

INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE FOURTH FINANCIAL QUARTER ENDED 31 MARCH 2023

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 and MFRS 128 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 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	1,269,126	40,548	4,091	-	1,313,765
Inter-company transactions	215,567	9,738	5,920	(231,225)	-
Total Sales	<u>1,484,693</u>	<u>50,286</u>	<u>10,011</u>	<u>(231,225)</u>	<u>1,313,765</u>
RESULTS					
Segment results	65,557	4,378	4,517	-	74,452
Finance cost	(19,489)	(197)	(605)	-	(20,291)
Interest income	465	7	53	-	525
Share of result in associated company	-	-	(52)	-	(52)
Taxation	(11,135)	(998)	(468)	-	(12,601)
Profit for the period	<u>35,398</u>	<u>3,190</u>	<u>3,445</u>	<u>-</u>	<u>42,033</u>
ASSETS	<u>1,212,853</u>	<u>36,217</u>	<u>267,305</u>	<u>(414,792)</u>	<u>1,101,583</u>
LIABILITIES	<u>830,152</u>	<u>11,292</u>	<u>41,238</u>	<u>(244,125)</u>	<u>638,557</u>

9.2 Geographical Segments

	3 months ended 31.03.2023 RM'000	12 months ended 31.03.2023 RM'000
External Sales		
Malaysia	218,097	729,424
APEC countries	113,483	568,161
Other countries	4,741	16,180
	<u>336,321</u>	<u>1,313,765</u>

10. MATERIAL EVENTS SUBSEQUENT TO THE END OF THE PERIOD

Save as disclosed below, 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.

On 15 May 2023, Steelarlis Pte. Ltd., a 51% owned subsidiary of the Company, has subscribed One Thousand (1,000) unit ordinary shares of SPL Services Sdn Bhd (“SPLS”) representing 100% of the entire issued capital of SPLS for a total consideration of RM1,000.00 and SPLS has effectively become a 51% owned subsidiary of the AYS Group.

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 SDG1,000.00 (equivalent to approximately RM3,240.80) and AYSS has effectively become a wholly-owned 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 March 2023 were as follows:

Commitments in respect of capital expenditure	RM'000
(a) Contracted but not provided for	3,592
(b) Approved but not contracted for	58,318

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	
	31.03.2023 RM'000	31.03.2022 RM'000	RM'000	%	31.03.2023 RM'000	31.03.2022 RM'000	RM'000	%
Revenue	336,321	392,523	(56,202)	-14.32%	1,313,765	1,116,486	197,279	17.67%
Operating Profit	21,200	36,948	(15,748)	-42.62%	73,628	155,808	(82,180)	-52.74%
Profit Before Interest and Tax	21,967	37,006	(15,039)	-40.64%	74,400	155,739	(81,339)	-52.23%
Profit Before Tax	15,628	33,982	(18,354)	-54.01%	54,634	145,472	(90,838)	-62.44%
Profit After Tax	14,619	25,340	(10,721)	-42.31%	42,033	116,524	(74,491)	-63.93%
Profit Attributable to Ordinary Equity Holders of the Parent	15,251	23,481	(8,230)	-35.05%	40,126	101,428	(61,302)	-60.44%

For the fourth quarter ended 31 March 2023, the Group registered revenue of RM336.321 million, a decrease of RM56.202 million or 14.32% as compared to the revenue of RM392.523 million for the



corresponding quarter of the preceding year. The lower revenue was mainly attributable to lower revenue in both Trading & Services and Manufacturing division.

The Group operating profit decreased by RM15.748 million to operating profit of RM21.200 million in the current quarter as compared to the operating profit of RM36.948 million for the corresponding quarter of the preceding year. The Group registered a profit before tax (“PBT”) of RM15.628 million for the current quarter, a decrease in profit before tax of RM18.354 million as compared to PBT of RM33.982 million in the corresponding quarter of the preceding year. The decrease in operating profit and PBT were mainly due to lower sales volume couple with lower average selling price, higher cost of goods sold due to higher foreign exchange rate and interest expenses in the current quarter.

Trading & Services division’s revenue decreased by RM50.679 million to RM328.005 million for the current quarter compared to RM378.684 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM18.452 million to PBT of RM13.169 million for the current quarter as compared to segment PBT of RM31.621 million for the corresponding quarter of the preceding year. The lower segment revenue was mainly attributable to the lower sales volume coupled with lower average selling price. The lower segment PBT during the current quarter was mainly due to lower sales volume and average selling price coupled with higher cost of goods sold due to higher foreign exchange rate and interest expenses.

Manufacturing division’s revenue decreased by RM6.072 million to RM6.971 million for the current quarter compared to RM13.043 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM1.255 million to PBT of RM0.510 million for the current quarter as compared to PBT of RM1.765 million for the corresponding quarter of the preceding year. The lower segment revenue was mainly attributable to lower sales volume coupled with lower average selling price of manufactured products. The lower segment PBT during the current quarter was mainly due to lower average selling price.

