Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the third financial quarter ended 31 March 2021

(The figures have not been audited)

	Individual Quarter (3 months)		Cumulative Quarters (9 months)	
	Current year Quarter 31-Mac-21 RM'000	Preceding year Corresponding Quarter 31-Mac-20 RM'000	Current year To date 31-Mac-21 RM'000	Preceding year Corresponding Period 31-Mac-20 RM'000
Revenue	230,536	145,938	582,371	503,880
Cost of sales	(193,738)	(137,724)	(505,902)	(478,981)
Gross profit	36,798	8,214	76,469	24,899
Operating expenses	(10,540)	(7,496)	(26,697)	(23,864)
Other operating income/(expense)	45	(1,437)	3,388	(880)
Net foreign exchange gain/(loss)	(549)	(406)	(72)	(348)
Profit/(loss) from operations	25,754	(1,125)	53,088	(193)
Finance income	375	343	672	1,086
Finance costs	(976)	(1,960)	(3,028)	(5,660)
Profit/(loss) before tax	25,153	(2,742)	50,732	(4,767)
Tax	(6,352)	(747)	(13,127)	(1,404)
Profit/(loss) for the period	18,801	(3,489)	37,605	(6,171)
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
Total profit/(loss) and other comprehensive income for the period	18,801	(3,489)	37,605	(6,171)
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic	5.75	(1.07)	11.50	(1.89)
- Diluted	5.39	N/A	10.78	N/A

(The Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020).

Condensed Consolidated Statements of Financial Position as at 31 March 2021

(The figures have not been audited)

	As at 31-Mac-21 RM'000	As at 30-Jun-20 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	307,199	311,212
Right-of-use assets	30,536	33,082
Intangible assets	20,000	20,000
	357,735	364,294
Current Assets		
Inventories	132,254	157,128
Trade and other receivables	103,101	75,495
Amount owing by related companies	1	45
Tax recoverable	81	374
Derivative financial assets	4,021	2,123
Cash and bank balances	133,508	34,555
	372,966	269,720
Less: Current Liabilities		
Trade and other payables	164,385	138,598
Amount owing to holding company	211	8
Amount owing to related companies	310	1,462
Tax payable	4,293	23
Borrowings	64,546	45,458
Lease liabilities	2,983	2,857
Derivative financial liabilities	8	8
	236,736	188,414
Net Current Assets	136,230	81,306
Non-Current Liabilities		
Deferred tax liabilities	29,967	22,630
Deferred income	6,062	-
Borrowings	28,132	28,518
Lease liabilities	6,344	8,597
	70,505	59,745
	423,460	385,855
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	30,711	30,711
Retained earnings	173,332	135,727
Total Equity	423,460	385,855
Net assets per share attributable to owners of the Company	RM1.29	RM1.18

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020).

Condensed Consolidated Statements of Cash Flows for the third financial quarter ended 31 March 2021

(The figures have not been audited)

	(9 months) 31-Mac-21 RM'000	(9 months) 31-Mac-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	50,732	(4,767)
Adjustments for :		
- Depreciation	13,379	13,171
- Loss/(gain) on disposal of plant and equipment	(79)	7
- Impairment on property, plant and equipment	350	108
- Amortisation of deferred income	(38)	-
- Net unrealised (gain)/loss on foreign exchange	612	215
- Interest income	(672)	(1,086)
- Interest expense	3,028	5,660
Operating profit before changes in working capital	67,312	13,308
Changes in working capital :		
- Inventories	24,875	52,666
- Trade and other receivables	(29,504)	(1,614)
- Trade and other payables	29,228	(41,248)
- Intercompanies balances	(906)	421
- Tax paid	(1,227)	(1,724)
Net cash flows generated from operating activities	89,778	21,809
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(11,400)	(27,543)
- Proceeds from disposal of property, plant and equipment	256	62
- Proceeds from grant on property, plant and equipment	6,100	-
- Interest received	672	1,086
Net cash flows used in investing activities	(4,372)	(26,395)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Interest paid	(3,028)	(5,660)
- Proceeds from bank borrowings	119,110	193,688
- Repayment of bank borrowings	(100,408)	(173,484)
- Payment of lease liabilities	(2,127)	(2,007)
Net cash flows generated from financing activities	13,547	12,537
Net change in cash and cash equivalents	98,953	7,951
Cash and cash equivalents at beginning of the financial year	34,555	50,178
Cash and cash equivalents at end of the financial year	133,508	58,129

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020).

