

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the second financial quarter ended 31 December 2021**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(6 months)</u>	
	Current year	Preceding year	Current year	Preceding year
	Corresponding	Corresponding	To date	Corresponding
	Quarter	Quarter	To date	Period
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	RM'000	RM'000	RM'000	RM'000
Revenue	251,082	195,831	397,962	351,835
Cost of sales	(208,675)	(168,585)	(332,984)	(312,164)
Gross profit	42,407	27,246	64,978	39,671
Operating expenses	(12,945)	(9,591)	(19,238)	(16,157)
Other operating income/(expense), net	297	2,982	(4,576)	3,343
Net foreign exchange gain/(loss)	87	310	22	477
Profit from operations	29,846	20,947	41,186	27,334
Finance income	348	166	578	297
Finance costs	(1,521)	(893)	(2,791)	(2,052)
Profit before tax	28,673	20,220	38,973	25,579
Tax	(7,921)	(5,301)	(10,326)	(6,775)
Profit for the period	20,752	14,919	28,647	18,804
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
Total profit and other comprehensive income for the period	20,752	14,919	28,647	18,804
Earnings per share attributable to owners of the Company (sen):				
- Basic	6.35	4.56	8.76	5.75
- Diluted	N/A	4.28	N/A	5.39

(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 2021).

**Condensed Consolidated Statements of Financial Position as at 31 December 2021**

(The figures have not been audited)

	As at 31-Dec-21 RM'000	As at 30-Jun-21 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	313,348	314,899
Right-of-use assets	39,875	41,679
Intangible assets	20,000	20,000
	<u>373,223</u>	<u>376,578</u>
Current Assets		
Inventories	257,647	225,500
Trade and other receivables	76,581	41,937
Amount owing by related companies	54	1
Tax recoverable	26	23
Derivative financial assets	57	2,020
Cash and bank balances	110,339	90,931
	<u>444,704</u>	<u>360,412</u>
Less: Current Liabilities		
Trade and other payables	118,748	120,081
Contract liabilities	39,386	22,991
Amount owing to holding company	30	381
Amount owing to related companies	811	-
Tax payable	3,476	2,617
Borrowings	91,831	59,956
Lease liabilities	3,018	2,952
Derivative financial liabilities	372	3
	<u>257,672</u>	<u>208,981</u>
Net Current Assets	<u>187,032</u>	<u>151,431</u>
Non-Current Liabilities		
Deferred tax liabilities	37,247	31,042
Deferred income	5,960	6,036
Borrowings	26,461	27,465
Lease liabilities	14,276	15,802
	<u>83,944</u>	<u>80,345</u>
	<u>476,311</u>	<u>447,664</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	38,702
Retained earnings	218,192	189,545
Total Equity	<u>476,311</u>	<u>447,664</u>
Net assets per share attributable to owners of the Company	<u>RM1.46</u>	<u>RM1.37</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 2021).

Condensed Consolidated Statements of Cash Flows for the second financial quarter ended 31 December 2021

(The figures have not been audited)

	(6 months) 31-Dec-21 RM'000	(6 months) 31-Dec-20 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	38,973	25,579
Adjustments for :		
- Depreciation	8,618	8,919
- Gain on rent concession	(23)	-
- Gain on disposal of plant and equipment	(18)	(79)
- Impairment on property, plant and equipment	2	350
- Amortisation of deferred income	(76)	-
- Net unrealised gain on foreign exchange	(140)	(192)
- Interest income	(578)	(297)
- Interest expense	2,791	2,052
Operating profit before changes in working capital	49,549	36,332
Changes in working capital :		
- Inventories	(32,146)	25,642
- Trade and other receivables	(32,681)	(23,678)
- Trade and other payables	1,175	8,903
- Contract liabilities	16,395	-
- Intercompanies balances	407	(873)
- Tax paid	(3,265)	(768)
Net cash flows (used in)/generated from operating activities	(566)	45,558
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(7,394)	(8,307)
- Proceeds from disposal of property, plant and equipment	147	256
- Interest received	578	297
Net cash flows used in investing activities	(6,669)	(7,754)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Proceeds from bank borrowings	151,030	97,220
- Repayment of bank borrowings	(120,159)	(83,219)
- Payment of lease liabilities	(1,437)	(1,408)
- Interest paid	(2,791)	(2,052)
Net cash flows generated from financing activities	26,643	10,541
Net change in cash and cash equivalents	19,408	48,345
Cash and cash equivalents at beginning of the financial year	90,931	34,555
Cash and cash equivalents at end of the financial year	110,339	82,900

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).

