selling price, higher average cost of sales due to higher raw material prices but the effect of the increased in average selling price was higher than the increased in the average cost.

**15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER**

	Current Quarter 30.09.2021 RM'000	Immediate Preceding Quarter 30.06.2021 RM'000	Changes	
			RM'000	%
Revenue	221,500	263,199	(41,699)	-15.84%
Operating Profit	38,808	49,073	(10,265)	-20.92%
Profit Before Interest and Tax	41,325	49,101	(7,776)	-15.84%
Profit Before Tax	36,389	46,713	(10,324)	-22.10%
Profit After Tax	30,634	38,150	(7,516)	-19.70%
Equity	24,769	32,354	(7,585)	-23.44%

The Group registered revenue of RM221.500 million in the current quarter which was RM41.699 million or 15.84% lower than the revenue of RM263.199 million for the immediate preceding quarter. The lower revenue was mainly attributable to lower sales volume of steel products resulting from the implementation of pandemic nationwide lockdown to contain rising Covid-19 infections in the country at the beginning of the current quarter despite higher average selling prices in the current quarter.

The Group operating profit decrease by RM10.265 million to operating profit of RM38.808 million in the current quarter as compared to operating profit of RM49.073 million for the immediate preceding quarter. The PBT of the Group registered a decrease by RM10.324 million to RM36.389 million in the current quarter compared to PBT of RM46.713 million for the immediate preceding quarter. The lower operating profit and PBT were mainly attributable to lower revenue, higher cost of goods sold and higher interest expenses.



Trading & Services division's revenue decreased by RM38.091 million to RM215.994 million for the current quarter compared to RM254.085 million for the immediate preceding quarter. The segment PBT decreased by RM8.974 million to RM36.724 million in the current quarter as compared to segment PBT of RM45.698 million for the immediate preceding quarter. The lower segment revenue was mainly attributable to the lower sales volume despite higher average selling prices of steel products. The lower segment PBT was mainly attributable to the lower revenue, higher average cost of goods sold and higher interest expenses.

Manufacturing division's revenue decreased by RM3.608 million to RM4.710 million for the current quarter compared to RM8.318 million for the immediate preceding quarter. The segment PBT decreased by RM0.824 million to LBT of RM0.101 million for the current quarter as compared to segment PBT of RM0.723 million for the immediate preceding quarter. The lower segment revenue was mainly attributable to the lower sales volume despite higher average selling prices of manufactured products. The lower segment PBT was due to lower revenue coupled with higher average cost of goods sold resulting from higher raw material prices and lower productivity.

## **16. PROSPECTS**

The International Monetary Fund in its October 2021 World Economic Outlook Report highlighted that the global economy is continuing the post-pandemic recovery, projected to grow 5.9% in 2021 from a contraction of 3.1% following the unprecedented Covid-19 pandemic impact in 2020. In September 2021, the World Bank has revised down Malaysia's economic growth projection to 3.3% in 2021, from an earlier estimate of 4.5% in June 2021. Meanwhile, the Monetary Authority of Singapore announced in a report that economists and analysts polled in the Survey of Professional Forecasters expect Singapore's gross domestic product to grow by 6.6 percent in 2021.

The consumer demand and economic activities especially in the region, is expected to improve following the gradual relaxation of pandemic restrictions with the rising vaccination rate worldwide and gradual reopening of economies. Steel remains as one of the most essential engineering materials and according to World Steel Association report in October 2021, global demand for steel is expected to return to pre-Covid-19 levels in 2021 with the exception of China, as resurgent demand continues to fuel strong manufacturing activity with high backlog orders combined with a rebuilding of inventories. The recent energy crisis in Europe and China which threatens disruption to global supply chain, may provide opportunity for the Group to increase its sales to the region. In addition, the infrastructure bill passed by U.S. Senate will modestly help the economy in the short run while driving potential growth for years to come.

The Board will continue to exercise caution in managing the Group's businesses for the current financial year. The Group is committed to continuously improve its operational efficiency to remain competitive and will continue to review its business strategies to ensure that the business structures, processes and costs are in consonant with the Covid-19 challenging business environment. Barring any unforeseen circumstances, the Group cautiously optimistic its performance will remain positive for the remaining quarters of the financial year.

