

INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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

Saved as disclosed below, there were no issuances, cancellations, repurchases, resale and repayments of debts and equity securities during the current quarter under review.

- (i) 38,041,000 new ordinary shares at RM0.76 per share were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities on 3 November 2021.

8. DIVIDEND PAID

During the financial year ending 31 March 2022, the Company has paid:

- (i) 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; and



- (ii) a second single tier interim dividend of 1.5 sen per share in respect of the financial year ending 31 March 2022 amounting to RM6,276,879.84 on 18 February 2022.

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 |
|---------------------------------------|---------------------------------|-------------------------|------------------|-----------------------|------------------------|
| REVENUE | | | | | |
| External sales | 699,469 | 22,106 | 2,388 | - | 723,963 |
| Inter-company transactions | 193,443 | 5,797 | - | (199,240) | - |
| Total Sales | 892,912 | 27,903 | 2,388 | (199,240) | 723,963 |
| RESULTS | | | | | |
| Segment results | 113,740 | 3,592 | 1,369 | - | 118,701 |
| Finance cost | (7,276) | (126) | (436) | - | (7,838) |
| Interest income | 575 | 20 | - | - | 595 |
| Share of result in associated company | - | - | 32 | - | 32 |
| Taxation | (19,973) | (12) | (321) | - | (20,306) |
| Profit for the period | 87,066 | 3,474 | 644 | - | 91,184 |
| ASSETS | 1,130,097 | 29,743 | 98,103 | (279,313) | 978,630 |
| LIABILITIES | 827,739 | 5,722 | 35,476 | (282,901) | 586,036 |

9.2 Geographical Segments

| | 3 months ended 31.12.2021 RM'000 | 9 months ended 31.12.2021 RM'000 |
|-----------------|-----------------------------------------------------|-----------------------------------------------------|
| External Sales | | |
| Malaysia | 147,944 | 410,983 |
| APEC countries | 87,273 | 302,302 |
| Other countries | 4,047 | 10,678 |
| | <u>239,264</u> | <u>723,963</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 31 December 2021 were as follows:

| Commitments in respect of capital expenditure | RM'000 |
|------------------------------------------------------|---------------|
| (a) Contracted but not provided for | 32,454 |
| (b) Approved but not contracted for | 57,646 |

14. COMMENTARY ON FINANCIAL PERFORMANCE

| | Individual Period (3rd Quarter) | | | | Cumulative Period | | | |
|--------------------------------------------------------------------|------------------------------------|--------------------------------------------|---------|-------|----------------------------|-------------------------------------------|---------|--------|
| | Current Quarter | Preceding Year Corresponding Quarter | Changes | | Current Year To-date | Preceding Year Corresponding Period | Changes | |
| | 31.12.2021 RM000 | 31.12.2020 RM000 | RM000 | % | 31.12.2021 RM000 | 31.12.2020 RM000 | RM000 | % |
| Revenue | 239,264 | 234,641 | 4,623 | 1.97% | 723,963 | 529,424 | 194,539 | 36.75% |
| Operating Profit | 30,979 | 12,983 | 17,996 | >100% | 118,860 | 14,734 | 104,126 | >100% |
| Profit Before Interest and Tax | 30,830 | 12,934 | 17,896 | >100% | 118,733 | 14,502 | 104,231 | >100% |
| Profit Before Tax | 28,388 | 10,062 | 18,326 | >100% | 111,490 | 4,419 | 107,071 | >100% |
| Profit After Tax | 22,400 | 10,137 | 12,263 | >100% | 91,184 | 4,331 | 86,853 | >100% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 20,824 | 8,626 | 12,198 | >100% | 77,947 | 2,078 | 75,869 | >100% |

For the third quarter ended 31 December 2021, the Group registered revenue of RM239.264million, an increase of RM4.623 million or 1.97% as compared to the revenue of RM234.641 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 in Manufacturing division.

