



## **INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2022**

### **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 and MFRS 128 Consolidated Financial Statements and Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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 ended 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 ended 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	1,078,153	35,149	3,184	-	1,116,486
Inter-company transactions	241,319	8,644	14,000	(263,963)	-
<b>Total Sales</b>	<b>1,319,472</b>	<b>43,793</b>	<b>17,184</b>	<b>(263,963)</b>	<b>1,116,486</b>
<b>RESULTS</b>					
Segment results	148,221	5,377	2,114	-	155,712
Finance cost	(10,299)	(160)	(580)	-	(11,039)
Interest income	738	34	-	-	772
Share of result in associated company	-	-	27	-	27
Taxation	(27,259)	(1,193)	(496)	-	(28,948)
<b>Profit for the period</b>	<b>111,401</b>	<b>4,058</b>	<b>1,065</b>	<b>-</b>	<b>116,524</b>
<b>ASSETS</b>	<b>1,245,122</b>	<b>40,211</b>	<b>99,482</b>	<b>(290,336)</b>	<b>1,094,479</b>
<b>LIABILITIES</b>	<b>918,444</b>	<b>17,107</b>	<b>38,212</b>	<b>(290,551)</b>	<b>683,212</b>



## 9.2 Geographical Segments

	<b>3 months ended 31.03.2022 RM'000</b>	<b>12 months ended 31.03.2022 RM'000</b>
External Sales		
Malaysia	255,077	666,060
APEC countries	136,780	439,082
Other countries	666	11,344
	<u>392,523</u>	<u>1,116,486</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 March 2022 were as follows:

<b>Commitments in respect of capital expenditure</b>	<b>RM'000</b>
(a) Contracted but not provided for	9,705
(b) Approved but not contracted for	47,451

#### 14. COMMENTARY ON FINANCIAL PERFORMANCE

	Individual Period (4th Quarter)				Cumulative Period			
	Current Quarter	Preceding Year Corresponding Quarter	Changes		Current Year To-date	Preceding Year Corresponding Period	Changes	
	31.03.2022 RM'000	31.03.2021 RM'000	RM'000	%	31.03.2022 RM'000	31.03.2021 RM'000	RM'000	%
Revenue	392,523	224,234	168,289	75.05%	1,116,486	753,658	362,828	48.14%
Operating Profit	36,948	26,967	9,981	37.01%	155,808	41,701	114,107	>100%
Profit Before Interest and Tax	37,006	27,090	9,916	36.60%	155,739	41,593	114,146	>100%
Profit Before Tax	33,982	24,505	9,477	38.67%	145,472	28,924	116,548	>100%
Profit After Tax	25,340	20,241	5,099	25.19%	116,524	24,572	91,952	>100%
Profit Attributable to Ordinary Equity Holders of the Parent	23,481	16,926	6,555	38.73%	101,428	19,004	82,424	>100%

For the fourth quarter ended 31 March 2022, the Group registered revenue of RM392.523 million, an increase of RM168.289 million or 75.05% as compared to the revenue of RM224.234 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to higher revenue in Trading & Services and Others division despite lower revenue in Manufacturing division.

The Group operating profit increased by RM9.981 million to operating profit of RM36.948 million in the current quarter as compared to the operating profit of RM26.967 million for the corresponding quarter of the preceding year. The Group registered a profit before tax ("PBT") of RM33.982 million for the current quarter, an increase in PBT of RM9.477 million as compared to PBT of RM24.505 million in the corresponding quarter of the preceding year. The increase in operating profit and PBT mainly due to higher average selling prices and sales volume of steel products despite higher cost of goods sold, allowance for expected credit loss, allowance for inventories written off and interest expense.

Trading & Services division's revenue increased by RM169.495 million to RM378.684 million for the current quarter compared to RM209.189 million for the corresponding quarter of the preceding year. The segment PBT increased by RM10.755 million to RM31.621 million for the current quarter as compared to segment PBT of RM20.866 million for the corresponding quarter of the preceding year. The higher segment revenue was mainly attributable to the higher average selling prices couple with higher sales volume of steel products leading to a higher segment PBT during the current quarter despite higher cost of goods sold which the effect of the increased in average selling prices was lower than the increased in weighted average cost as well as higher allowance for expected credit loss, allowance for inventories written off and interest expense.

Manufacturing division's revenue decreased by RM2.002 million to RM13.043million for the current quarter compared to RM15.045 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM2.077 million to PBT of RM1.765 million for the current quarter as compared to PBT of RM3.842 million for the corresponding quarter of the preceding year. The lower segment revenue was mainly attributable to lower sales volume despite higher average selling prices of manufactured products. The lower segment PBT was due to decrease sales volume and productivity in the current quarter.

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

	Current Quarter 31.03.2022 RM'000	Immediate Preceding Quarter 31.12.2021 RM'000	Changes	
			RM'000	%
Revenue	392,523	239,264	153,259	64.05%
Operating Profit	36,948	30,979	5,969	19.27%
Profit Before Interest and Tax	37,006	30,830	6,176	20.03%
Profit Before Tax	33,982	28,388	5,594	19.71%
Profit After Tax	25,340	22,400	2,940	13.13%
Profit Attributable to Ordinary Equity	23,481	20,824	2,657	12.76%

The Group registered revenue of RM392.523 million in the current quarter which was RM153.259 million or 64.05% higher than the revenue of RM239.264 million for the immediate preceding quarter. The higher revenue was mainly attributable to higher sales volume of steel products despite lower average selling prices in the current quarter.