## **17. VARIANCE OF ACTUAL PROFIT FROM FORECAST PROFIT**

The Group did not issue any profit forecast or profit guarantee for the financial year ending 31 March 2022.

## 18. TAXATION

The tax figures comprise of:

	<b>3 months ended</b>	<b>6 months ended</b>
	<b>30.09.21</b>	<b>30.09.21</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax		
- Current year taxation	5,755	14,318
- Prior year taxation	-	-
Deferred tax	-	-
	5,755	14,318

The Group's effective tax rate for the current quarter and year-to-date under review was lower than the statutory tax rate of 24% mainly due to utilisation of unabsorbed tax allowances and losses but the effect has been partially offset by certain expenses which are not deductible for tax purposes and non-available group tax relief.

## 19. STATUS OF CORPORATE PROPOSALS

Saved as disclosed below, there were no corporate proposals announced but not completed as at the latest practical date from the issuance of this report.

(I) The Company has announced that the Company's wholly-owned subsidiary, Ann Yak Siong Hardware Sdn Bhd ("AYSH") had:

- (i) on 16 December 2020 entered into a Sale and Purchase Agreement to acquire a piece of freehold land held under individual title no. H.S.(D) 165125, PT 84462, Mukim Kapar, Daerah Klang, Negeri Selangor, measuring approximately 9.514 hectares / 23.510 acres / 95,144 square meters from Golden Valley Industries Sdn Bhd ("the Vendor") for a total cash consideration of RM43,012,015.20 ("Proposed Acquisition"). As of the reporting date, AYSH has paid 30% of the total cash consideration to the Vendor. Barring any unforeseen circumstances, the Proposed Acquisition is expected to be completed in the last quarter of the financial year ending 31 March 2022; and
- (ii) on 30 July 2021 entered into a Sale and Purchase Agreement to dispose of a freehold land held under Geran 308158, Lot 35837, Mukim Kapar, Daerah Klang, Negeri Selangor, measuring approximately 8,809 square meters or 2.1767 acres ("Freehold Land") together with a single storey open-sided detached warehouse and an annexed double storey office block bearing a postal address of No. 7, Lorong Keluli 1A, Kawasan Perindustrian Bukit Raja, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan (together with the Freehold Land will be referred to as "Property") to OCH Land Sdn Bhd ("OCHL") for a total cash consideration of RM10,800,000.00 ("the Proposed Disposal").

AYSH will enter into a tenancy agreement with OCHL ("Tenancy Agreement") to rent the Property upon the completion of the SPA, at a monthly rental sum of RM53,000.00 for one (1) year and with an option to renew for a further term of two (2) years immediately following the expiry of the original term ("Proposed Tenancy").

As of the reporting date, AYSH has received 10% of the total cash consideration from OCHL. Barring any unforeseen circumstances, the Proposed Disposal are expected to be completed in the third quarter of the financial year ending 31 March 2022.

(II) Private Placement

On 15 October 2021, UOB Kay Hian Securities (M) Sdn Bhd (“UOBKH”) announced on behalf of Board of Directors of AYS, that the Company proposed to undertake a private placement of up to 38,041,765 shares (“Placement Shares”), representing not more than 10.0% of the total number of issued shares of the Company (“AYS Share(s)”) to third party investor(s) in accordance to the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 (“Proposed Private Placement”). The Company submitted the additional listing application to Bursa Malaysia Securities Berhad (“Bursa Securities”) on 20 October 2021 and obtained approval from Bursa Securities on 22 October 2021. The Company has on 26 October 2021 (“Price-fixing Date”) fixed the issued price for the Placement Shares at RM0.7600 per Placement Share (“Issued Price”). The issue price of RM0.7600 represents a discount of RM0.0788 or approximately 9.39% to the 5-day volume weighted average market price of AYS Shares up to and including 25 October 2021, being the market day immediately preceding the price-fixing date of RM0.8388 per AYS Share.

On 3 November 2021, the Proposed Private Placement has been successfully completed following the listing and quotation for 38,041,000 Placement Shares on the Main Market of Bursa Securities.