The Group operating profit increased by RM17.996 million to operating profit of RM30.979million in the current quarter as compared to the operating profit of RM12.983 million for the corresponding quarter of the preceding year. The Group registered a profit before tax (“PBT”) of RM28.388 million for the current quarter, an increase in PBT of RM18.326 million as compared to PBT of RM10.062 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 RM4.864 million to RM229.390 million for the current quarter compared to RM224.526 million for the corresponding quarter of the preceding year. The segment PBT increased by RM14.857 million to RM25.204 million for the current quarter as compared to segment PBT of RM10.347 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 despite 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 RM1.037 million to RM9.078 million for the current quarter compared to RM10.115 million for the corresponding quarter of the preceding year. The segment PBT increased by RM2.979 million to PBT of RM2.865 million for the current quarter as compared to LBT of RM0.114 million for the corresponding quarter of the preceding year. The lower segment revenue was mainly attributable to lower sales volume despite higher average selling price of manufactured products. The higher segment PBT 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 31.12.2021 RM'000 | Immediate Preceding Quarter 30.09.2021 RM'000 | Changes | |
|----------------------------------------|-----------------------------------------|-----------------------------------------------------|----------|---------|
| | | | RM'000 | % |
| Revenue | 239,264 | 221,500 | 17,764 | 8.02% |
| Operating Profit | 30,979 | 38,808 | (7,829) | -20.17% |
| Profit Before Interest and Tax | 30,830 | 41,325 | (10,495) | -25.40% |
| Profit Before Tax | 28,388 | 36,389 | (8,001) | -21.99% |
| Profit After Tax | 22,400 | 30,634 | (8,234) | -26.88% |
| Profit Attributable to Ordinary Equity | 20,824 | 24,769 | (3,945) | -15.93% |

The Group registered revenue of RM239.264million in the current quarter which was RM17.764 million or 8.02% higher than the revenue of RM221.500 million for the immediate preceding quarter. The higher revenue was mainly attributable to higher average selling prices in the current quarter despite lower sales volume of steel products.

The Group operating profit decrease by RM7.829 million to operating profit of RM30.979million in the current quarter as compared to operating profit of RM38.808 million for the immediate preceding quarter. The PBT of the Group registered a decrease by RM8.001 million to RM28.388 million in the current quarter compared to PBT of RM36.389 million for the immediate preceding quarter. The lower operating profit and PBT were mainly attributable to higher cost of goods sold and higher interest expenses.

Trading & Services division's revenue increased by RM13.396 million to RM229.390 million for the current quarter compared to RM215.994 million for the immediate preceding quarter. The segment PBT decreased by RM11.520 million to RM25.204 million in the current quarter as compared to segment PBT of RM36.724 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 increased by RM4.368 million to RM9.078 million for the current quarter compared to RM4.710 million for the immediate preceding quarter. The segment PBT increased by RM2.966 million to PBT of RM2.865 million for the current quarter as compared to segment LBT of RM0.101 million for the immediate preceding quarter. The higher segment revenue was mainly attributable to the higher sales volume and higher average selling prices of manufactured products. The higher segment PBT was due to higher revenue, higher average selling price and lower production cost due to improved productivity

16. PROSPECTS

According to the World Bank, the global growth is expected to decelerate markedly in 2022, from 5.5% to 4.1%, reflecting the continued disruption caused by emergence of new COVID-19 variants, as well as supply bottlenecks and high energy prices. On domestic front, the World Bank Malaysia Economic Monitor reported that Malaysia is gradually emerging from the worst wave of the pandemic as domestic and external demand recovers with expanding exports is expected to fuel projected growth of 5.8% in 2022. Meanwhile, In January 2022 Monetary Authority of Singapore's Monetary Policy Statement, the Singapore's gross domestic product growth forecast remains unchanged at 3% to 5%.