Condensed Consolidated Statements of Changes in Equity for the third financial quarter ended 31 March 2021

(The figures have not been audited)

	---------- Attributable to owners of the Company ----------				
	-------- Non-distributable --------				
	Share Capital RM'000	Warrant Reserves RM'000	Asset Revaluation Reserve RM'000	Retained Earnings RM'000	Total RM'000
9 months ended 31 March 2021					
At 1 July 2020	217,677	1,740	30,711	135,727	385,855
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	37,605	37,605
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	37,605	37,605
As at 31 March 2021	217,677	1,740	30,711	173,332	423,460
9 months ended 31 March 2020					
At 1 July 2019	217,677	1,740	30,108	146,372	395,897
Effects from adoption of MFRS 16	-	-	-	(109)	(109)
	217,677	1,740	30,108	146,263	395,788
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(6,171)	(6,171)
Other comprehensive income for the financial period					
- revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(6,171)	(6,171)
As at 31 March 2020	217,677	1,740	30,108	140,092	389,617

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020).

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard ("MFRS") 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad ("Bursa Malaysia") Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Group's audited financial statements for the financial year ended 30 June 2020 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited 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 preceding financial year ended 30 June 2020.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2020, except for the following new amendments to the MFRS ("standards") effective from 1 January 2020 which the Group has adopted since the commencement of the current financial year on 1 July 2020:

- Changes to the Conceptual Framework for Financial Reporting (Revised 2018). This entails a number of changes which provide clarifications, new definition, and emphasis of entrenched concepts.
- Amendments to MFRS 101 "Presentation of Financial Statements" and MFRS 108 "Accounting Policies, Changes in Accounting Estimates and Errors". These amendments clarify the definition of 'materiality' and the consistency of definition application throughout the financial reporting.
- Amendments to MFRS 3 'Definition of a Business' (effective 1 January 2020). These amendments revised the definition of a 'business' in an acquisition.

The adoption of the above did not have any material impact on the Group's financial statements to-date.

The Group has not adopted the following new standards, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

<u>Effective for financial year beginning after 1 July 2022.</u>

- Amendments to MFRS 116 "Proceeds before Intended Use"
- Amendments to MFRS 3 "Reference to the Conceptual Framework"
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- Annual Improvements to MFRS 9 "Fees in the '10 per cent' test for Derecognition of Financial Liabilities"

<u>Effective for financial year beginning after 1 July 2023.</u>

- Amendments to MFRS 101 "Classification of liabilities as current or non-current"

These amendments to published standards will be adopted on the respective effective dates.

A2 Declaration of audit qualification

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2020 was not subject to any audit qualification.

A3 Seasonality or cyclicality of operations

The business of the Group is generally neither cyclical nor seasonal except for decreased activities during the Ramadan and Chinese New Year festive months.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A4 Unusual items

During the current financial quarter, a steel subsidiary received RM6.1 million in Government grant under the Domestic Investment Strategic Fund for its investment outlay on 'high technology in manufacturing' incurred since 2019 until current. See Note A16. The grant received is taken-up in 'cash' and in non-current liabilities as 'deferred income', and would gradually be credited to Profit & Loss over the useful life of the asset in-tandem with its depreciation.

Besides the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 Changes in estimates

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 Debts and equity securities

There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group has a policy to maintain its' Gearing Ratio (measured as interest bearing debts over shareholders' equity adjusted for the exclusion of intangibles) at below 1.5 times.

	31 Mac 2021	30 Jun 2020
Total interest bearing debts in RM'million	92.7	100.3
Adjusted Shareholders' funds in RM'million	433.4	389.7
Absolute Gearing Ratio	0.21	0.26

Of the total interest bearing debts as at 31 March 2021, around RM74.2 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries. (See Note B10). Debts of RM18.5 million is secured against a fixed charge on a property and other specific assets to-which the financing relates. Lease liability classification pursuant to MFRS 16 are excluded from the ratio computation as these are contractually non-interest bearing.