The gross proceeds raised from the Proposed Private Placement have been utilised by AYS and its subsidiaries in the following manner:

Utilisation purposes	Expected timeframe for utilisation (from the date of listing)	Proposed utilisation (RM'000)	Actual utilisation (RM'000)	Unutilised Amount (RM'000)
Working capital requirements	Within 12 months	12,676	11,942	734
Repayment of bank borrowings	Within 12 months	15,575	15,575	-
Estimated listing expenses	Immediately	660	489	171
		28,911	28,006	905

**20. BORROWINGS**

The Group’s borrowings as at 30 September 2021 are as follows:

	<b>As At End of Current Quarter 30.09.2021 RM'000</b>	<b>As At End of Immediate Preceding Quarter 30.06.2021 RM'000</b>
<b><u>Short Term borrowings</u></b>		
Secured	308,496	285,299
<b><u>Long Term borrowings</u></b>		
Secured	15,396	15,445
<b>Total borrowings</b>	323,892	300,744

The Group’s borrowings increased by RM23.148 million as at the current quarter to RM323.892 million compared with the immediate preceding quarter of RM300.744 million mainly due to higher inventories holding.



The Group's borrowings are denominated in Ringgit Malaysia.

## 21. FINANCIAL DERIVATIVE INSTRUMENTS

Forward foreign exchange contracts are used to hedge foreign exchange risks associated with some of the transactions' exposure. As at end of the current quarter under review, the outstanding forward foreign currency exchange contracts are as follows:

Type of Derivatives	Contract/Notional Value (RM'000)	Fair Value (RM'000)
Forward currency contracts	136,324	136,892

The fair value changes have been recognised in the financial statements.

## 22. MATERIAL LITIGATION

There was no material litigation for the quarter under review.

## 23. DIVIDEND

The Board of Directors declared a second single tier interim dividend of 1.5 sen per share in respect of the financial year ending 31 March 2022 (2nd Quarter FYE 2021: Nil), amounting to a net dividend payable of RM6,276,879.84. The interim dividend will be paid on 18 February 2022 to the Depositors registered in the Record of Depositors at the close of the business on 4 February 2022.

This is to inform that a Depositor shall qualify for the entitlement only in respect of: -

- (i) shares transferred into the Depositor's securities account before 4.30 p.m. on 4 February 2022 in respect of ordinary transfers; and
- (ii) shares bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Bursa Malaysia Securities Berhad's Listing Requirements.

## 24. EARNINGS/(LOSS) PER SHARE

### Basic earnings/loss per ordinary share

Basic earnings per share is calculated by dividing the profit/(loss) attributable to owners of the parent for the period by the number of weighted average number of ordinary shares of the Company in issue for the respective period as follows:



	Individual Quarter		Cumulative Quarter	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit/(Loss) attributable to owners of the parent (RM'000)	24,769	201	57,123	(6,549)
Number of ordinary shares in issue ('000)	380,418	380,418	380,418	380,418
Earnings/(loss) per share (sen)				
- Basic	6.51	0.05	15.02	(1.72)

#### Diluted earnings per share

The Group has no dilution in its earnings per ordinary share in the current quarter/period-to-date as there are no ordinary shares to be issued.

#### 25. INCLUDED IN THE TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ARE THE FOLLOWINGS:

	3 months ended 30.09.2021 RM'000	Cumulative 6 months ended 30.09.2021 RM'000
Interest Income	160	295
Other Income including Investment Income	471	1,093
Interest Expenses	2,574	5,096
Depreciation & Amortisation	848	1,592
Provision for/Write off of Receivables	327	342
Provision for/Write off of Inventories	1,008	1,008
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	(1,221)	(1,221)
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	323	928
- Unrealised	(460)	(982)
Gain/(Loss) on Derivatives	-	-
Impairment of Goodwill	-	-



**26. AUTHORISATION FOR ISSUE**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 23 November 2021.

By Order of the Board  
Leong Oi Wah (MAICSA 7023802)  
SSM Practising Certificate No. 201908000717  
Company Secretary  
23 November 2021  
Selangor Darul Ehsan