



Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the fourth financial quarter ended 30 June 2021

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(12 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	30-Jun-21	30-Jun-20	30-Jun-21	30-Jun-20
	RM'000	RM'000	RM'000	RM'000
Revenue	154,302	92,221	736,673	596,101
Cost of sales	(126,869)	(87,213)	(632,771)	(566,194)
Gross profit	27,433	5,008	103,902	29,907
Operating expenses	(6,073)	(5,813)	(28,369)	(29,677)
Other operating expense, net	(3,624)	(1,459)	(236)	(2,339)
Net foreign exchange gain/(loss)	232	140	160	(208)
Profit/(loss) from operations	17,968	(2,124)	75,457	(2,317)
Impairment on				
property, plant and equipment	58	(2,413)	(4,343)	(2,413)
Finance income	495	228	1,167	1,314
Finance costs	(896)	(1,470)	(3,924)	(7,130)
Profit/(loss) before tax	17,625	(5,779)	68,357	(10,546)
Tax	(4,112)	1,388	(17,239)	(16)
Profit/(loss) for the period	13,513	(4,391)	51,118	(10,562)
Other comprehensive income				
- Revaluation surplus on				
property, plant and equipment, net of tax	7,991	629	7,991	629
Total profit/(loss) and other comprehensive income for the period	21,504	(3,762)	59,109	(9,933)
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic	4.13	(1.34)	15.63	(3.23)
- Diluted	N/A	N/A	N/A	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 30 June 2021**

(The figures have not been audited)

	As at 30-Jun-21 RM'000	As at 30-Jun-20 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	314,140	311,212
Right-of-use assets	31,561	33,082
Intangible assets	20,000	20,000
	<u>365,701</u>	<u>364,294</u>
Current Assets		
Inventories	225,500	157,128
Trade and other receivables	42,697	75,495
Amount owing by related companies	1	45
Tax recoverable	23	374
Derivative financial assets	2,020	2,123
Cash and bank balances	90,931	34,555
	<u>361,172</u>	<u>269,720</u>
Less: Current Liabilities		
Trade and other payables	122,755	138,598
Contract liabilities	20,313	-
Amount owing to holding company	381	8
Amount owing to related companies	-	1,462
Tax payable	2,785	23
Borrowings	59,709	45,458
Lease liabilities	3,022	2,857
Derivative financial liabilities	3	8
	<u>208,968</u>	<u>188,414</u>
Net Current Assets	<u>152,204</u>	<u>81,306</u>
Non-Current Liabilities		
Deferred tax liabilities	33,617	22,630
Deferred income	6,037	-
Borrowings	27,712	28,518
Lease liabilities	5,575	8,597
	<u>72,941</u>	<u>59,745</u>
	<u>444,964</u>	<u>385,855</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	38,702	30,711
Retained earnings	186,845	135,727
Total Equity	<u>444,964</u>	<u>385,855</u>
Net assets per share attributable to owners of the Company	<u>RM1.36</u>	<u>RM1.18</u>

(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 fourth financial quarter ended 30 June 2021

(The figures have not been audited)

	(12 months) 30-Jun-21 RM'000	(12 months) 30-Jun-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	68,357	(10,546)
Adjustments for :		
- Depreciation	17,840	17,582
- (Gain)/loss on disposal of plant and equipment	(64)	7
- Impairment on property, plant and equipment	4,343	2,413
- Impairment on receivables	-	873
- Amortisation of deferred income	(64)	-
- Net unrealised loss/(gain) on foreign exchange	25	(101)
- Interest income	(1,167)	(1,314)
- Interest expense	3,924	7,130
Operating profit before changes in working capital	93,194	16,044
Changes in working capital :		
- Inventories	(68,372)	30,362
- Trade and other receivables	32,902	11,854
- Trade and other payables	(15,873)	1,170
- Contract liabilities	20,313	-
- Intercompanies balances	(1,046)	1,164
- Interest paid	(3,924)	(6,215)
- Interest received	1,167	1,314
- Tax paid	(4,742)	(1,402)
Net cash flows generated from operating activities	53,619	54,291
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(14,193)	(31,167)
- Proceeds from disposal of property, plant and equipment	261	106
- Proceeds from grant on property, plant and equipment	6,100	-
Net cash flows used in investing activities	(7,832)	(31,061)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	189,998	241,672
- Repayment of bank borrowings	(176,553)	(277,829)
- Payment of lease liabilities	(2,856)	(2,696)
Net cash flows generated from/(used in) financing activities	10,589	(38,853)
Net change in cash and cash equivalents	56,376	(15,623)
Cash and cash equivalents at beginning of the financial year	34,555	50,178
Cash and cash equivalents at end of the financial year	90,931	34,555

(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).

