



INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 2022. 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 2022.

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 2022, except for the following Amendments to MFRS and Annual Improvements to MFRSs which are applicable to its financial statements:

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

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

The adoption of these Amendments to MFRS and Annual Improvements to MFRSs did not have any impact on the financial statements 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 2023:-

- Amendments to MFRS 4 Insurance Contracts: Extension of the Temporary Exemption from Applying MFRS 9
- MFRS 17 and Amendments to MFRS17 Insurance Contracts
- Amendments to MFRS 17 Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101 Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Disclosure of Accounting Policies
- Amendments to MFRS 108 Definition of Accounting Estimates
- Amendments to MFRS 112 Income taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction



Effective Date Deferred Indefinitely:-

- Amendments to MFRS 10 Sale or Contribution of Assets between an Investor and its Associate and MFRS 128 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 ending 31 March 2023, the Company has paid a final single tier dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 March 2022 amounting to RM4,184,586.56 on 17 October 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 2023 were as follows:

	Trading & Services RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
REVENUE					
External sales	941,121	33,577	2,746	-	977,444
Inter-company transactions	174,866	7,905	58	(182,829)	-
Total Sales	<u>1,115,987</u>	<u>41,482</u>	<u>2,804</u>	<u>(182,829)</u>	<u>977,444</u>
RESULTS					
Segment results	45,938	3,832	2,715	-	52,485
Finance cost	(12,943)	(158)	(747)	-	(13,849)
Interest income	366	4	52	-	422
Share of result in associated company	-	-	(52)	-	(52)
Taxation	(10,131)	(1,110)	(351)	-	(11,592)
Profit for the period	<u>23,230</u>	<u>2,568</u>	<u>1,617</u>	<u>-</u>	<u>27,414</u>
ASSETS	<u>1,215,023</u>	<u>34,016</u>	<u>102,388</u>	<u>(256,650)</u>	<u>1,094,777</u>
LIABILITIES	<u>862,811</u>	<u>8,513</u>	<u>43,392</u>	<u>(256,670)</u>	<u>658,046</u>

9.2 Geographical Segments

	3 months ended 31.12.2022 RM'000	9 months ended 31.12.2022 RM'000
External Sales		
Malaysia	169,496	511,487
APEC countries	147,188	454,517
Other countries	4,901	11,439
	<u>321,586</u>	<u>977,444</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

Save as disclosed below, there were no changes in the composition of the Group for the current quarter under review and financial period to-date.

On 10 October 2022, AYS Capital Sdn Bhd, a wholly-owned subsidiary of the Company, has subscribed One Thousand (1,000) unit ordinary shares of Ann Yak Siong (Singapore) Pte Ltd ("AYSS") representing 100% of the entire issued capital of AYSS for a total consideration of SGD1,000.00 (equivalent to approximately RM3,240.80) and AYSS has effectively become a 100% subsidiary of the AYS Group.

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 2022 were as follows:

Commitments in respect of capital expenditure	RM'000
(a) Contracted but not provided for	1,154
(b) Approved but not contracted for	45,101

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	
	31.12.2022 RM'000	31.12.2021 RM'000	RM'000	%	31.12.2022 RM'000	31.12.2021 RM'000	RM'000	%
Revenue	321,586	239,264	82,322	34.41%	977,444	723,963	253,481	35.01%
Operating (Loss) / Profit	(819)	30,979	(31,798)	-102.64%	52,428	118,860	(66,432)	-55.89%
(Loss) / Profit Before Interest and Tax	(782)	30,830	(31,612)	-102.54%	52,433	118,733	(66,300)	-55.84%
(Loss) / Profit Before Tax	(6,105)	28,388	(34,493)	-121.51%	39,006	111,490	(72,484)	-65.01%
(Loss) / Profit After Tax	(5,878)	22,400	(28,278)	-126.24%	27,414	91,184	(63,770)	-69.94%
(Loss) / Profit Attributable to Ordinary Equity Holders of the Parent	(4,891)	20,824	(25,715)	-123.49%	24,875	77,947	(53,072)	-68.09%

For the third quarter ended 31 December 2022, the Group registered revenue of RM321.586 million, an increase of RM82.322 million or 34.41% as compared to the revenue of RM239.264 million for the corresponding quarter of the preceding year. The higher revenue was mainly attributable to higher revenue in both Trading & Services and Manufacturing division.

