

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the third financial quarter ended 31 March 2022**

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(9 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	31-Mar-22	31-Mar-21	31-Mar-22	31-Mar-21
	RM'000	RM'000	RM'000	RM'000
Revenue	174,656	230,536	572,618	582,371
Cost of sales	(139,888)	(193,738)	(472,872)	(505,902)
Gross profit	34,768	36,798	99,746	76,469
Operating expenses	(11,374)	(9,040)	(28,612)	(22,297)
Other operating income/(expense), net	172	45	(4,404)	3,388
Net foreign exchange gain/(loss)	(198)	(549)	(176)	(72)
Profit from operations	23,368	27,254	66,554	57,488
Impairment provision on				
property, plant and equipment	(1,503)	(1,500)	(3,503)	(4,400)
Finance income	367	375	945	672
Finance costs	(1,391)	(976)	(4,182)	(3,028)
<b>Profit before tax</b>	20,841	25,153	59,814	50,732
Tax	(5,936)	(6,352)	(16,262)	(13,127)
<b>Profit for the period</b>	14,905	18,801	43,552	37,605
<b>Other comprehensive income</b>				
- Revaluation surplus on				
property, plant and equipment, net of tax	-	-	-	-
<b>Total profit and other comprehensive income for the period</b>	14,905	18,801	43,552	37,605
Earnings per share attributable to owners of the Company (sen):				
- Basic	4.56	5.75	13.32	11.50
- Diluted	N/A	5.39	N/A	10.78

(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 March 2022**

(The figures have not been audited)

	As at 31-Mar-22 RM'000	As at 30-Jun-21 RM'000
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	313,107	314,899
Right-of-use assets	38,973	41,679
Intangible assets	20,000	20,000
	<u>372,080</u>	<u>376,578</u>
<b>Current Assets</b>		
Inventories	256,008	225,500
Trade and other receivables	82,110	41,937
Amount owing by related companies	1	1
Tax recoverable	6	23
Derivative financial assets	173	2,020
Cash and bank balances	84,095	90,931
	<u>422,393</u>	<u>360,412</u>
<b>Less: Current Liabilities</b>		
Trade and other payables	77,082	120,081
Contract liabilities	18,161	22,991
Amount owing to holding company	51	381
Amount owing to related companies	931	-
Tax payable	1,935	2,617
Borrowings	116,264	59,956
Lease liabilities	3,051	2,952
Derivative financial liabilities	57	3
	<u>217,532</u>	<u>208,981</u>
<b>Net Current Assets</b>	<u>204,861</u>	<u>151,431</u>
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	41,747	31,042
Deferred income	5,922	6,036
Borrowings	24,555	27,465
Lease liabilities	13,501	15,802
	<u>85,725</u>	<u>80,345</u>
	<u>491,216</u>	<u>447,664</u>
<b>CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY</b>		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	38,702	38,702
Retained earnings	233,097	189,545
<b>Total Equity</b>	<u>491,216</u>	<u>447,664</u>
<b>Net assets per share attributable to owners of the Company</b>	<u>RM1.50</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 third financial quarter ended 31 March 2022**

(The figures have not been audited)

	(9 months) 31-Mar-22 RM'000	(9 months) 31-Mar-21 RM'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	59,814	50,732
Adjustments for :		
- Depreciation	13,102	13,379
- Gain on rent concession	(23)	-
- Gain on disposal of plant and equipment	(117)	(79)
- Impairment provision on property, plant and equipment	3,503	4,400
- Amortisation of deferred income	(114)	(38)
- Net unrealised gain on foreign exchange	18	612
- Interest income	(945)	(672)
- Interest expense	4,182	3,028
Operating profit before changes in working capital	79,420	71,362
Changes in working capital :		
- Inventories	(30,507)	24,875
- Trade and other receivables	(38,326)	(29,504)
- Trade and other payables	(42,964)	29,228
- Contract liabilities	(4,830)	-
- Intercompanies balances	601	(906)
- Tax paid	(6,222)	(1,227)
Net cash flows (used in)/generated from operating activities	(42,828)	93,828
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
- Purchase of property, plant and equipment	(11,997)	(15,450)
- Proceeds from disposal of property, plant and equipment	364	256
- Proceeds from grant on property, plant and equipment	-	6,100
- Interest received	945	672
Net cash flows used in investing activities	(10,688)	(8,422)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
- Proceeds from bank borrowings	229,952	119,110
- Repayment of bank borrowings	(176,911)	(100,408)
- Payment of lease liabilities	(2,179)	(2,127)
- Interest paid	(4,182)	(3,028)
Net cash flows generated from financing activities	46,680	13,547
Net change in cash and cash equivalents	(6,836)	98,953
Cash and cash equivalents at beginning of the financial year	90,931	34,555
Cash and cash equivalents at end of the financial year	84,095	133,508

(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 third financial quarter ended 31 March 2022****Condensed Consolidated Statements of Changes in Equity for the third financial quarter ended 31 March 2022**

(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>9 months ended 31 March 2022</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	-	-	-	43,552	43,552
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	43,552	43,552
As at 31 March 2022	<u>217,677</u>	<u>1,740</u>	<u>38,702</u>	<u>233,097</u>	<u>491,216</u>
<u>9 months ended 31 March 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	-	-	-	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	<u>217,677</u>	<u>1,740</u>	<u>30,711</u>	<u>173,332</u>	<u>423,460</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 Mac 2022	30 Jun 2021
Total interest bearing debts in RM'million	142.0	87.4
Adjusted Shareholders' funds in RM'million	513.0	458.7
Absolute Gearing Ratio	0.28	0.19

On the total interest-bearing debts as at 31 March 2022, around RM125.5 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 RM15.4 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 as at the close of the current financial quarter.

