



## **INTERIM REPORT ON UNAUDITED CONSOLIDATED RESULTS FOR THE THIRD FINANCIAL QUARTER ENDED 31 DECEMBER 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 2023. 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 2023.

#### **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 2023, except for the following Amendments to MFRS which are applicable to its financial statements:

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

- 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 Presentation of Financial Statements – Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112 Income taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2024:-

- Amendments to MFRS 16 Leases – Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as Current or Non-Current
- Amendments to MFRS 101 Presentation of Financial Statements – Non-current Liabilities with Covenants



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 ending 31 March 2024, 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 2023 amounting to RM4,184,586.56 on 17 October 2023.

### **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 2024 were as follows:

	Trading & Services RM'000	Manufacturing RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>					
External sales	965,626	25,840	4,059	-	995,525
Inter-company transactions	140,124	6,867	771	(147,762)	-
Total Sales	<u>1,105,750</u>	<u>32,707</u>	<u>4,830</u>	<u>(147,762)</u>	<u>995,525</u>
<b>RESULTS</b>					
Segment results	31,831	1,076	3,894	-	36,801
Finance cost	(18,759)	(181)	(490)	-	(19,430)
Interest income	384	8	40	-	432
Share of result in associated company	-	-	-	-	-
Taxation	(3,306)	(334)	(651)	-	(4,291)
Profit for the period	<u>10,150</u>	<u>569</u>	<u>2,793</u>	<u>-</u>	<u>13,512</u>
<b>ASSETS</b>	<u>1,190,234</u>	<u>38,357</u>	<u>104,815</u>	<u>(202,357)</u>	<u>1,131,049</u>
<b>LIABILITIES</b>	<u>809,768</u>	<u>12,861</u>	<u>40,419</u>	<u>(206,142)</u>	<u>656,906</u>

### 9.2 Geographical Segments

	3 months ended 31.12.2023 RM'000	9 months ended 31.12.2023 RM'000
External Sales		
Malaysia	188,283	591,508
APEC countries	129,164	381,970
Other countries	6,038	22,047
	<u>323,485</u>	<u>995,525</u>

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

There was no material event 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 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.

On 29 December 2023, AYS Capital Sdn Bhd (“AYSC”), a 100% owned subsidiary of the Company, disposed of three million five hundred and seventy thousand (3,570,000) ordinary shares, representing 51% of the entire issued capital of Steelarlis Pte. Ltd. (“SPL”) to Ann Yak Siong (Singapore) Pte Ltd (“AYSS”) as part of internal reorganisation of the Group. The disposal was satisfied by way of issuance of six million two hundred seventy seven thousand five hundred and fifty nine (6,276,559) ordinary shares in the capital of AYSS, credited to AYSC as fully paid up at an issue price of SGD1.00 per ordinary share which derived from the 51% equity interest amounting to SGD6,276,559.00 based on the net asset value of SPL stated in its management accounts as at 30 September 2023.

## **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 2023 were as follows:

<b>Commitments in respect of capital expenditure</b>	<b>RM'000</b>
(a) Contracted but not provided for	14,397
(b) Approved but not contracted for	45,191

#### 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	
	31.12.2023 RM'000	31.12.2022 RM'000	RM'000	%	31.12.2023 RM'000	31.12.2022 RM'000	RM'000	%
Revenue	323,485	321,586	1,899	0.59%	995,525	977,444	18,081	1.85%
Operating Profit / (Loss)	7,042	(819)	7,861	959.83%	36,242	52,428	(16,186)	-30.87%
Profit / (Loss) Before Interest and Tax	7,186	(782)	7,968	1018.83%	36,801	52,433	(15,632)	-29.81%
Profit / (Loss) Before Tax	837	(6,105)	6,942	113.71%	17,803	39,006	(21,203)	-54.36%
Profit / (Loss) After Tax	1,011	(5,878)	6,889	117.20%	13,512	27,414	(13,902)	-50.71%
Profit / (Loss) Attributable to Ordinary Equity Holders of the Parent	1,590	(4,891)	6,481	132.51%	13,644	24,875	(11,231)	-45.15%

For the third quarter ended 31 December 2023, the Group registered revenue of RM323.485 million, an increase of RM1.899 million or 0.59% as compared to the revenue of RM321.586 million for the corresponding quarter of the preceding year. The higher revenue was primarily driven by higher revenue in the Trading & Services and Others divisions, offsetting the decrease in revenue recorded in the Manufacturing division.