Debt covenants where applicable are in full compliance for the current financial quarter ended 31 March 2021.

A7 Dividend paid

During the current financial quarter, no dividend was paid by the Company.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting

The Group's year-to-date segmental information by nature-of-business is as follows:

	Cold Rolled RM'000	Steel Tube RM'000	Others RM'000	Total RM'000
Revenue				
Total revenue	396,468	211,611	2,746	610,825
Inter segment	(25,708)	-	(2,746)	(28,454)
External revenue	370,760	211,611	-	582,371
Pre-tax profit	29,369	21,151	212	50,732
Segment assets	487,783	237,484	1,333	726,600

	RM'000
Segment assets	726,600
Derivative assets	4,021
Tax recoverable	80
	730,701

The businesses of the Group are carried out entirely in Malaysia.

A9 Valuation of Property, Plant and Equipment (PPE)

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2020 and adjusted for the current financial year's depreciation where appropriate to reflect the current period's ending net carrying value.

A10 Fair Value Measurement

Except for the financial instruments disclosed below which are fair valued, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximate their fair values.

Financial instruments subjected to fair valuation are categorised into the following fair value hierarchy and are represented in the table below as at 31 March 2021:

Level 1: based on unadjusted quoted prices in active markets for identical assets and liabilities
Level 2: based on observable inputs not included within level 1
Level 3: based on unobservable inputs

Recurring fair value measurement	Fair Value RM'000		
	Level 1	Level 2	Level 3
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	0	0
as Assets (hedge accounted)	0	4,021.1	0
as Liabilities (not hedge accounted)	0	(8.2)	0
as Liabilities (hedge accounted)	0	0	0
Total	0	4,012.9	0

The Foreign Currency Forwards are fair valued by way of marking-to-market using reference bank's published forward rates.

Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A11 Significant events and transactions

The Government reintroduced the Movement Control Order (MCO 2.0) due to the worsen COVID-19 infections with effect from 13 January 2021, which covers key states where the Group's domestic operations and markets are located. Whilst the Group's operations were not materially affected by the aforementioned, the completion timeline for on-going capital/asset investment projects (see Note A16) were delayed and had to be extended.

Besides the above, there were no significant events and transactions for the current financial quarter affecting the Group's financial position and performance of its entities.

A12 Subsequent material events

The Government continued with a nationwide Movement Control Order (MCO 3.0) with effect from 7 May 2021 due to further deterioration of COVID-19 infections, which covers key states where the Group's domestic operations and markets are located.

Besides the above, there are no known material subsequent events up-till the date of this report which may affect the Group's financial position and performance of its entities.

A13 Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter.

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the end of the reporting quarter.

A15 Changes in Financial Year End Date

There were no changes to the financial year end date during the current financial quarter.

A16 Capital Commitments

At the end of the current reporting quarter, the Group's Cold Rolled subsidiary has an outstanding capital commitment balance of around RM4.2 million. From this amount, RM2.6 million has been committed for the construction of a new Acid Regeneration Plant (ARP) and RM1.6 million for the revamp of Continuous Pickling Line (CPL). Whilst the revamped CPL has started running towards the end of the previous financial quarter, the completion of the ARP project has been further delayed by the MCO 2.0. The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM0.6 million for plant-equipment. These capital commitments will be payable over established milestones in the current financial year.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B1 Review of the performance of the Company and its principal subsidiaries

	Individual Period (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/3/2021	Preceding Year Corresponding Quarter 31/3/2020			Current Year To-date 31/3/2021	Preceding Year Corresponding Period 31/3/2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	230,536	145,938	84,598	58%	582,371	503,880	78,491	16%
Operating Profit/(Loss)	25,754	(1,125)	26,879	2389%	53,088	(193)	53,281	27607%
Profit/(Loss) Before Interest and Tax	25,754	(1,125)	26,879	2389%	53,088	(193)	53,281	27607%
Profit/(Loss) Before Tax	25,153	(2,742)	27,895	1017%	50,732	(4,767)	55,499	1164%
Profit/(Loss) After Tax	18,801	(3,489)	22,290	639%	37,605	(6,171)	43,776	709%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	18,801	(3,489)	22,290	639%	37,605	(6,171)	43,776	709%