**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	404,830	207,407	3,680	615,917
Inter segment	(37,228)	(2,391)	(3,680)	(43,299)
External revenue	<u>367,602</u>	<u>205,016</u>	-	<u>572,618</u>
Pre-tax profit	<u>38,269</u>	<u>21,271</u>	<u>274</u>	<u>59,814</u>
Segment assets	<u>470,438</u>	<u>322,872</u>	<u>984</u>	<u>794,294</u>
	RM'000			
Segment assets	794,294			
Derivative assets	173			
Tax recoverable	<u>6</u>			
	<u>794,473</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-provisions 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 2022:

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	0.7	0
as Assets (hedge accounted)	0	172.7	0
as Liabilities (not hedge accounted)	0	(1.2)	0
as Liabilities (hedge accounted)	0	(55.9)	0
Total	0	116.3	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**

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, except that Company's indirect equity holding in a dormant wholly owned subsidiary, Silver Victory Sdn. Bhd. (SV), has been restructured to be directly held by the Company with effect from 1 March 2022. Post-restructuring, SV shall spearhead the Group's steel export businesses covering products manufactured from within and outside. This change does not impact the Group's financials.

### **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 RM1.9 million and RM1.2 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 (3rd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/3/2022	Preceding Year Corresponding Quarter 31/3/2021			Current Year To-date 31/3/2022	Preceding Year Corresponding Period 31/3/2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	174,656	230,536	(55,880)	-24%	572,618	582,371	(9,753)	-2%
Operating Profit/(Loss)	23,368	27,254	(3,886)	-14%	66,554	57,488	9,066	16%
Profit/(Loss) Before Interest and Tax	21,865	25,754	(3,889)	-15%	63,051	53,088	9,963	19%
Profit/(Loss) Before Tax	20,841	25,153	(4,312)	-17%	59,814	50,732	9,082	18%
Profit/(Loss) After Tax	14,905	18,801	(3,896)	-21%	43,552	37,605	5,947	16%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	14,905	18,801	(3,896)	-21%	43,552	37,605	5,947	16%

Compared against the preceding year corresponding quarter's record performance, the Group's net-earning for the current 3<sup>rd</sup> financial quarter is 21% lower in tandem with 24% lower revenue attributed to lower sales volume for both the Cold Rolled and Steel Tube segments. Despite that, the Group's performance for the current financial quarter is commendable considering that the domestic steel market in the current financial quarter remained soft post-pandemic-shutdown (last August) amid tapering steel price trend, labor shortage, and dwindling book orders. In comparison, the preceding year corresponding quarter's steel market was more robust at the trough of the pandemic wave. The outbreak of the Ukraine-conflict after the long Chinese New Year break resulted in momentary surge in steel prices, which helped improve buyers' interest in March (before the damaging Western Sanctions kicked-in).

On the year-to-date performance, the Group's net-earnings at RM43.5m is 16% ahead of the preceding year (which itself was a record year), despite a 2% lower revenue exacerbated by the 6 weeks of pandemic lockdown at the start of the current financial year. The current year-to-date sales volume is down more than 20% compared to the preceding year, but yielded a higher gross margin due to better spreads.

For the current financial quarter, the Group recorded a 13% lower EBITDA at RM27.0 million compared to the preceding year's corresponding quarter at RM31.0 million. However, on the year-to-date comparison, the Group's EBITDA at RM77.2m is around 12.5% higher than the preceding period.



**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	
	31/3/2022	Preceding Quarter	31/12/2021	
	RM'000	RM'000	RM'000	%
Revenue	174,656	251,082	(76,426)	-30%
Operating Profit	23,368	29,846	(6,478)	-22%
Profit Before Interest and Tax	21,865	29,846	(7,981)	-27%
Profit Before Tax	20,841	28,673	(7,832)	-27%
Profit After Tax	14,905	20,752	(5,847)	-28%
Profit Attributable to Ordinary Equity Holders of the Parent	14,905	20,752	(5,847)	-28%

Compared against the preceding 2<sup>nd</sup> financial quarter’s record performance, the Group’s net-earning for the current 3<sup>rd</sup> financial quarter is 28% lower in tandem with 30% lower revenue attributed to lower sales volume in conjunction with the long Chinese New Year break (which seasonally renders the 3<sup>rd</sup> quarter a slower period). In general, the steel market was soft in both the 2<sup>nd</sup> and 3<sup>rd</sup> financial quarters with lower new orders as many industries (including our customers) grappled to restart from the prolonged pandemic lockdown amid labor shortage, supply-chain interruptions, and absence of stimulus or financial aids. However, the preceding 2<sup>nd</sup> financial quarter’s profitability touched a high benchmark driven by surge in post-lockdown sales tied to back-orders secured prior to the pandemic lockdown which entailed better-margins. Despite the sharply lower sale volume in the current 3<sup>rd</sup> financial quarter (due to shorter workdays and low backorders), the Group’s steel operations managed to deliver a satisfactory performance from leveraging its market position in a tight steel supply condition.