The Group operating profit increased by RM7.861 million to operating profit of RM7.042 million in the current quarter as compared to operating loss of RM0.819 million for the corresponding quarter of the preceding year. The Group registered a profit before tax ("PBT") of RM0.837 million for the current quarter, an increase in PBT of RM6.942 million as compared to loss before tax ("LBT") of RM6.105 million in the corresponding quarter of the preceding year. The increase in operating profit and PBT were mainly attributable to lower cost of sales.

Trading & Services division's revenue increased by RM3.458 million to RM313.808 million for the current quarter compared to RM310.350 million for the corresponding quarter of the preceding year. The segment LBT decreased by RM7.217 million to LBT of RM0.385 million for the current quarter as compared to segment LBT of RM7.602 million for the corresponding quarter of the preceding year. The lower segment LBT was mainly attributable to lower cost of sales and higher sales volume despite lower average selling price.

Manufacturing division's revenue decreased by RM1.756 million to RM8.324 million for the current quarter compared to RM10.080 million for the corresponding quarter of the preceding year. The segment PBT decreased by RM0.512 million to PBT of RM0.049 million for the current quarter as compared to PBT of RM0.561 million for the corresponding quarter of the preceding year. The lower segment revenue and PBT was mainly due to lower average selling price coupled with higher production cost.

## 15. VARIATION OF RESULTS AGAINST PRECEDING QUARTER

	Current Quarter	Immediate Preceding Quarter	Changes	
	31.12.2023 RM'000	30.09.2023 RM'000	RM'000	%
Revenue	323,485	374,829	(51,344)	-13.70%
Operating Profit	7,042	10,735	(3,693)	-34.40%
Profit Before Interest and Tax	7,186	10,871	(3,685)	-33.90%
Profit Before Tax	837	4,480	(3,643)	-81.32%
Profit After Tax	1,011	2,574	(1,563)	-60.72%
Profit Attributable to Ordinary Equity	1,590	2,891	(1,301)	-45.00%

The Group registered revenue of RM323.485 million in the current quarter which was RM51.344 million or 13.70% lower than the revenue of RM374.829 million for the immediate preceding quarter. The lower revenue was mainly attributable to lower sales volume and lower average selling price in both Trading and Services and Manufacturing division.

The Group operating profit decreased by RM3.693 million to operating profit of RM7.042 million in the current quarter as compared to operating profit of RM10.735 million for the immediate preceding quarter. The PBT of the Group decreased by RM3.643 million to PBT of RM0.837 million in the current quarter compared to PBT of RM4.480 million for the immediate preceding quarter. The decrease in operating profit and PBT were mainly attributable to lower sales volume and lower average selling price.

Trading & Services division's revenue decreased by RM49.527 million to RM313.808 million for the current quarter compared to RM363.335 million for the immediate preceding quarter. The segment PBT decreased by RM3.274 million to LBT of RM0.385 million in the current quarter as compared to segment PBT of RM2.889 million for the immediate preceding quarter. The lower segment revenue and reversal of gain to LBT was mainly attributable to lower sales volume and lower average selling price.

Manufacturing division's revenue decreased by RM1.818 million to RM8.324 million for the current quarter compared to RM10.142 million for the immediate preceding quarter. The segment PBT decreased by RM0.428 million to PBT of RM0.049 million for the current quarter as compared to segment PBT of RM0.477 million for the immediate preceding quarter. The lower segment revenue and PBT was mainly attributable to lower sales volume and lower average selling price.

## 16. PROSPECTS

Global growth is projected to slow for third year in a row – from 2.6 per cent in 2023 to 2.4 per cent in 2024. It is estimated to be the slowest half-decade of Gross Domestic Product (“GDP”) growth in 30 years, according to the World Bank's latest Global Economic Prospects report. However, developing economies are projected to have higher growth rates by 3.9 per cent in 2024 compared to the global average.