For the 3rd quarter ended 31 March 2021, the Group registered a 58% higher total revenue of RM230.5 million (compared to RM145.9 million achieved in the preceding year's corresponding quarter) mainly due to higher sales volume and higher average unit selling price for both the Cold Rolled and Steel Tube segments. The average unit selling price in the current quarter for both the Cold Rolled and the Steel Tube segments is up 25% and 13% respectively compared with the preceding year corresponding quarter. The higher selling prices trail higher spot raw material Hot Rolled Coil (HRC) prices- which is up by more than 43% over the comparative period. Sales volume for Cold Rolled is up 34% and the Steel Tube is up 15% respectively. The stronger sales volumes can be attributed to a combination of factors emanating from reduced imports due to enforced anti-dumping (AD) duties coupled with overall supply tightness from aboard; robust steel demand from certain sectors driven by the pandemic and ensuing stimulus spending (i.e. demand for durable/ white goods, healthcare & hospital furniture and fittings, infrastructural applications); and elevated 'stock-up buying' due to rising price trend. Also, the comparative period's sales volume was lower due to the operation stoppage for two weeks pursuant to the MCO 1.0 nationwide shutdown.

The Group recorded a higher pre-tax profit of RM25.2 million for the current quarter as compared to a pre-tax loss of RM2.7 million in the preceding year's corresponding quarter mainly due to higher gross profit from both the Cold Rolled and Steel Tube segments as a result of better gross margin spreads. The better margin spreads can be attributed to a combination of factors emanating from stronger volumes; rising raw material hot rolled coil prices trend; and lessen price undercutting in the market due to general supply tightness. The Group's lower interest expense (down 47%) due to reduction in interest rates also adds to bottom-line. Consequently, the Group recorded a higher after-tax profit of RM18.8 million compared to the preceding year's corresponding quarter after-tax loss of RM3.5 million.

The Group recorded a higher quarterly EBITDA of RM31.0 million compared to the preceding year's corresponding quarter of RM2.5 million.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter 31/3/2021	Immediate Preceding Quarter 30/6/2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	230,536	195,831	34,705	18%
Operating Profit	25,754	20,947	4,807	23%
Profit Before Interest and Tax	25,754	20,947	4,807	23%
Profit Before Tax	25,153	20,220	4,933	24%
Profit After Tax	18,801	14,919	3,882	26%
Profit Attributable to Ordinary Equity Holders of the Parent	18,801	14,919	3,882	26%

The Group's revenue at RM230.5 million for the current 3rd financial quarter is around 18% higher than the immediate preceding quarter at RM195.8 million. The higher revenue for the current quarter is mainly due to higher sales volume in the Cold Rolled segment (up 7%) and higher average unit selling price for both the Cold Rolled (up 15%) and Steel Tube segments (up 10%). Higher selling prices trail higher spot raw material Hot Rolled Coil (HRC) prices - which is up by around 17% over the comparative period.

The Group registered a pre-tax profit of RM25.2 million compared with the immediate preceding quarter's pre-tax profit of RM20.2 million. The higher pre-tax profit for the current quarter is mainly due to better gross margin spreads from both the Cold Rolled and Steel Tube segments. The better gross margin spreads for the current quarter compared with the immediate preceding quarter are due to similar attributes as highlighted in Note B1 above. Consequently, the Group's net-tax profit for the current financial quarter is higher at RM18.8 million compared to the immediate preceding quarter net-tax profit of RM14.9 million.

The Group recorded a higher quarterly EBITDA of RM31.0 million compared to RM27.3 million recorded in the immediate preceding quarter.

B3 Prospects for the remaining financial year

The nation recorded its 4th consecutive quarters of GDP contraction into the 1st fiscal quarter of 2021 with a decline of 0.5% despite the low-base comparative quarter of the last fiscal year. The resurgence of COVID-19 infection and the reinstatement of MCO 2.0 weighted-down domestic demand, and had cut-short a GDP rebound from strong external-trade performance attributed to demand recovery of its major trading partners, bullish export commodity prices, and a very weak Ringgit. With the continuation of MCO 3.0 and curbs, near-term prospects do not look good.

