



CHOO BEE METAL INDUSTRIES BERHAD (10587-A)
INTERIM REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH
FINANCIAL QUARTER ENDED 31 DECEMBER 2021

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME (UNAUDITED)

	Note	Individual quarter		Cumulative quarter	
		Current year quarter ended	Preceding year corresponding quarter ended	Current year ended	Preceding year ended
		31.12.2021 (Unaudited)	31.12.2020 (Unaudited)	31.12.2021 (Unaudited)	31.12.2020 (Audited)
		RM'000	RM'000	RM'000	RM'000
Revenue		149,775	113,421	507,874	344,820
Cost of sales:					
Factory and production cost		(108,169)	(89,517)	(337,096)	(292,804)
Factory depreciation		(1,364)	(1,370)	(5,472)	(5,400)
Gross profit		40,242	22,534	165,306	46,616
Other income	B12	1,861	1,435	3,113	3,552
Depreciation and amortisation		(680)	(656)	(2,729)	(2,617)
Administrative expenses		(6,534)	(4,509)	(17,532)	(11,645)
Selling and distribution expenses		(3,326)	(4,179)	(11,584)	(12,835)
Finance costs		(4)	(2)	(25)	(10)
Profit before taxation		31,559	14,623	136,549	23,061
Taxation	B6	(8,085)	(3,104)	(33,332)	(3,578)
Profit after taxation		23,474	11,519	103,217	19,483
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		23,474	11,519	103,217	19,483
Profit attributable to:					
Owners of the parent		23,474	11,519	103,217	19,483
Total comprehensive income attributable to:					
Owners of the parent		23,474	11,519	103,217	19,483
Earnings per share attributable to the equity holders of the Company (sen):					
a) Basic	B11(a)	17.96	8.81	78.95	14.90
b) Diluted	B11(b)	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 audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

	Note	As at 31.12.2021 (Unaudited) RM'000	As at 31.12.2020 (Audited) RM'000
ASSETS			
Non-current Assets			
Property, plant and equipment		161,298	140,390
Investment properties		1,710	1,698
Right-of-use assets		19,846	21,159
Deferred tax assets		-	71
		<u>182,854</u>	<u>163,318</u>
Current Assets			
Inventories		274,779	164,229
Trade and other receivables		169,774	118,552
Derivative assets		3	60
Other investments		-	40,796
Current tax assets		-	1,606
Cash and bank balances		29,881	62,544
		<u>474,437</u>	<u>387,787</u>
TOTAL ASSETS		<u><u>657,291</u></u>	<u><u>551,105</u></u>
EQUITY AND LIABILITIES			
Equity attributable to the owners of the parent			
Share capital		131,691	131,691
Treasury shares		(1,462)	(1,462)
Reserves		489,193	389,898
TOTAL EQUITY		<u>619,422</u>	<u>520,127</u>
LIABILITIES			
Non-current Liabilities			
Lease liabilities		1,581	2,533
Deferred tax liabilities		7,732	9,858
		<u>9,313</u>	<u>12,391</u>
Current Liabilities			
Trade and other payables		13,810	12,304
Borrowings	B8	6,000	5,000
Lease liabilities		952	955
Derivative liabilities		51	-
Current tax liabilities		7,743	328
		<u>28,556</u>	<u>18,587</u>
TOTAL LIABILITIES		<u>37,869</u>	<u>30,978</u>
TOTAL EQUITY AND LIABILITIES		<u><u>657,291</u></u>	<u><u>551,105</u></u>
		RM	RM
Net Assets per Share Attributable to Owners of the Company	A16	<u>4.74</u>	<u>3.98</u>

(The condensed consolidated statements of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2021 (UNAUDITED)