The Group operating profit decreased by RM31.798 million to operating loss of RM0.819 million in the current quarter as compared to the operating profit of RM30.979 million for the corresponding quarter of the preceding year. The Group registered a loss before tax ("LBT") of RM6.105 million for

the current quarter, a decrease in profit before tax (“PBT”) of RM34.493 million as compared to PBT of RM28.388 million in the corresponding quarter of the preceding year. The decrease in operating profit and PBT were mainly due to lower average selling price, higher cost of goods sold due to higher foreign exchange rate and interest expenses despite higher sales volume in the current quarter.

Trading & Services division’s revenue increased by RM80.960 million to RM310.350 million for the current quarter compared to RM229.390 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM32.806 million to LBT of RM7.602 million for the current quarter as compared to segment PBT of RM25.204 million for the corresponding quarter of the preceding year. The lower segment revenue was mainly attributable to the lower average selling price of steel products. The higher segment LBT during the current quarter was mainly due to lower average selling price coupled with higher cost of goods sold due to higher foreign exchange rate and interest expenses.

Manufacturing division’s revenue increased by RM1.002 million to RM10.080 million for the current quarter compared to RM9.078 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM2.304 million to PBT of RM0.561 million for the current quarter as compared to PBT of RM2.865 million for the corresponding quarter of the preceding year. The higher segment revenue was mainly attributable to higher sales volume of manufactured products. The lower segment PBT during the current quarter was mainly due to lower average selling price coupled with higher average cost of sales due to higher raw material prices.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2022 RM'000	30.09.2022 RM'000	RM'000	%
Revenue	321,586	303,687	17,899	5.89%
Operating (Loss) / Profit	(819)	14,941	(15,760)	-105.48%
(Loss) / Profit Before Interest and Tax	(782)	14,943	(15,725)	-105.23%
(Loss) / Profit Before Tax	(6,105)	10,684	(16,789)	-157.14%
(Loss) / Profit After Tax	(5,878)	8,372	(14,250)	-170.21%
(Loss) / Profit Attributable to Ordinary Equity	(4,891)	7,825	(12,716)	-162.50%

The Group registered revenue of RM321.586 million in the current quarter which was RM17.899 million or 5.89% higher than the revenue of RM303.687 million for the immediate preceding quarter. The higher revenue was mainly attributable to higher sales volume of steel products in the current quarter in Trading & Services division.

The Group operating profit decrease by RM15.760 million to operating loss of RM0.819 million in the current quarter as compared to operating profit of RM14.941 million for the immediate preceding quarter. The PBT of the Group registered a decrease of RM16.789 million to LBT of RM6.105 million in the current quarter compared to PBT of RM10.684 million for the immediate preceding quarter. The decrease in operating profit and PBT were mainly attributable to lower average selling price and higher interest expenses during the current quarter under review.

Trading & Services division’s revenue increased by RM21.266 million to RM310.350 million for the current quarter compared to RM289.084 million for the immediate preceding quarter. The segment PBT decreased by RM15.983 million to LBT of RM7.602 million in the current quarter as compared to segment PBT of RM8.381 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 lower segment PBT was mainly attributable to lower average selling price and higher interest expenses during the current quarter under review.

Manufacturing division's revenue decreased by RM3.727 million to RM10.080 million for the current quarter compared to RM13.807 million for the immediate preceding quarter. The segment PBT decreased by RM1.277 million to PBT of RM0.561 million for the current quarter as compared to segment PBT of RM1.838 million for the immediate preceding quarter. The lower segment revenue and segment PBT was mainly attributable to lower sales volume and higher cost of sales of manufactured products.