The Group operating profit increase by RM5.969 million to operating profit of RM36.948 million in the current quarter as compared to operating profit of RM30.979 million for the immediate preceding quarter. The PBT of the Group registered an increase by RM5.594 million to RM33.982 million in the current quarter compared to PBT of RM28.388 million for the immediate preceding quarter. The higher operating profit and PBT were mainly attributable to higher sales volume of steel products despite higher cost of goods sold, allowance for expected credit loss, allowance for inventories written off and interest expense during the current quarter under review.

Trading & Services division's revenue increased by RM149.294 million to RM378.684 million for the current quarter compared to RM229.390 million for the immediate preceding quarter. The segment PBT increased by RM6.417 million to RM31.621 million in the current quarter as compared to segment PBT of RM25.204 million for the immediate preceding quarter. The higher segment revenue was mainly attributable to the higher sales volume despite lower average selling prices of steel products. The higher segment PBT was mainly attributable to the higher sales volume of steel products despite higher cost of goods sold, allowance for expected credit loss, allowance for inventories written off and interest expense during the current quarter under review.

Manufacturing division's revenue increased by RM3.965 million to RM13.043 million for the current quarter compared to RM9.078 million for the immediate preceding quarter. The segment PBT decreased by RM1.100 million to PBT of RM1.765 million for the current quarter as compared to segment PBT of RM2.865 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 lower segment PBT was due to reversal of allowance for inventories written off in the immediate preceding quarter despite lower cost of goods sold resulting from improved productivity during the current quarter under review.



## 16. PROSPECTS

According to the Short Range Outlook released in April 2022, the World Steel Association forecasts that steel demand will edge up 0.4% in 2022 to 1.84 billion metric tons and grow a further 2.2% in 2023 to 1.88 billion metric tons. Recovery in steel-using industries and in steel demand is expected to continue but the forecast is uncertain due to the ongoing geopolitical situation surrounding Ukraine-Russia, disruption from China's oppressive lockdown policies, higher energy and commodity prices, and continued supply chain disruptions.

The growth for the Malaysia economy is expected to remain on a firmer footing, driven by strengthening domestic demand from government and private sectors amid sustained export growth. The Singapore economy is expected to see steady recovery in 2022 supported by the strong and healthy pipeline of investments into Singapore. However, the most cited downside risk to the Malaysia and Singapore's growth outlook was inflation pressures, rising global commodity prices, volatility of foreign exchange rates, supply chain disruptions, concern of global economic environment uncertainties and geopolitical conflicts.

The Board is of the view that the financial year ending 31 March 2023 remains challenging and competitive environment. The Group will continue to maintain its strategy to focus on servicing the customers by providing total solutions in quality products and services, and to emphasise on cost management and efficiency improvement to better manage the challenging operating environment. Barring any unforeseen circumstances, the Group cautiously optimistic its performance will remain positive in the coming 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>12 months ended</b>
	<b>31.03.22</b>	<b>31.03.22</b>
	<b>RM'000</b>	<b>RM'000</b>
Income tax		
- Current year taxation	9,200	29,637
- Prior year taxation	-	(131)
Deferred tax	(558)	(558)
	<u>8,642</u>	<u>28,948</u>

The Group's effective tax rate for the current quarter was higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes despite overprovision of deferred tax in the prior year. The Group's effective tax rate for the year-to-date under review was lower than the statutory tax rate of 24% mainly due to utilisation of unabsorbed tax allowances and losses, overprovision of deferred taxation and tax expense in the prior year 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 23 March 2022, the Proposed Acquisition has been completed; 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)	Variation (RM'000)	Actual utilisation (RM'000)	Unutilised Amount (RM'000)
Working capital requirements	Within 12 months	12,676	71	12,747	-
Repayment of bank borrowings	Within 12 months	15,575		15,575	-
Estimated listing expenses	Immediately	660	(71)	589	-
		28,911	-	28,911	-

## 20. BORROWINGS

The Group's borrowings as at 31 March 2022 are as follows:

	<b>As At End of Current Quarter 31.03.2022 RM'000</b>	<b>As At End of Immediate Preceding Quarter 31.12.2021 RM'000</b>
<b><u>Short Term borrowings</u></b>		
Secured	403,622	328,958
<b><u>Long Term borrowings</u></b>		
Secured	37,569	15,436
<b>Total borrowings</b>	441,191	344,394

The Group's borrowings increased by RM96.797 million as at the current quarter to RM441.191 million compared with the immediate preceding quarter of RM344.394 million mainly due to financing on the higher trade receivables and term loan of RM25.800 million for the part finance of the purchase of freehold land.

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	184,078	184,117

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 have proposed a final single-tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022 (4<sup>th</sup> Quarter FYE 2021: Nil), amounting to a net dividend payable of RM4,184,586.56. The dividend is subject to approval by shareholders of the forthcoming Annual General Meeting. The book closure and payment dates for this dividend will be announced in due course.

## 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	
	31.03.2022	31.03.2021	31.03.2022	31.03.2021
Profit attributable to owners of the parent (RM'000)	23,481	16,926	101,428	19,004
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	5.93	4.45	25.62	5.00
- Diluted	N/A	N/A	N/A	N/A

### 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:**

	<b>3 months ended 31.03.2022 RM'000</b>	<b>Cumulative 12 months ended 31.03.2022 RM'000</b>
Interest Income	177	772
Other Income including Investment Income	2,525	5,876
Interest Expenses	3,201	11,039
Depreciation & Amortisation	2,175	4,525
Provision for/Write off of Receivables	4,011	4,263
Provision for/Write off of Inventories	1,163	866
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	(42)	(1,169)
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	476	1,401
- Unrealised	919	(462)
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 24 May 2022.

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