On domestic front, Malaysia's economy in the fourth quarter of 2023 expanded 3.0 per cent from a year earlier, contracted 2.1 per cent compared to the previous three-month period, though a slump in exports and easing activity signaled weakening momentum. Malaysia's full year economic growth expanded 3.7 per cent in 2023, slightly below the government's projection of 4 per cent and a sharp drop from the 8.7 per cent registered in 2022. While in 2024, Malaysia is expected to grow 4.2 per



cent powered by domestic demand, increase investment spending, resilient tourism inflows and various economic reform initiatives such as Madani Economy Framework, the National Energy Transition Roadmap, the New Industrial Master Plan 2030 as well as Budget 2024 with total development expenditure totaling RM90 billion.

In Singapore, the economic growth rate was at 2.2 per cent in the fourth quarter of 2023, marking a sharp increase from the 1 per cent growth in third quarter 2023 and resulted a full year growth rate for 2023 of 1.1 per cent. For 2024, Singapore’s Ministry of Trade and Industry has forecasted that the GDP will see an expansion of about 1 to 3 per cent and has assured government’s commitment to sustaining economic growth.

For steel demand, The World Steel Association has in October 2023 released an update of the Short Range Outlook for 2023, forecasting a 1.9 per cent global steel demand growth in 2024. Additional, for the ASEAN region, steel demand is expected to increase by 5.2 per cent in 2024, driven by domestic demand and infrastructure investment despite inflation and deteriorating external conditions.

The Board is of the view that prospects and performance of the Group in the financial year ending 31 March 2024 remain challenging and competitive amidst the global economic uncertainties, volatile global steel prices, inflationary pressures, high interest rates and fluctuating exchange rates. Despite these challenges, the Group remains committed to proactive management, focusing on sustainable long term growth by providing total solutions in quality products and services. This entails implementing risk management strategies including but not limited to cost reduction measures, optimising costs, enhancing productivity and efficiency and increasing 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 2024.

## 18. TAXATION

The tax figures comprise of:

	<b>3 months ended</b>	<b>9 months ended</b>
	<b>31.12.23</b>	<b>31.12.23</b>
	<b>RM’000</b>	<b>RM’000</b>
Income tax		
- Current year taxation	322	4,787
- Prior year taxation	(496)	(496)
Deferred tax	-	-
	<u>(174)</u>	<u>4,291</u>

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 reversal for overprovision of taxation in prior year and certain incomes which are not taxable but the effect has been partially offset by certain expenses which are not deductible for tax purposes.

## 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 2023 are as follows:

	<b>As At End of Current Quarter 31.12.2023 RM'000</b>	<b>As At End of Immediate Preceding Quarter 30.09.2023 RM'000</b>
<b><u>Short Term borrowings</u></b>		
Secured	428,856	454,603
<b><u>Long Term borrowings</u></b>		
Secured	29,264	30,960
<b>Total borrowings</b>	458,120	485,563

The Group's borrowings decreased by RM27.443 million as at the current quarter to RM458.120 million compared with the immediate preceding quarter of RM485.563 million was mainly due to lower inventory holding and trade receivables 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	211,189	208,626

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 2023.

**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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Profit attributable to owners of the parent (RM'000)	1,590	(4,891)	13,644	24,875
Number of ordinary shares in issue ('000)	418,459	418,459	418,459	418,459
Earnings per share (sen)				
- Basic	0.38	(1.17)	3.26	5.94
- 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 31.12.2023 RM'000	Cumulative 9 months Ended 31.12.2023 RM'000
Interest Income	172	432
Other Income including Investment Income	573	1,964
Interest Expenses	6,521	19,430
Depreciation & Amortisation	2,049	6,385
Provision for/Write off of Receivables	19	12



Provision for/Write off of Inventories	-	-
Gain/(Loss) on Disposal of Quoted and Unquoted Investment or Properties	-	-
Impairment of Assets	-	-
Gain/(Loss) on Foreign Exchange		
- Realised	1,323	9,955
- Unrealised	(2,118)	(3,398)
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 26 February 2024.

By Order of the Board  
Leong Oi Wah (MAICSA 7023802)  
SSM Practising Certificate No. 201908000717  
Company Secretary  
26 February 2024  
Selangor Darul Ehsan