**Quarterly report on consolidated results for the fourth financial quarter ended 30 June 2021****Condensed Consolidated Statements of Changes in Equity for the fourth financial quarter ended 30 June 2021**

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Share	Warrant	Asset	Retained	
	Capital	Reserves	Revaluation	Earnings	Total
	RM'000	RM'000	Reserve	RM'000	RM'000
<u>12 months ended 30 June 2021</u>					
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	-	-	-	51,118	51,118
Other comprehensive income for the financial period					
- Revaluation surplus on					
property, plant and equipment, net of tax	-	-	7,991	-	7,991
Total comprehensive income for the financial period	-	-	7,991	51,118	59,109
As at 30 June 2021	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>186,845</u>	<u>444,964</u>
<u>12 months ended 30 June 2020</u>					
At 1 July 2019	217,677	1,740	30,108	146,372	395,897
Effects from adoption of MFRS 16	-	-	-	(109)	(109)
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(10,562)	(10,562)
Other comprehensive income for the financial period					
- Revaluation surplus on					
property, plant and equipment, net of tax	-	-	629	-	629
- Realisation of asset revaluation on disposal of					
property, plant and equipment	-	-	(26)	26	-
Total comprehensive loss for the financial period	-	-	603	(10,536)	(9,933)
As at 30 June 2020	<u>217,677</u>	<u>1,740</u>	<u>30,711</u>	<u>135,727</u>	<u>385,855</u>

(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.

Effective for financial year beginning after 1 July 2022.

- 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”

Effective for financial year beginning after 1 July 2023.

- 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 cyclicity 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

In compliance with the Government's Full Movement Control Order (FMCO) with statewide lockdown to contain the COVID-19 resurgence, the Group halted operations from 1 June 2021. The four weeks of business shutdown has negatively affected net income and cash flows of the Group in the current financial quarter. Unabsorbed overheads on displaced manufacturing capacity over the shutdown period totaling RM 3.67 million (FY20 RM3.63 million) is taken up in the Statement of Profit or Loss. The Group recorded a net loss of RM 2.46 million in the month of June due to the shutdown. See Notes B1 & B2 on quarterly impact.

The Group did not have any 'workplace COVID outbreak' incident warranting lockdown over the current financial year. The Group was not entitled to any Government aid or financial moratorium under the FMCO lockdown.

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.

	30 Jun 2021	30 Jun 2020
Total interest bearing debts in RM'million	87.4	100.3
Adjusted Shareholders' funds in RM'million	458.6	389.7
Absolute Gearing Ratio	0.19	0.26

Of the total interest bearing debts as at 30 June 2021, around RM69.9 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries. (See Note B10). Debts of RM17.5 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 30 June 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:

	<u>Cold Rolled</u> RM'000	<u>Steel Tube</u> RM'000	<u>Others</u> RM'000	<u>Total</u> RM'000
<u>Revenue</u>				
Total revenue	499,779	272,949	4,170	776,898
Inter segment	(36,055)	-	(4,170)	(40,225)
External revenue	<u>463,724</u>	<u>272,949</u>	<u>-</u>	<u>736,673</u>
Pre-tax profit	<u>38,639</u>	<u>29,402</u>	<u>316</u>	<u>68,357</u>
Segment assets	<u>470,052</u>	<u>253,681</u>	<u>1,097</u>	<u>724,830</u>
	 RM'000			
Segment assets	724,830			
Derivative assets	2,020			
Tax recoverable	23			
	<u>726,873</u>			

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

A9 Valuation of Property, Plant and Equipment (PPE)

In-conjunction with the current financial year ended 30 June 2021, the Group's property, plant and equipment were revalued by an independent firm of professional valuers based on open market value. Arising from the said revaluation, the surpluses net deferred tax amounting to RM8.0 million was credited to the asset revaluation reserve while the deficits (less reversal of provision for impairment charge on assets write-off) totaling RM4.3 million was charged to profit or loss as impairment in the current financial year.

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 30 June 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

	Fair Value RM'000		
	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>			
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	0.3	0
as Assets (hedge accounted)	0	2,019.3	0
as Liabilities (not hedge accounted)	0	(3.3)	0
as Liabilities (hedge accounted)	0	0	0
Total	0	2,016.3	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

Other than the business and operation stoppage disclosed in Note A4 due to the FMCO with effect from 1 June 2021, there were no further significant events and transactions for the current quarter affecting the Group's financial position and performance of its entities.