15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter 31.03.2023 RM'000	Immediate Preceding Quarter 31.12.2022 RM'000	Changes	
			RM'000	%
Revenue	336,321	321,586	14,735	4.58%
Operating Profit / (Loss)	21,200	(819)	22,019	>100%
Profit / (Loss) Before Interest and Tax	21,967	(782)	22,749	>100%
Profit / (Loss) Before Tax	15,628	(6,105)	21,733	>100%
Profit / (Loss) After Tax	14,619	(5,878)	20,497	>100%
Profit / (Loss) Attributable to Ordinary Equity	15,251	(4,891)	20,142	>100%

The Group registered revenue of RM336.321 million in the current quarter which was RM14.735 million or 4.58% higher than the revenue of RM321.586 million for the immediate preceding quarter. The higher revenue was mainly attributable to higher sales volume in the current quarter in Trading & Services division.

The Group operating profit increased by RM22.019 million to operating profit of RM21.200 million in the current quarter as compared to operating loss of RM0.819 million for the immediate preceding quarter. The PBT of the Group registered an increase of RM21.733 million to PBT of RM15.628 million in the current quarter compared to loss before tax (“LBT”) of RM6.105 million for the immediate

preceding quarter. The increase in operating profit and PBT were mainly attributable to higher sales volume, lower average cost of goods sold and reversal of allowance for inventories written off during the current quarter under review.

Trading & Services division's revenue increased by RM17.655 million to RM328.005 million for the current quarter compared to RM310.350 million for the immediate preceding quarter. The segment PBT increased by RM20.771 million to PBT of RM13.169 million in the current quarter as compared to segment LBT of RM7.602 million for the immediate preceding quarter. The higher segment revenue was mainly attributable to the higher sales volume in the current quarter under review. The higher segment PBT was mainly attributable to lower average cost of goods sold and reversal of allowance for inventories written off despite higher interest expenses during the current quarter under review.

Manufacturing division's revenue decreased by RM3.109 million to RM6.971 million for the current quarter compared to RM10.080 million for the immediate preceding quarter. The segment PBT decreased by RM0.051 million to PBT of RM0.510 million for the current quarter as compared to segment PBT of RM0.561 million for the immediate preceding quarter. The lower segment revenue and segment PBT was mainly attributable to lower sales volume and productivity in the current quarter.

16. PROSPECTS

The International Monetary Fund ("IMF") has revised its 2023 global growth projection to 2.8% in April 2023, reflecting the tightening of monetary policy of central banks of most economies to curb inflation, escalating geopolitical conflicts, weakening investment globally and re-emergence of supply chain disruptions.

On the domestic front, Bank Negara Malaysia highlighted that Malaysia's economy would continue to expand in 2023 at a more moderate rate between 4 to 5 per cent due to slow global growth and less supportive global environment. In Singapore, 2023 will be a tougher year. The IMF has lowered Singapore growth to 1.5 percent resulting from global headwinds.

For steel demand, the World Steel Association has forecasted that global steel demand to see a marginal increase of 1 per cent in 2023. With the Budget 2023 announced by the Government of Malaysia and Singapore to support the local economy, major infrastructure projects and construction activity will move forward that could lead to demand in steel.

The Board is of the view that prospects and performance of the Group in the next financial year ending 31 March 2024 remains challenging and competitive amidst the global economic uncertainties, volatility of global steel prices coupled with the fluctuation of exchange rates. Despite the challenges, the Group will continue to remain agile in responding to the challenging business environment and maintain its strategy to focus on delivering long-term sustainable growth 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	12 months ended
	31.03.23	31.03.23
	RM'000	RM'000
Income tax		
- Current year taxation	1,707	12,548
- Prior year taxation	(489)	262
Deferred tax	<u>(209)</u>	<u>(209)</u>
	<u>1,009</u>	<u>12,601</u>

The Group's effective tax rate for the current quarter was lower than the statutory tax rate of 24% mainly due to certain incomes which are not taxable and overprovision of taxation and 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 certain incomes which are not taxable and overprovision of deferred tax in prior year 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.

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 March 2023 are as follows:

	As At End of	As At End of
	Current Quarter	Immediate
	31.03.2023	Preceding Quarter
	RM'000	31.12.2022
	RM'000	RM'000
<u>Short Term borrowings</u>		
Secured	402,821	439,318
<u>Long Term borrowings</u>		
Secured	34,322	35,223
Total borrowings	<u>437,143</u>	<u>474,541</u>

The Group's borrowings decrease by RM37.398 million as at the current quarter to RM437.143 million compared with the immediate preceding quarter of RM474.541 million mainly due to lower inventory holding 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	196,697	197,407

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 2023 (4th Quarter FYE 2022: 1.0 sen), 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	
	31.03.2023	31.03.2022	31.03.2023	31.03.2022
Profit attributable to owners of the parent (RM'000)	15,251	23,481	40,126	101,428
Number of ordinary shares in issue ('000)	418,459	395,947	418,459	395,947
Earnings per share (sen)				
- Basic	3.64	5.93	9.59	25.62
- 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 31.03.2023 RM'000	Cumulative 12 months ended 31.03.2023 RM'000
Interest Income	103	525
Other Income including Investment Income	3,683	5,597
Interest Expenses	6,442	20,291
Depreciation & Amortisation	4,171	7,371
Provision for/Write off of Receivables	2,616	2,373
Provision for/Write off of Inventories	(5,956)	837
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	-	-
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	(718)	2,081
- Unrealised	6,409	3,688
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 30 May 2023.

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