	31.12.2021 (Unaudited)	31.12.2020 (Audited)
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before taxation	136,549	23,061
Adjustments for :-		
Bad debts written off	256	295
Bad debts recovered	(37)	(55)
Deposit written off	-	354
Depreciation of property, plant and equipment	6,888	6,804
Depreciation of right-of-use assets	1,313	1,213
Dividend income received from other investments	(1,551)	(588)
Fair value adjustments on investment properties	(12)	151
Fair value adjustments on derivative financial instruments	108	(280)
Fair value adjustments on other investments	-	(28)
Loss on disposal of property, plant and equipment	44	61
Loss on disposal of other investments	861	45
Impairment losses on trade receivables	411	239
Interest expense	25	10
Interest on lease liabilities	46	107
Interest income on overdue accounts	(138)	(216)
Interest income	(422)	(1,032)
Inventories written back	(547)	(3,294)
Property, plant and equipment written off	336	2
Reversal of impairment losses on trade receivables	(383)	(277)
Unrealised loss on foreign exchange transactions, net	272	30
Waiver of interest income on overdue account	-	32
Operating profit before changes in working capital	144,019	26,634
Changes in working capital		
Inventories	(110,003)	5,758
Trade and other receivables	(51,487)	(17,486)
Trade and other payables	1,225	2,263
Cash flows (used in)/from operations	(16,246)	17,169
Interest received	138	216
Tax paid	(26,366)	(814)
Net cash flows (used in)/from operating activities	(42,474)	16,571
Cash Flows From Investing Activities		
Increase in deposits pledged to licensed banks	(3)	(6)
Interest received	422	1,032
Purchase of property, plant and equipment	(28,494)	(4,619)
Purchase of right-of-use assets	-	(20)
Purchase of other investments	-	(34,966)
Proceeds from disposal of property, plant and equipment	318	49
Proceeds from disposal of other investments	41,486	18,011
Net cash flows from/(used in) investing activities	13,729	(20,519)



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CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED
31 DECEMBER 2021 (UNAUDITED) (CONT'D)

	31.12.2021 (Unaudited) RM'000	31.12.2020 (Audited) RM'000
Cash Flows From Financing Activities		
Dividends paid	(3,922)	-
Interest paid	(25)	(10)
Short term borrowings		
- Repayments	(22,500)	(16,100)
- Drawdowns	23,500	21,100
Repayment of lease interest	(46)	(107)
Repayment of lease liability	(955)	(874)
Net cash flows (used in)/from financing activities	<u>(3,948)</u>	<u>4,009</u>
Net (decrease)/increase in cash and cash equivalents	(32,693)	61
Effect of exchange rate changes on cash and cash equivalents	27	(32)
Cash and cash equivalents at beginning of the year	62,328	62,299
Cash and cash equivalents at end of the year	<u><u>29,662</u></u>	<u><u>62,328</u></u>
Cash and cash equivalents comprise:		
Cash and bank balances	29,662	29,440
Repo	-	5,000
Deposits with licensed banks	-	27,888
Deposits pledged to licensed banks	219	216
As per Statement of Financial Position	<u>29,881</u>	<u>62,544</u>
Less : Deposits pledged to licensed banks	<u>(219)</u>	<u>(216)</u>
Cash and cash equivalents at end of the year	<u><u>29,662</u></u>	<u><u>62,328</u></u>

(The condensed consolidated statements of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim financial statements).



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CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

	< -----	Non-distributable	----- >	Distributable	
	Share Capital	Treasury Shares	General Reserve	Retained Earnings	Total Equity
	RM '000	RM '000	RM '000	RM '000	RM '000
Balance as at 1 January 2021	131,691	(1,462)	1,186	388,712	520,127
Profit for the year	-	-	-	103,217	103,217
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	103,217	103,217
Transactions with owners					
Dividends paid (Note A7)	-	-	-	(3,922)	(3,922)
Total transactions with owners	-	-	-	(3,922)	(3,922)
Balance as at 31 December 2021	131,691	(1,462)	1,186	488,007	619,422
Balance as at 1 January 2020	131,691	(1,462)	1,186	369,229	500,644
Profit for the year	-	-	-	19,483	19,483
Other comprehensive income, net of tax	-	-	-	-	-
Total comprehensive income	-	-	-	19,483	19,483
Transactions with owners					
Dividends paid	-	-	-	-	-
Total transactions with owners	-	-	-	-	-
Balance as at 31 December 2020	131,691	(1,462)	1,186	388,712	520,127

(The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and the accompanying explanatory notes attached to the interim statements).



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EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARD (“MFRS”) 134: INTERIM FINANCIAL REPORTING

A1 Basis of preparation

The interim condensed consolidated financial statements of the Group have been prepared in accordance with the Malaysian Financial Reporting Standards (“MFRSs”), the International Financial Reporting Standards (“IFRSs”) and the provisions of the Companies Act 2016 in Malaysia. Other than for financial instruments and investment properties, the interim condensed consolidated financial statements have been prepared under the historical cost convention. Certain financial instruments are carried at fair value in accordance to MFRS 9 *Financial Instruments*, while investment properties are stated at fair value as per MFRS 140 *Investment Properties*.