**Quarterly report on consolidated results for the second financial quarter ended 31 December 2021****Condensed Consolidated Statements of Changes in Equity for the second financial quarter ended 31 December 2021**

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Asset				
	Share	Warrant	Revaluation	Retained	
	Capital	Reserves	Reserve	Earnings	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
<u>6 months ended 31 December 2021</u>					
At 1 July 2021	217,677	1,740	38,702	189,545	447,664
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	28,647	28,647
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	28,647	28,647
As at 31 December 2021	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>218,192</u>	<u>476,311</u>
<u>6 months ended 31 December 2020</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	-	-	-	18,804	18,804
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	18,804	18,804
As at 31 December 2020	<u>217,677</u>	<u>1,740</u>	<u>30,711</u>	<u>154,531</u>	<u>404,659</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 2021).



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 2021 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 2021.

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 2021, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2021 which the Group has adopted since the commencement of the current financial year on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ which provide relevant practical expediciencies and reliefs as a direct consequence of IBOR reform; such as, the launch of the ‘Malaysia Overnight Rate’ in September 2021 and the discontinuation of the 2 and 12-months Kuala Lumpur Interbank Offered Rate (KLIBOR) from January 2023. The Group does not have any financial instruments linked to IBOR reform. The adoption of these amendments did not have any impact on the Group’s financial statements.

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 3 “Reference to the Conceptual Framework”
- Amendments to MFRS 116 “Proceeds before Intended Use”
- 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”
- Amendments to MFRS 101 and MFRS Practice Statement 2 on “Disclosure of Accounting Policies”
- Amendments to MFRS 108 on “Definition of Accounting Estimates”

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 2021 was not subjected 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

There were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence in the current financial quarter.

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 Dec 2021	30 Jun 2021
Total interest bearing debts in RM'million	119.4	87.4
Adjusted Shareholders' funds in RM'million	493.6	458.7
Absolute Gearing Ratio	0.24	0.19

On the total interest-bearing debts as at 31 December 2021, around RM102.7 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries, whilst RM1.1 million is represented by unsecured interest-bearing supplier's credit also at the respective operating subsidiaries. (See Note B10). Debts of RM15.6 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 December 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	295,839	128,604	2,454	426,897
Inter segment	(26,481)	-	(2,454)	(28,935)
External revenue	<u>269,358</u>	<u>128,604</u>	<u>-</u>	<u>397,962</u>
Pre-tax profit	<u>23,563</u>	<u>15,236</u>	<u>174</u>	<u>38,973</u>
Segment assets	<u>519,289</u>	<u>297,234</u>	<u>1,321</u>	<u>817,844</u>
	RM'000			
Segment assets	817,844			
Derivative assets	57			
Tax recoverable	26			
	<u>817,927</u>			

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 2021 and adjusted for the current financial year's depreciation and impairment 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 December 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

<u>Recurring fair value measurement</u>	Fair Value RM'000		
	Level 1	Level 2	Level 3
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	0.4	0
as Assets (hedge accounted)	0	56.3	0
as Liabilities (not hedge accounted)	0	(0.6)	0
as Liabilities (hedge accounted)	0	(371.1)	0
Total	0	(315.0)	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