A12 Subsequent material events

The business lockdown under the FMCO and then National Recovery Plan (NRP) Phase 1 continued into the new financial year until 16th August 2021 when the 'non-essential' manufacturing sector was finally allowed to resume operations at staggered capacity based on employees' completed vaccination rate. In this regard, it was timely that the Group had participated in the COVID-19 Public-Private Partnership Industry Immunization Program (PIKAS) upon its launch to accelerate the vaccination rate amongst its staff. The Group was able to resume production from 16th August at around 60% capacity and should attain full capacity availability by end August.

The six weeks of business shutdown will negatively affect net income and cashflows of the Group in the 1st quarter of the next financial year. As at the date of this report, the Group was able to stretch its cashflows to meet financial obligations and has not sought any rescheduling of its financial obligations. The resumption of operations from 16th August has alleviated pressure on the aforementioned as its cash-conversion-cycle should start to normalise. See Note B3 on outlook for the new financial year.

Besides the above, there are no other 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 RM7.8 million, mostly being the tail-end retention sum or final progress payment for the completed Acid Regeneration Plant (ARP) and the revamped Continuous Pickling Line (CPL). New capital commitment of the said sum stands at RM0.8 million for a Gamma-Ray strip thickness measuring system. The revamped CPL has started running towards March, whilst the ARP project was tested and commissioned just ahead of the FMCO shutdown in June.

The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM0.9 million for plant-equipment. These capital commitments will be payable over established milestones in the next 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 (4th quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 30/6/2021	Preceding Year Corresponding Quarter 30/6/2020			Current Year To-date 30/6/2021	Preceding Year Corresponding Period 30/6/2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	154,302	92,221	62,081	67%	736,673	596,101	140,572	24%
Operating Profit/(Loss)	17,968	(2,124)	20,092	946%	75,457	(2,317)	77,774	3357%
Profit/(Loss) Before Interest and Tax	18,026	(4,537)	22,563	497%	71,114	(4,730)	75,844	1603%
Profit/(Loss) Before Tax	17,625	(5,779)	23,404	405%	68,357	(10,546)	78,903	748%
Profit/(Loss) After Tax	13,513	(4,391)	17,904	408%	51,118	(10,562)	61,680	584%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	13,513	(4,391)	17,904	408%	51,118	(10,562)	61,680	584%

For the 4th quarter ended 30 June 2021, the Group registered a 67% higher total revenue of RM154.3 million (compared to RM92.2 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 was up 44% and 36% respectively compared with the preceding year corresponding quarter. The higher selling prices followed the higher raw material hot rolled coil prices. The current quarter's sales volume was affected by four weeks of lockdown in June 2021, while the comparative period's sales volume was also similarly affected by four weeks of lockdown in April 2020 coupled with the spillover effects in May 2020.

The Group recorded a higher pre-tax profit of RM17.6 million for the current quarter as compared to a pre-tax loss of RM5.8 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 rising raw material hot rolled coil prices trend; and lessen price undercutting in the market due to general supply tightness and reduced product-dumping from abroad. The Group's lower interest expense (down 45%) due to reduction in interest rates also adds to bottom-line. Consequently, the Group recorded a higher after-tax profit of RM13.5 million compared to the preceding year's corresponding quarter after-tax loss of RM4.4 million.

The Group recorded a higher quarterly EBITDA of RM21.7 million compared to the preceding year's corresponding quarter of RM2.2 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	Immediate	Changes	
	30/6/2021	Preceding Quarter	31/3/2021	
	RM'000	RM'000	RM'000	%
Revenue	154,302	230,536	(76,234)	-33%
Operating Profit	17,968	25,754	(7,786)	-30%
Profit Before Interest and Tax	18,026	25,754	(7,728)	-30%
Profit Before Tax	17,625	25,153	(7,528)	-30%
Profit After Tax	13,513	18,801	(5,288)	-28%
Profit Attributable to Ordinary Equity Holders of the Parent	13,513	18,801	(5,288)	-28%

The Group's revenue at RM154.3 million for the current 4th financial quarter is around 33% lower than the immediate preceding quarter at RM230.5 million. The lower revenue for the current quarter is mainly due to lower sales volume by both the Cold Rolled and Steel Tube segments attributed to the four weeks of lockdown in June 2021.

The Group registered a lower pre-tax profit of RM17.6 million for the current financial quarter (compared with the immediate preceding quarter's pre-tax profit of RM25.2 million) due to a pre-tax loss of RM 3.6 million for the month of June 2021. Consequently, the Group's net-tax profit for the current financial quarter is lower at RM13.5 million compared to the immediate preceding quarter net-tax profit of RM18.8 million. The Group recorded a net-tax loss of RM 2.5 million for the month of June 2021.