The interim condensed consolidated financial statements have also been prepared in accordance with MFRS 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”).

This interim condensed consolidated financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 of the Group and the accompanying notes attached to this report. The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's audited financial statements for the financial year ended 31 December 2020, except for the adoption of the MFRSs, Amendments and Annual Improvements to Standards effective as of 1 January 2021.

(i) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations adopted by the Group during the current financial year:*

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 16 : Leases – Covid 19 Related Rent Concessions	1 April 2021 (early adopt)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 : Interest Rate Benchmark Reform-Phase 2	1 January 2021

The adoption of the above Amendments to MFRSs does not have any material impact on the financial statements of the Group.



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A1 Basis of preparation (Cont'd)

(ii) *MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations issued but not yet effective*

At the date of authorisation of these interim condensed consolidated financial statements, the following MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations were issued but not yet effective and have not been adopted by the Group:

MFRSs, Amendments and Annual Improvements to MFRSs and IC Interpretations	Effective for annual periods beginning on or after
Amendments to MFRS 3 : Business Combinations – Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116 : Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137 : Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018-2020 Cycle : Amendment to MFRS 1 – First-time Adoption of Malaysian Financial Reporting Standards : Amendment to MFRS 9 – Financial Instruments : Amendment to MFRS 141 - Agriculture	1 January 2022
MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 17 : Insurance Contracts	1 January 2023
Amendments to MFRS 101 : Presentation of Financial Statements – Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 : Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128 : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A2 Auditor's report on preceding annual financial statements

The preceding year's audit report for the year ended 31 December 2020 was not qualified.

A3 Seasonality or cyclicity of operations

The level of business activities usually varies with the festivals at the end and beginning of each year subject to the level of underlying demand and prevailing prices.

A4 Unusual items due to their nature, size or incidence

There were no unusual items affecting the assets, liabilities, equity, net income or cash flows of the Group in the fourth (4th) quarter and financial year ended 31 December 2021.



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A5 Material changes in estimates of amounts reported

There were no material changes in estimates of amounts reported in the previous financial year which have a material effect in the fourth (4th) quarter and financial year ended 31 December 2021.

A6 Capital management, issuances, repurchases, and repayments of debts and equity securities

For the current quarter and financial year ended 31 December 2021, the Company did not repurchase any ordinary shares from the open market.

As at 31 December 2021, a total of 961,925 treasury shares were held by the Company. The repurchased shares are held as treasury shares in accordance with the requirements of Section 127 of the Companies Act 2016.

There were no issues of debt or equity securities for the current financial year ended 31 December 2021.

The Group's objectives of managing capital is to ensure that entities of the Group would be able to continue as going concerns in order to maximise returns to shareholders and to maintain the optimal capital structure, the Group may, in response to changes in economic conditions, adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, redeem debts or sell assets to reduce debts, where necessary.

For capital management purposes, the Group considers shareholders' equity, non-controlling interests and long-term liabilities to be the key components in the Group's capital structure. The Group monitors capital on the basis of gearing ratio, which is net debt divided by total capital plus net debts.

The Group includes within net debt, loan and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the equity holders of the Group. The Group's strategy is to maintain a low gearing ratio.

The gearing ratios as at 31 December 2021 and 31 December 2020, which are within the Group's objectives for capital management, are as follows:

	As at 31.12.2021	As at 31.12.2020
	RM'000	RM'000
Borrowings	6,000	5,000
Trade and other payables	13,810	12,304
Less : Cash and bank balances	<u>(29,881)</u>	<u>(62,544)</u>
Net cash	<u>(10,071)</u>	<u>(45,240)</u>
Total capital	619,422	520,127
Net cash	<u>(10,071)</u>	<u>(45,240)</u>
	<u>609,351</u>	<u>474,887</u>
Gearing ratio (%)	N/A	N/A

A7 Dividends paid

A final single tier dividend of 3 sen per ordinary share (2020: Nil) amounting to RM3,921,870 in respect of financial year ended 31 December 2020 was paid on 23 July 2021.



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A8 Operating segment information

Segment information is presented in respect of the Group's operating segments.