On the positive side of things, the country's manufacturing PMI (Purchaser Manager Index) is on the rise bolstered by improving external-trade demand. The domestic steel industry in general has performed well over the last nine months on the back of steady steel demand fueled by the pandemic and stimulus spending, coupled with the super rally on global steel prices on the back of supply tightness. Iron ore and steel prices have increased by more than 90% while sea-freight rates have doubled since the beginning of the finance year. Even-though our financial performance as mid-stream manufacturer is not directly tied to upstream steel prices, the rising price trend has a positive impact on margins due to 'buyers' behavior' and 'lagging' effects. As such, our Cold Rolled Coil (CRC) and Steel Tube businesses have performed well in recent quarters under those conditions; on-top of the wide-ranging anti-dumping (AD) duties on imports, and the Government's adoption of the Steel Industry's recommendations on the nation's 'iron & steel policies' -which will flow into the forthcoming New Industry Master Plan 2021-2030.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B3 Prospects for the remaining financial year (continued)

Nevertheless, there is a couple of items on watchlist. The current surge in steel prices to unprecedented levels has heightened downside risk of unravelling depending on steepness and pace. Whilst the prevailing supply-demand dynamics and the recent global commitments on climate-change seem likely to provide a strong support on prices in the near to mid-term, we have taken (and will continue to take) measures to mitigate possible downside impact on margins and collections upon such reversal. Next on the watchlist is the determination by the authorities on our application to renew AD duties imposed on CRC below 1300mm width expiring on 23 May 2021 for another 5 years term. The authorities have commenced investigation on the matter and has allowed the steadfast of existing duties beyond the expiry date until eventual determination.

The greatest threat to the Group remains with the set-back on the nation's economy due to the prolonged pandemic fallout and limited vaccine access which may eventually drag down domestic steel demand for non-export use. Nevertheless, in the short-term barring any lockdown on the economy, the Group expects to continue with its positive run into the last quarter to end the financial year at its peak. Moreover, the Group's recent past investments in production-lines upgrades, galvanizing-line upgrade, acid regeneration plant, and solar energy are all coming on-stream which will further boost bottom-line – particularly into the next financial year.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 31 Mac 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2020 RM'000	Current Year To Date Ended 31 Mac 2021 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2020 RM'000
Depreciation:				
- property, plant and equipment	3,613	3,658	10,833	10,905
- right-of-use assets	848	755	2,546	2,266
Finance income	(375)	(343)	(672)	(1,086)
Finance costs on:				
- borrowings	833	1,777	2,570	5,083
- lease liabilities	143	183	458	577
FX differences loss/(gain)	6,440	6,155	(2,611)	4,555
FX derivatives (gain)/loss	(5,891)	(5,749)	2,683	(4,207)

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Mac 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2020 RM'000	Current Year To Date Ended 31 Mac 2021 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2020 RM'000
Current tax (expense)/credit				
Current period	(2,122)	(742)	(5,789)	(1,504)
Deferred tax (expense)/income				
Current period	(4,230)	(5)	(7,338)	100
	(6,352)	(747)	(13,127)	(1,404)

B7 Profit on sale of unquoted investments and / or properties

The Group did not engage in any sales of unquoted investments and / or properties in the current financial quarter.

B8 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities in the current financial quarter.

B9 Status of corporate proposals

There were no outstanding corporate proposals as at the date of this announcement.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B10 Group borrowings and debt securities

The Group's borrowings from lending institutions as at 31 March 2021, which are denominated entirely in Ringgit Malaysia, are as follows:

	RM'000
Short-term borrowings:	
Secured	64,546
Long-term borrowings:	
Secured	28,132
Total borrowings	92,678
	======

Cash-flow movement in-relation to 'changes in liabilities arising from financing activities' on a year-to-date basis is outlined below:

	RM'000
Total Borrowings' opening balance as at 1 July 2020	73,976
Cash Flows:	
Inflows from new debts	119,110
Outflows on repayment	(100,408)
Closing balance as at 31 March 2021	92,678
	======

Based on the above, the Group's bank-gearing ratio is around 0.21 times.

B11 Outstanding Derivatives

The Group has entered into forward foreign currency exchange contracts (FX forwards) to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar ("USD") and certain sales denominated in Singapore Dollar ("SGD"). In this regard, the Group covers its USD exposure at the range of 80% to 90% depending on the length of the forward period and the availability of FX facilities.