The Group recorded a lower quarterly EBITDA of RM21.7 million compared to RM31.0 million recorded in the immediate preceding quarter.

B3 Prospects for the next financial year

With the prolonged FMCO lockdown on businesses extending into the next financial year, the Group's prospect outlook for the 1st half of FY2022 will not be good. The nation's last five quarters of GDP (q-o-q) contraction would likely extend into its sixth in-conjunction with our 1st financial quarter. For every week the Group's operation remains closed without any income, it is estimated that it will lose around RM1.2 million/week. The upliftment of lockdown on the 'non-essential' manufacturing (and ten other sectors) from 16 August brought much relief to those businesses - many which were on the verge of implosion. However, the path to business/ economic recovery is expected to be slow and uneven considering the severity of damage done; lingering curbs; and limited global vaccine supply. Nevertheless, steel demand from on-going projects and contrarian-sectors (thriving from the pandemic) amidst supply-chain tightness is expected to keep the steel sector afloat and running. The group's steel businesses may achieve a turnaround performance from the 2nd financial quarter and onwards -especially if the country's pandemic National Recovery Plan (NPR) progresses beyond phase 1 for key states.

The 2nd half of the FY2022 could offer better prospects for the steel operations on the back of the nation attaining herd immunity from vaccination; progression to NPR phase 3 & 4; easing of border restrictions; and simultaneous recovery of regional economies. The Group is optimistic that the Government would continue to adopt 'iron & steel policies' supportive of the domestic Steel Industry – particularly over the pandemic recovery phase. On the global front, accelerated green targets and initiatives due to pressing climate-change threats would likely cap excessive steel capacity, output, or dumping – which would work in favor of sustainable prices and margins for steel players. Significant allocation for infrastructure spending by the world's two largest economies also add optimism to global steel demand outlook and possibly supply-chain tightness in the short-to-mid-term.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)
B3 Prospects for the remaining financial year (continued)

Nevertheless, significant downside risks persist with domineering COVID variants and the challenges what ‘new-normal’ could pose on growth, recovery, and impact on steel demand. Another risk is the ‘China factor’ which can be counted upon to throw surprises and induce volatility to regional steel supply-demand and prices.

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 30 Jun 2021 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2020 RM'000	Current Year To Date Ended 30 Jun 2021 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2020 RM'000
Depreciation:				
- property, plant and equipment	3,612	3,656	14,445	14,561
- right-of-use assets	849	755	3,395	3,021
Finance income	(495)	(228)	(1,167)	(1,314)
Finance costs on:				
- borrowings	765	1,297	3,335	6,380
- lease liabilities	131	173	589	750
FX differences (gain)/loss	(571)	(779)	(3,182)	3,776
FX derivatives loss/(gain)	339	639	3,022	(3,568)



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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 30 Jun 2021 RM'000	Preceding Year Corresponding Quarter Ended 30 Jun 2020 RM'000	Current Year To Date Ended 30 Jun 2021 RM'000	Preceding Year Corresponding Period Ended 30 Jun 2020 RM'000
Current tax (expense)/credit				
Current period	(2,066)	58	(7,855)	(1,446)
Deferred tax (expense)/income				
Current period	(2,046)	1,330	(9,384)	1,430
	(4,112)	1,388	(17,239)	(16)

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 30 June 2021, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM’000</u>
<u>Short-term borrowings:</u>	
Secured	59,709
<u>Long-term borrowings:</u>	
Secured	27,712
Total borrowings	<u>87,421</u> =====

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

	<u>RM’000</u>
Total Borrowings’ opening balance as at 1 July 2020	73,976
<u>Cash Flows:</u>	
Inflows from new debts	189,998
Outflows on repayment	(176,553)
Closing balance as at 30 June 2021	<u>87,421</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.19 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 30 June 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	210	645	0.3	3.3

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	47,538	196,049	2,019.3	-	Matching	47,538	n.a.	-	2,019.3

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM5.0 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM5.2 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 RM86.1 million as at 30 June 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 30 June 2021.

B15 Earnings per share

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 30 Jun 2021	Preceding Year Corresponding Quarter Ended 30 Jun 2020	Current Year To Date Ended 30 Jun 2021	Preceding Year Corresponding Period Ended 30 Jun 2020
Profit/(loss) attributable to owners (RM'000)	13,513	(4,391)	51,118	(10,562)
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings/(loss) per share (sen)	4.13	(1.34)	15.63	(3.23)



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

No diluted earnings per share is presented since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sens) is above the listed market price of the mother share at the close of the current financial quarter.

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 August 2021