The Group comprises the following main operating segments:

- | | |
|-------------------|---|
| (i) Manufacturing | Processing of steel coils into steel products and fabrication of steel products |
| (ii) Trading | Dealing in hardware and construction materials |

Segment performance for the fourth (4th) quarter ended 31 December 2021 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	101,721	69,787	171,508
Inter-segment revenue	(2,189)	(19,544)	(21,733)
Revenue from external customers	99,532	50,243	149,775
Profit for the quarter			
Total expenses	(83,828)	(34,384)	(118,212)
Finance costs	-	(4)	(4)
Profit before tax	15,704	15,855	31,559
Taxation	(3,962)	(4,123)	(8,085)
Profit after tax for the quarter	11,742	11,732	23,474

Segment performance for the fourth (4th) quarter ended 31 December 2020 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	73,392	65,356	138,748
Inter-segment revenue	(3,588)	(21,739)	(25,327)
Revenue from external customers	69,804	43,617	113,421
Profit for the quarter			
Total expenses	(66,585)	(32,211)	(98,796)
Finance costs	-	(2)	(2)
Profit before tax	3,219	11,404	14,623
Taxation	(683)	(2,421)	(3,104)
Profit after tax for the quarter	2,536	8,983	11,519



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A8 Operating segment information (Cont'd)

Segment performance for the financial year ended 31 December 2021 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	322,789	265,071	587,860
Inter-segment revenue	(9,002)	(70,984)	(79,986)
Revenue from external customers	<u>313,787</u>	<u>194,087</u>	<u>507,874</u>
Profit for the year			
Total expenses	(262,718)	(108,582)	(371,300)
Finance costs	(4)	(21)	(25)
Profit before tax	<u>51,065</u>	<u>85,484</u>	<u>136,549</u>
Taxation	(12,466)	(20,866)	(33,332)
Profit after tax for the year	<u><u>38,599</u></u>	<u><u>64,618</u></u>	<u><u>103,217</u></u>

Segment performance for the financial year ended 31 December 2020 are as follows:-

	<u>Trading</u>	<u>Manufacturing</u>	<u>Total</u>
	RM'000	RM'000	RM'000
Revenue			
Total revenue	222,926	197,672	420,598
Inter-segment revenue	(8,250)	(67,528)	(75,778)
Revenue from external customers	<u>214,676</u>	<u>130,144</u>	<u>344,820</u>
Profit for the year			
Total expenses	(211,049)	(110,700)	(321,749)
Finance costs	(1)	(9)	(10)
Profit before tax	<u>3,626</u>	<u>19,435</u>	<u>23,061</u>
Taxation	(2,228)	(1,350)	(3,578)
Profit after tax for the year	<u><u>1,398</u></u>	<u><u>18,085</u></u>	<u><u>19,483</u></u>



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A8 Operating segment information (Cont'd)

Segment assets and liabilities as at 31 December 2021 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
Assets			
Segment assets	233,671	393,736	627,407
<u>Unallocated assets:</u>			
Derivative assets			3
Cash and bank balances			29,881
Total assets			<u><u>657,291</u></u>
Liabilities			
Segment liabilities	11,755	18,331	30,086
<u>Unallocated liabilities:</u>			
Derivative liabilities			51
Deferred tax liabilities			7,732
Total liabilities			<u><u>37,869</u></u>

Segment assets and liabilities as at 31 December 2020 are as follows:-

	<u>Trading</u> RM'000	<u>Manufacturing</u> RM'000	<u>Total</u> RM'000
Assets			
Segment assets	196,271	292,159	488,430
<u>Unallocated assets:</u>			
Deferred tax assets			71
Derivative assets			60
Cash and bank balances			62,544
Total assets			<u><u>551,105</u></u>
Liabilities			
Segment liabilities	9,138	11,982	21,120
<u>Unallocated liabilities:</u>			
Deferred tax liabilities			9,858
Total liabilities			<u><u>30,978</u></u>

A9 Material events subsequent to the end of the reporting period

There were no material events subsequent to the end of the reporting date that require disclosure or adjustments to the interim condensed consolidated financial statements.

A10 Effects of changes in composition of the group

There were no changes in the composition of the Group during the fourth (4th) quarter and year ended 31 December 2021.