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

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 current financial 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 and Steel Tube subsidiary has an outstanding capital commitment balance of around RM2.4 million and RM0.3 million respectively for plant-equipment. These capital commitments will be payable over established milestones in the current and 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 (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/12/2021	Preceding Year Corresponding Quarter 31/12/2020			Current Year To-date 31/12/2021	Preceding Year Corresponding Period 31/12/2020		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	251,082	195,831	55,251	28%	397,962	351,835	46,127	13%
Operating Profit/(Loss)	29,846	20,947	8,899	42%	41,186	27,334	13,852	51%
Profit/(Loss) Before Interest and Tax	29,846	20,947	8,899	42%	41,186	27,334	13,852	51%
Profit/(Loss) Before Tax	28,673	20,220	8,453	42%	38,973	25,579	13,394	52%
Profit/(Loss) After Tax	20,752	14,919	5,833	39%	28,647	18,804	9,843	52%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	20,752	14,919	5,833	39%	28,647	18,804	9,843	52%

The Group's net earnings for the current financial quarter increased 39% against preceding year's corresponding period - boosting the Group's current year-to-date (YTD) net earnings to RM28.6 million or 52% higher than the preceding YTD period. The Group's strong YTD performance contrast starkly against a soft steel market reeling from the prolonged MCO shutdown, inventory overhang, and a turndown of steel prices (by almost 15% from its peak in May 2021). The Group attributes its current financial quarter's strong performance to its back-sales orders entering into the MCO shutdown in June 2021, and its maximization of back-to-back sales (in mitigation of price decline risk).

For the 2nd quarter ended 31 December 2021, the Group registered a 28% increase in total revenue at RM251.1 million (from RM195.8 million in the preceding year's corresponding quarter) due to higher average unit selling price but at reduced sales volume exceeding 10%. The average unit selling price in the current quarter for both the Cold Rolled and the Steel Tube segments was up more than 50% compared with the preceding year corresponding quarter- in tandem with higher raw material hot rolled coil prices (even-though these have declined from its peak).

The Group recorded a higher pre-tax profit of RM28.7 million for the current financial quarter compared to RM20.2 million in the preceding year's corresponding quarter. The better pre-tax profit is attributed to higher gross profit from better margin spreads in both segments. Consequently, the Group recorded a higher after-tax profit of RM20.8 million compared to the preceding year's corresponding quarter after-tax profit of RM14.9 million.

The Group recorded a higher quarterly EBITDA at RM35.4 million compared to the preceding year's corresponding quarter at RM27.3 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 31/12/2021	Immediate Preceding Quarter 30/9/2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue	251,082	146,880	104,202	71%
Operating Profit	29,846	11,340	18,506	163%
Profit Before Interest and Tax	29,846	11,340	18,506	163%
Profit Before Tax	28,673	10,300	18,373	178%
Profit After Tax	20,752	7,895	12,857	163%
Profit Attributable to Ordinary Equity Holders of the Parent	20,752	7,895	12,857	163%

The Group's revenue for the current 2nd financial quarter at RM251.1 million is around 71% higher than the immediate-preceding quarter at RM146.9 million, as sales volume rebounded by around 52% from the immediate-preceding quarter's shortened operational days due to the Pandemic shutdown (which lasted six weeks). Gross margin spreads were sustained in the current financial quarter owing to steps taken to mitigate impact from the declining price trend.

As a result, the Group registered a higher pre-tax profit of RM28.7 million for the current financial quarter (compared with the immediate-preceding quarter's pre-tax profit of RM10.3 million).

Correspondingly, the Group's net-tax profit for the current financial quarter is 2.6 folds higher at RM20.8 million compared to the immediate-preceding quarter net-tax profit of RM7.9 million.

The Group recorded a higher quarterly EBITDA of RM35.4 million compared to RM14.8 million in the immediate-preceding quarter.

B3 Prospects for the remaining financial year

The domestic steel market has turned soft since emerging from the Pandemic lockdown in mid-August 2021. This is largely attributed to the weakened economy and the emergence of the contagious Omicron variant globally which further aggravated supply-chain disruptions, production interruptions, and suppressed recovery. Topping that, the declining price trend of raw steel over the last six months induced cautious buying behavior, subdued demand, and margin-squeeze. Inflationary pressure on rising costs also adds to the woes. These conditions are expected to remain relevant moving into the 2nd half of the current financial year.