The Group designates eligible hedge relations on FX forwards incepted to cover its USD and/or SGD exposure for the purpose of hedge accounting. These are designated as fair value hedges with the arising mark-to-market foreign currency fair value gain/ (loss) of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and or accounts payables in USD or accounts receivables in SGD) being charged to the Statement of Profit or Loss.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B11 Outstanding Derivatives (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 March 2021 are outline below:

Non-designated

FX Forward Contracts (SGD/RM) as non-designated hedging instrument				
	Notional Value '000		Fair Value RM'000	
Maturity	Short SGD	Long RM	Financial Asset	Financial Liability
Less than 1 year	360	1,102	-	8.2

Designated

FX Forward Contracts as designated hedging Instrument					Forward purchase of raw material and/or a/c payable as hedge items				
	Notional Value '000		Fair Value RM'000			Notional Value '000		Fair Value RM'000	
Maturity	Long USD	Short RM	Financial Asset	Financial Liability	Maturity	Short USD	n.a.	Financial Asset	Financial Liability
Less than 1 year	55,110	225,677	4,021.1	-	Matching	55,110	n.a.	-	4,021.1

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM5.8 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM6.3 million from its hedged items over the current financial year.

(i) Risk associated with the derivatives

Counter-Party Risk

The Forward FX contracts are entered into with domestic licensed financial institutions which have extended FX lines to the Group. The associated Counter-Party risk is negligible.

(ii) Cash requirements of the derivatives

There is no cash movement from the Group to the counterparties when the Forward FX contracts are incepted. Upon maturity of the Forward FX contracts, domestic currency is exchanged for the foreign currency at the contracted rate to meet its obligations.

(iii) Policies in place for mitigating or controlling the risk associated with the derivatives

The Group uses derivative financial instruments to hedge specific risk exposures of the underlying hedge items and does not enter into derivative financial instruments for speculative purposes. The Group monitors the fluctuations in foreign currency exchange rates closely with the objective to minimise potential adverse effects on the financial performance of the Group. The Board of Directors regularly reviews the risk and approves the policy for managing the risk.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B12 Off balance sheet financial instruments and commitments

Off balance sheet financial instruments as at the date of this announcement are bank guarantees issued by its principal subsidiaries amounting to RM2.0 million as security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries amounting to RM90.9 million as at 31 March 2021.

B13 Material litigation

The Group is not engaged in any on-going material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group; and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

B14 Dividend

The Company did not declare any dividend for the financial period ended 31 March 2021.

B15 Earnings per share

(i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Mac 2021	Preceding Year Corresponding Quarter Ended 31 Mac 2020	Current Year To Date Ended 31 Mac 2021	Preceding Year Corresponding Period Ended 31 Mac 2020
Profit/(loss) attributable to owners (RM'000)	18,801	(3,489)	37,605	(6,171)
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings/(loss) per share (sen)	5.75	(1.07)	11.50	(1.89)

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)

B15 Earnings per share (continued)

(ii) Diluted earnings per ordinary share

The market price of the listed Company's share closed at 62 sens- or 2 sens above the exercisable price (60 sens) of its 21,756,070 outstanding listed warrants - at the end of the current financial quarter. Assuming that these warrants are exercised, the diluted earnings per share of the Group are as follows:

	Current Year Quarter Ended 31 Mac 2021	Preceding Year Corresponding Quarter Ended 31 Mac 2020*	Current Year To Date Ended 31 Mac 2021	Preceding Year Corresponding Period Ended 31 Mac 2020*
Profit/(loss) attributable to owners (RM'000)	18,801	(3,489)	37,605	(6,171)
Total number of ordinary shares in issue ('000)	348,814	327,058	348,814	327,058
Diluted earnings per share (sen)	5.39	N/A	10.78	N/A

* No diluted loss per share is presented in the preceding year corresponding quarter/period as the issued and listed warrants were in an anti-dilutive position.

These interim financial statements have been authorized for issue by the Board of Directors on the date set-forth below.

By order of the Board
LILY YIN KAM MAY (MAICSA 0878038)

Secretary
Kuala Lumpur
25 May 2021