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A11 Contingent assets and contingent liabilities

Apart from the corporate guarantees given to financial institution for banking facilities and corporate guarantee given to a third party in respect to sales of good to a subsidiary, there were no other contingent liabilities or contingent assets at the date of issue of the quarterly report. The fair value of such financial corporate guarantees are negligible as the likelihood of the Group defaulting on the financial facilities and repayment to third party suppliers are not possible.

A12 Capital commitments

Authorised capital commitments not recognised in the interim financial statements as at 31 December 2021 are as follows:

	RM'000
Capital expenditure :	
Contracted but not provided for	42,279
Approved but not contracted for	17,832
	<u>60,111</u>

A13 Related party transactions

Related party transactions for the quarter and financial year ended 31 December 2021 under review in which certain directors have direct/indirect interest are as follows:

	Current year quarter RM'000	Current financial year RM'000
Sales of steel products	<u>1,597</u>	<u>6,280</u>
Purchase of hardware products	(2)	(5)
Rental expense	(256)	(1,000)
Piling works services	<u>(214)</u>	<u>(861)</u>
	<u>(472)</u>	<u>(1,866)</u>

These transactions have been entered into in the normal course of business and are at arm's length basis and on terms no more favourable to the related party than those generally available to the public.

A14 Write back of inventories to net realisable values

Total net inventories written back to either net realisable value or replacement cost for the financial year ended 31 December 2021 was RM547,463.



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A15 Financial instruments

Group	As at 31 December 2021		
	Amortised cost	Fair value through profit or loss	Total
	RM'000	RM'000	RM'000
Financial assets			
Trade and other receivables, net of prepayments	146,965	-	146,965
Derivative assets	-	3	3
Cash and bank balances	29,881	-	29,881
	176,846	3	176,849
Financial liabilities			
Trade and other payables	13,810	-	13,810
Borrowings	6,000	-	6,000
Derivative liabilities	-	51	51
	19,810	51	19,861

(a) Methods and assumptions used to estimate fair value

The fair values of financial assets and financial liabilities are determined as follows:

- i. Financial instruments that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value.

The carrying amounts of financial assets and liabilities, such as trade and other receivables, trade and other payables and borrowings, are reasonable approximation of fair value due to their short-term nature.

- ii. Derivatives

The fair value of a forward foreign exchange contract is the amount that would be payable or receivable upon termination of the outstanding position arising and is determined by reference to the difference between the contracted rate and the forward exchange rate as at the end of the reporting period applied to a contract of similar amount and maturity profile.

- iii. Quoted investments

The fair value of quoted investments in Malaysia is determined by reference to the exchange quoted market bid prices at the close of the business on the end of the reporting period.



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A15 Financial instruments (Cont'd)

(b) Fair value hierarchy

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Derivatives

The fair value of forward exchange contracts is estimated by discounting the difference between the contractual forward price and the current forward price of the residual maturity of the contract using a risk-free interest rate (based on Government bonds).

Level 3 fair value measurements are those derived from inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following tables set-out the financial instruments carried at fair value is disclosed, together with their fair values and carrying amounts showed in the statement of financial position.

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Carrying amount RM'000
Assets measured at fair value					
Investment properties	-	-	1,710	1,710	1,710
Derivative assets					
- Forward contracts	-	3	-	3	3
Liabilities measured at fair value					
Derivative liabilities					
- Forward contracts	-	51	-	51	51

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the financial year ended 31 December 2021.

(c) Derivative assets/liabilities

Group	As at 31 December 2021		
	Contract / Notional amount RM'000	Assets RM'000	Liabilities RM'000
	Forward currency contracts (USD)	11,589	-
Forward currency contracts (SGD)	992	3	-



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A15 Financial instruments (Cont'd)

(c) Derivative assets (Cont'd)

- i. The Group use forward currency contracts to manage some of the transaction exposure. These contracts are not designate as cash flow or fair value hedges and are entered into for periods consistent with currency transaction exposure and fair value changes exposure. Such derivatives do not qualify for hedge accounting.
- ii. Forward currency contracts are used to hedge the Group's purchases denominated in USD and sales denominated in SGD for which firm commitments existed at the reporting date, extending to January 2022.
- iii. For the financial year ended 31 December 2021, the Group recognised a loss of RM108,000 arising from fair value changes of derivatives. The fair value changes are attributable to changes in foreign exchange spot and forward rates.