16. PROSPECTS

The World Bank has recently predicted the global economy to grow slow, cutting its growth outlook to 1.7 percent in 2023 compared to previous forecast of 3 percent. The weak outlook on global economy forecasted by World Bank is due to several factors such as persistent global inflationary pressure, rising interest rates, weakening investment globally, worsening housing markets and escalating geopolitical tensions.

On domestic front, the World Bank projected that Malaysia's economy is to grow at a "moderate pace" of 4.0 percent in 2023 due to slow global growth and a less supportive global environment. Nevertheless, domestic private spending, continued flow of capital investments into both the private and public sections are the main factors that are expected to drive Malaysia's economic growth in 2023. In Singapore, 2023 will be a challenging year. The International Monetary Fund has lowered Singapore growth to 1.5 percent resulting from global headwinds.

The Board is of the view that prospects and performance of the Group in the remaining quarter of the financial year ending 31 March 2023 remains challenging and competitive amidst the volatility of global steel prices coupled with the fluctuation of exchange rates. Despite the challenges, the Group has continued to remain agile in responding to the challenging business environment and maintain its strategy to focus on servicing the customers by providing total solutions in quality products and services, adopt a cautious approach on cost management and actively enhance its productivity and efficiency and to increase its competitiveness in the industry.

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 2023.

18. TAXATION

The tax figures comprise of:

	3 months ended	9 months ended
	31.12.22	31.12.22
	RM'000	RM'000
Income tax		
- Current year taxation	(978)	10,841
- Prior year taxation	751	751
Deferred tax	-	-
	<u>(227)</u>	<u>11,592</u>

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% mainly due to losses incurred in the current quarter but the effect has been partially offset by certain expenses which are not deductible for tax purposes and under provision of taxation in prior year. The Group's effective tax rate for the year-to-date under review was higher than the statutory tax rate of 24% mainly due to certain expenses which are not deductible for tax purposes and under provision of taxation in prior year.

19. STATUS OF CORPORATE PROPOSALS

There were no corporate proposals announced but not completed as at the latest practical date from the issuance of this report.

20. BORROWINGS

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

	As At End of	As At End of
	Current Quarter	Immediate
	31.12.2022	Preceding Quarter
	RM'000	30.09.2022
	RM'000	RM'000
<u>Short Term borrowings</u>		
Secured	439,318	437,712
<u>Long Term borrowings</u>		
Secured	35,223	36,118
Total borrowings	<u>474,541</u>	<u>473,830</u>

The Group's borrowings increased by RM0.711 million as at the current quarter to RM474.541 million compared with the immediate preceding quarter of RM473.830 million mainly due to higher repayment to trade payables during the current quarter under review.

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	179,207	176,327

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 2022.

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	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021
(Loss)/Profit attributable to owners of the parent (RM'000)	(4,891)	20,824	24,875	77,947
Number of ordinary shares in issue ('000)	418,459	395,947	418,459	395,947
(Loss)/Earnings per share (sen)				
- Basic	(1.17)	5.26	5.94	19.69
- 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:

	3 months ended 31.12.2022 RM'000	Cumulative 9 months ended 31.12.2022 RM'000
Interest Income	123	422
Other Income including Investment Income	264	1,914
Interest Expenses	5,446	13,849
Depreciation & Amortisation	1,116	3,200
Provision for/Write off of Receivables	50	(243)
Provision for/Write off of Inventories	-	6,793
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	-	-
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	185	2,798
- Unrealised	(3,243)	(2,721)
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 18 February 2023.

By Order of the Board
Leong Oi Wah (MAICSA 7023802)
SSM Practising Certificate No. 201908000717
Company Secretary
18 February 2023
Selangor Darul Ehsan