Steel is always a hot commodity in the global market and steel demand in 2022 is expected to remain buoyant. Steel prices stabilise in early 2022 supported by supply curtailments due to energy shortages and shipping bottlenecks as well as demand growth. The resumption of economic activities reflecting continued adaptation to the pandemic, recommendations reopening borders to revive the economy, gradual recovery in the labour market, higher private sector expenditure, continued policy support and the anticipated bounce back in public investment via allocation of development expenditure is expected to have a positive impact to the performance of the Group. Nevertheless, under the potential of rising interest rates and supply chain disruptions, the Board is of the view that year 2022 remains challenging and competitive environment. The Group will continue to be vigilant in adopting a cautious approach while remaining flexible in executing strategic plan in creating sustainable competitive advantage. Barring any unforeseen circumstances, the Group cautiously optimistic its performance will remain positive for the remaining quarter 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:

| | 3 months | 9 months ended |
|-------------------------|-----------------|-----------------------|
| | 31.12.21 | 31.12.21 |
| | RM'000 | RM'000 |
| Income tax | | |
| - Current year taxation | 6,119 | 20,437 |
| - Prior year taxation | (131) | (131) |
| Deferred tax | - | - |
| | 5,988 | 20,306 |

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"). On 13 December 2021, the Vendor has informed that the land title has been issued with the endorsement of the category

of land use "Industrial". As of the reporting date, AYSH has paid RM38,711,806.08 to the Vendor/Vendor's financier. 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").

On 1 December 2021, the Proposed Disposal has been completed and both parties have entered into the Proposed Tenancy.

(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 | 12,676 | - |
| Repayment of bank borrowings | Within 12 months | 15,575 | 15,575 | - |
| Estimated listing expenses | Immediately | 660 | 589 | 71 |
| | | 28,911 | 28,840 | 71 |

20. BORROWINGS

The Group's borrowings as at 31 December 2021 are as follows:

| | As At End of Current Quarter 31.12.2021 RM'000 | As At End of Immediate Preceding Quarter 30.09.2021 RM'000 |
|-------------------------------------|-----------------------------------------------------------------------|---------------------------------------------------------------------------------------|
| <u>Short Term borrowings</u> | | |
| Secured | 328,958 | 308,496 |
| <u>Long Term borrowings</u> | | |
| Secured | 15,436 | 15,396 |
| Total borrowings | 344,394 | 323,892 |

The Group's borrowings increased by RM20.502 million as at the current quarter to RM344.394 million compared with the immediate preceding quarter of RM323.892 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 | 171,363 | 170,578 |

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 does not recommend any dividend in respect of the financial quarter ended 31 December 2021.

24. EARNINGS PER SHARE

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit 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 | |
|--------------------------------------------------------------------------------------|--------------------|------------|--------------------|------------|
| | 31.12.2021 | 31.12.2020 | 31.12.2021 | 31.12.2020 |
| Profit attributable to owners of the parent (RM'000) | 20,824 | 8,626 | 77,947 | 2,077 |
| Weighted average number of ordinary shares/Number of ordinary shares in issue ('000) | 395,947 | 380,418 | 395,947 | 380,418 |
| Earnings per share (sen) | | | | |
| - Basic | 5.26 | 2.27 | 19.69 | 0.55 |

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 potential ordinary shares to be issued.

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

| | 3 months ended 31.12.2021 RM'000 | Cumulative 9 months ended 31.12.2021 RM'000 |
|-------------------------------------------------------------------------|----------------------------------------|------------------------------------------------------|
| Interest Income | 300 | 595 |
| Other Income including Investment Income | 2,259 | 3,352 |
| Interest Expenses | 2,742 | 7,838 |
| Depreciation & Amortisation | 758 | 2,350 |
| Provision for/Write off of Receivables | (90) | 252 |
| Provision for/Write off of Inventories | (1,332) | (297) |
| Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties | - | (1,221) |
| Impairment of Assets | - | - |



| | | |
|---------------------------------|-------|---------|
| Gain/(Loss) on Foreign Exchange | | |
| - Realised | (3) | 925 |
| - Unrealised | (398) | (1,380) |
| 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 22 February 2022.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
SSM Practising Certificate No. 201908000717
Company Secretary
22 February 2022
Selangor Darul Ehsan