A16 Net assets per share attributable to owners of the Company

Net assets per share ("NAPS") as at 31 December 2021 stood at RM4.74, an increase of 19.1% compared to RM3.98 as at 31 December 2020 mainly due to higher profit earned for the financial year ended 31 December 2021.



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**EXPLANATORY NOTES : (AS PER MAIN MARKET LISTING REQUIREMENTS OF
BURSA MALAYSIA – PART A OF APPENDIX 9B)**

B1 Operating segments review

a) Current quarter vs. Previous year corresponding quarter

The Group recorded revenue of RM149.8 million for the quarter ended 31.12.2021 (“4Q 2021”), which grew by RM36.4 million (32%) compared to revenue of RM113.4 million for the quarter ended 31.12.2020 (“4Q 2020”). The improved performance was contributed by both the trading and manufacturing segments.

With the strong revenue growth and boosted margins, the Group's profit before taxation rose to RM31.6 million for 4Q 2021 as compared to RM14.6 million recorded in 4Q 2020.

The performance of the respective operating business segments of the Group for 4Q 2021 as compared to 4Q 2020 are analysed as follows:

Manufacturing

The manufacturing operations' revenue climbed 15% to RM50.3 million in 4Q 2021, from RM43.6 million in 4Q 2020. This was attributed to the elevated average selling prices which eclipsed the impact of lower sales volume.

Trading

The trading operations' revenue increased at a stronger pace of 43% to RM99.5 million in 4Q 2021 from RM69.8 million recorded in 4Q 2020. The stronger performance was mainly due to higher average selling prices offsetting weaker sales volume.

b) Current year-to-date vs. Previous year-to-date

For the financial year ended 31.12.2021 (“YTD 4Q 2021”), the Group recorded revenue of RM507.9 million, which grew by 47% as compared to revenue of RM344.8 million recorded for the financial year ended 31.12.2020 (“YTD 4Q 2020”). The stronger performance was driven by both the trading and manufacturing segments.

As a result of boosted margins from heightened average selling prices, the Group's profit before taxation surged to a record RM136.5 million for YTD 4Q 2021 as compared to RM23.1 million for YTD 4Q 2020.



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B1 Operating segments review (Cont'd)

b) Current year-to-date vs. Previous year-to-date (Cont'd)

The performance of the respective operating business segments of the Group for YTD 4Q 2021 as compared to YTD 4Q 2020 are analysed as follows:

Manufacturing

The manufacturing operations recorded revenue of RM194.1 million for YTD 4Q 2021, which expanded by 49% as compared to RM130.1 million in YTD 4Q 2020. The stronger performance was fuelled by elevated average selling prices brought about by the global shortage of steel making raw materials offsetting the impact of weaker sales volume.

Trading

The trading operations recorded revenue of RM313.8 million for YTD 4Q 2021, which grew by 46% as compared to RM214.7 million in YTD 4Q 2020. The improved performance was mainly supported by the ongoing recovery in construction activities and pickup in average selling prices.

B2 Comparison with preceding quarter's results

The Group's revenue for 4Q 2021 expanded to RM149.8 million as compared with RM124.6 million achieved in 3Q 2021. The stronger performance was mainly attributed to the increase in sales volume as customers restock inventories prior to the financial year end.

However, the Group recorded a lower profit before taxation of RM31.6 million for 4Q 2021 as compared to RM39.3 million for 3Q 2021. This was mainly due to lower profit margins achieved as a result of softer average selling prices, higher raw materials as well as operations costs.

B3 Current year prospects and progress on previously announced revenue or profit forecast

a) Prospects for 2022

International steel prices have started to climb upwards from the lower prices as iron ore prices rebound. Steel demand on the other hand remains soft, impacted further by the Lunar New Year holidays in China reducing business activities and lulling steel production. However, steel prices and demand are expected to pickup momentum post Lunar New Year holidays, coupled with China's Governmental effort to curb excess steel production to reduce pollution as well as the rollout of new fiscal economic measures.

On the domestic front, local selling prices have mollified in line with the international downward price trend. As for steel demand, it has weakened considerably due to the seasonal Lunar New Year holidays, lack of major economic catalyst and absence of new infrastructural projects in the recently announced Budget 2022. Steel demand in the post-pandemic era hinges on private sector construction activities as economic activities gather momentum and the acceleration of existing mega infrastructure projects.