The Group's 3rd financial quarter is expected to be challenging as the Omicron wave is expected to run rampant domestically, and may further dampen sales in this anticipated slow period which saddles the Chinese New Year break. In addition, the declining price trend if persist will contribute to margin-squeeze in the coming quarters and hit bottom-line. On the positive side, raw steel price trends have showed signs of stabilization since mid-January 2022. The recent removal of steel tariffs by Western economies in taming inflation, plus the rebound in China post-lunar new year improved regional steel outlook. Also, the growing substantiation on the 'end-game' path of the Omicron variant coupled with climaxing global vaccination milestones – add optimism that the Pandemic may enter into an endemic phase in most parts of the world by mid-2022 and beyond. Already, many economies have lifted/ eased pandemic curbs, and are planning to reopen borders. In conjunction with that, the inevitable tapering, and rising rates globally will have repercussion on the domestic front which again may affect the Group. In addition, the possibility of alternate scenarios on the Pandemic's evolution remains a significant risk. The crossroad outcome of all these may payout in the 4th financial quarter.

In summary, the Group's prospects outlook for the remaining financial year is highly uncertain and will be affected by the direction of the Pandemic and policies surrounding it. Broadly, we expect a muted 3rd financial quarter with potential upside in the 4th. Regardless, the Group remains focused on its mission and is hopeful to continue delivering positive performance for the remain period.



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

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 Dec 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2020 RM'000	Current Year To Date Ended 31 Dec 2021 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2020 RM'000
Depreciation:				
- property, plant and equipment	3,568	3,618	7,015	7,220
- right-of-use assets	802	849	1,603	1,698
Finance income	(348)	(166)	(578)	(297)
Finance costs on:				
- borrowings	1,324	742	2,390	1,737
- lease liabilities	197	151	401	315
FX differences (gain)/loss	(1,002)	(5,698)	(572)	(9,051)
FX derivatives loss/(gain)	915	5,388	550	8,574



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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Dec 2021 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2020 RM'000	Current Year To Date Ended 31 Dec 2021 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2020 RM'000
Current tax (expense)/credit				
Current period	(2,671)	(2,477)	(4,121)	(3,667)
Deferred tax (expense)/income				
Current period	(5,250)	(2,824)	(6,205)	(3,108)
	(7,921)	(5,301)	(10,326)	(6,775)

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

	<u>RM’000</u>
<u>Short-term borrowings:</u>	
Secured	91,831
<u>Long-term borrowings:</u>	
Secured	26,461
Total borrowings	<u>118,292</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 2021	87,421
<u>Cash Flows:</u>	
Inflows from new debts	151,030
Outflows on repayment	(120,159)
Closing balance as at 31 December 2021	<u>118,292</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.24 times. Besides the said borrowings, the Group’s Steel Tube subsidiary also draws on interest-bearing trade credits from its raw-coil suppliers with an outstanding amount of RM1.1 million. Inclusive of that, the Group’s absolute-gearing ratio as at 31 December 2021 is also around 0.24 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 December 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	240	741	0.4	0.6

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	30,957	129,951	56.3	371.1	Matching	30,957	n.a.	371.1	56.3

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM0.2 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM0.1 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 RM5.1 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 RM117.9 million as at 31 December 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 December 2021.

B15 Earnings per share

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Dec 2021	Preceding Year Corresponding Quarter Ended 31 Dec 2020	Current Year To Date Ended 31 Dec 2021	Preceding Year Corresponding Period Ended 31 Dec 2020
Profit attributable to owners (RM'000)	20,752	14,919	28,647	18,804
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings per share (sen)	6.35	4.56	8.76	5.75



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

	Current Year Quarter Ended 31 Dec 2021*	Preceding Year Corresponding Quarter Ended 31 Dec 2020	Current Year To Date Ended 31 Dec 2021*	Preceding Year Corresponding Period Ended 31 Dec 2020
Profit attributable to owners (RM'000)	20,752	14,919	28,647	18,804
Weighted average number of ordinary shares in issue ('000)	327,058	348,814	327,058	348,814
Basic earnings per share (sen)	N/A	4.28	N/A	5.39

* No diluted earnings per share is presented for the current period 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
23 February 2022