The Group’s EBITDA for the current financial quarter at RM27.0 million is 23.7% lower compared to the immediate-preceding quarter at RM35.4 million.

**B3 Prospects for the remaining financial year**

The Group’s final 4<sup>th</sup> financial quarter faces a tumultuous period tied to unprecedented multifront external shocks from the Ukraine-conflict & sweeping sanctions, raging inflation, sharp US-rate hikes, reverse-capital-flows, tighten liquidity, and China’s Covid shutdowns. Inevitably, these would weigh-down on the Country’s economic recovery prospects (i.e. from the reopening of international-borders and business normalization) and would impinge upon the Group’s performance.

We anticipate an 8-10% rise in production cost (i.e. from higher energy cost, wage rise, imported inflation, weak Ringgit, and higher borrowing cost) – which may not be fully absorbed into selling prices in the short to mid-term, and thus may erode margins. The Ukraine-conflict and sanctions have disrupted global-supply-chain of various commodities, including steel - where the displaced export steel volume from both Russia and Ukraine combined equates to the world 2<sup>nd</sup> largest, just behind China. The impact on pricing and margins from the disrupted global steel supply is however likely to be muffled by soften steel demand in this region (including Malaysia) due to myriad of issues (attributable to China economic softening, collateral damages from US-NATO’s sweeping sanctions, capital outflows, and overall poor sentiment). Evidently, steel prices have begun to ebb in this region.

In conclusion, the Group’s prospects outlook for the final financial quarter has become highly challenging. We anticipate the Group’s steel operations’ sales volume and margins to come under immense pressure. Nevertheless, barring any further deterioration of the external shocks (i.e. Ukraine-conflict expansion, COVID resurgence, more geopolitical flare-up), the Group is hopeful to squeeze a positive final quarter to end the financial year higher than the last. Downside risk (from a prolong Ukraine-conflict and the collateral damage on emerging-markets due to the sweeping sanctions) may become more pronounced in our next financial year.



**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 Mac 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2021 RM'000	Current Year To Date Ended 31 Mac 2022 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2021 RM'000
Depreciation:				
- property, plant and equipment	3,683	3,613	10,698	10,833
- right-of-use assets	801	848	2,404	2,546
Finance income	(367)	(375)	(945)	(672)
Finance costs on:				
- borrowings	1,202	833	3,592	2,570
- lease liabilities	189	143	590	458
FX differences loss/(gain)	568	6,440	(4)	(2,611)
FX derivatives (gain)/loss	(370)	(5,891)	180	2,683



**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 2022 RM'000	Preceding Year Corresponding Quarter Ended 31 Mac 2021 RM'000	Current Year To Date Ended 31 Mac 2022 RM'000	Preceding Year Corresponding Period Ended 31 Mac 2021 RM'000
Current tax (expense)/credit				
Current period	(1,435)	(2,122)	(5,556)	(5,789)
Deferred tax (expense)/income				
Current period	(4,501)	(4,230)	(10,706)	(7,338)
	<b>(5,936)</b>	<b>(6,352)</b>	<b>(16,262)</b>	<b>(13,127)</b>

**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 2022, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM’000</u>
<u>Short-term borrowings:</u>	
Secured	116,264
<u>Long-term borrowings:</u>	
Secured	24,555
Total borrowings	<u>140,819</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	229,952
Outflows on repayment	(176,554)
Closing balance as at 31 March 2022	<u>140,819</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.28 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 March 2022 is also around 0.28 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 2022 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	270	836	0.7	1.2

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	30,723	129,268	172.7	55.9	Matching	30,723	n.a.	55.9	172.7

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM0.3 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 RM3.9 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 RM140.2 million as at 31 March 2022.

**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 2022.

**B15 Earnings per share**

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Mac 2022	Preceding Year Corresponding Quarter Ended 31 Mac 2021	Current Year To Date Ended 31 Mac 2022	Preceding Year Corresponding Period Ended 31 Mac 2021
Profit attributable to owners (RM'000)	14,905	18,801	43,552	37,605
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings per share (sen)	4.56	5.75	13.32	11.50



**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 Mac 2022*	Preceding Year Corresponding Quarter Ended 31 Mac 2021	Current Year To Date Ended 31 Mac 2022*	Preceding Year Corresponding Period Ended 31 Mac 2021
Profit attributable to owners (RM'000)	14,905	18,801	43,552	37,605
Weighted average number of ordinary shares in issue ('000)	327,058	348,814	327,058	348,814
Basic earnings per share (sen)	N/A	5.39	N/A	10.78

\* 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  
30 May 2022