To remain resilient, the Group will continue focusing on prudent cost containment measures and inventory management policies, optimise operational efficiency and explore market share expansion strategies.

b) Progress and steps to achieve revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Group.

B4 Statement of the Board of Directors' opinion on achievability of revenue or profit estimate, forecast, projection and internal targets previously announced

There was no revenue or profit forecast announced by the Group.



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B5 Variance of actual profit from forecast profit or profit guarantee

There were no profit forecast or profit guarantee issued by the Group.

B6 Taxation

Tax charges comprise:

	Current year quarter	Current financial year
	RM'000	RM'000
Income tax		
- current quarter/financial year	8,675	35,312
- under provision in prior quarter/financial year	78	75
Deferred tax		
- current quarter/financial year	(672)	(2,059)
- under provision in prior quarter/financial year	4	4
Taxation	<u>8,085</u>	<u>33,332</u>

Income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated taxable profits for the year. The effective tax rate of the Group for the current quarter and financial year ended 31 December 2021 was slightly higher than the statutory tax rate, mainly due to the under provision of income tax in prior quarter and the effect of expenses non-deductible for tax purposes.

B7 (a) Status of corporate proposals announced but not completed

There were no corporate proposals at the date of issue of the quarterly report.

(b) Status of utilization of proceeds raised from any corporate proposal

Not applicable.

B8 Group borrowings and debt securities

Details of Group's borrowings as at 31 December 2021 are as follows:

Short-term borrowings

Trust receipts	6,000	Unsecured
	<u>6,000</u>	

Borrowings are denominated in the following currencies:

	RM'000	
- Ringgit Malaysia	6,000	Unsecured
	<u>6,000</u>	

The Group has no debt securities as at 31 December 2021.

B9 Changes in material litigation (including status of any pending material litigation)

There were no material litigation against the Group as at the date of this report.

B10 Dividends payable

There were no dividends proposed in the current quarter.



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B11 Earnings per share

(a) Basic earnings per ordinary share

		3 months ended		12 months ended	
		<u>31.12.2021</u>	<u>31.12.2020</u>	<u>31.12.2021</u>	<u>31.12.2020</u>
Profit attributable to the equity holders of the parent	(RM'000)	23,474	11,519	103,217	19,483
Weighted average number of ordinary shares in issue	('000)	130,729	130,729	130,729	130,729
Basic earnings per ordinary share	(sen)	17.96	8.81	78.95	14.90

(b) Diluted earnings per ordinary share

There are no potential dilutive ordinary shares during the quarter and financial year ended 31 December 2021. Accordingly, the diluted earnings per ordinary share is not presented.

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B12 Other income/(losses)

	3 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	RM'000	RM'000	RM'000	RM'000
Bad debts recovered	37	50	37	55
Dividend income received from other investments	1,392	71	1,551	588
Fair value adjustments on investment properties	12	-	12	-
Fair value adjustments on derivative financial instruments	-	14	-	280
Fair value adjustments on other investments	-	98	-	28
Gain on disposal of property, plant and equipment	48	-	-	33
Interest on :				
Customer overdue account	-	-	138	216
Short term deposits	73	241	422	1,032
Trade compensation	10	127	26	141
Rental income	135	101	513	517
Realised gain on foreign exchange transactions	124	224	-	380
Reversal of impairment losses on trade receivables	-	508	383	277
Unrealised gain on foreign exchange transactions	-	-	-	5
Others	30	1	31	-
	<u>1,861</u>	<u>1,435</u>	<u>3,113</u>	<u>3,552</u>
Other Losses:				
Bad debts written off	-	(295)	(256)	(295)
Deposit written off	-	-	-	(354)
Fair value adjustments on investment properties	-	(151)	-	(151)
Fair value adjustments on derivative financial instruments	(56)	-	(108)	-
Fair value adjustments on other investments	(550)	-	-	-
Loss on disposal of other investments	(826)	(45)	(861)	(45)
Loss on disposal of property, plant and equipment	-	(94)	(44)	(94)
Impairment losses on trade receivables	(360)	(151)	(411)	(239)
Waiver of interest income on overdue account	(43)	(75)	-	(32)
Realised loss on foreign exchange transactions	-	-	(434)	(41)
Unrealised loss on foreign exchange transactions	(410)	(120)	(272)	(35)

B13 Authorisation for issue

The interim financial statements were authorised on 23 February 2022 for issue by the Board of Directors.