

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

1 Basis of Preparation

The interim financial report has been prepared in accordance with the applicable disclosure provisions of the Malaysian Financial Reporting Standard (MFRS) 134, *Interim Financial Reporting*, issued by the Malaysian Accounting Standards Board (“MASB”) and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should read in conjunction with the audited financial statements as at and for the year ended 31 December 2021 which were prepared in compliance with MFRS. These explanatory notes attached to the interim financial statement explain events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2021.

1.1 Adoption of Standards, Amendments and IC interpretations

The significant accounting policies adopted in the interim financial report are consistent with those adopted in the financial statements for the year ended 31 December 2021 except for the adoption of the following standards which are effective for annual periods beginning on and after 1 April 2021 and 1 January 2022:

<i>Description</i>	<i>Effective for Periods beginning on or after</i>
Amendment to MFRS 16, <i>Leases – Covid-19-Related Rent Concessions beyond 30 June 2021</i>	1 April 2021
Amendments to MFRS 3, <i>Business Combinations – Reference to the Conceptual Framework</i>	1 January 2022
Amendments to MFRS 9, <i>Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)</i>	1 January 2022
Amendments to Illustrative Examples accompanying MFRS 16, <i>Leases (Annual Improvements to MFRS Standards 2018-2020)</i>	1 January 2022
Amendments to MFRS 116, <i>Property, Plant and Equipment – Proceeds before Intended Use</i>	1 January 2022
Amendments to MFRS 137, <i>Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022

The adoption of the above standards does not have a significant impact to the current financial period.

2 Auditors' Report on Preceding Annual Financial Statements

The audited financial statements of the Group for the year ended 31 December 2021 were reported without any qualification.

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

3 *Seasonality or Cyclicity of interim operations*

The Group's operations are not subject to seasonal or cyclical factors.

4 *Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size or incidence*

There were no items affecting assets, liabilities, equity, net income, or cash flows that are unusual because of their nature, size and incidence during the quarter under review.

5 *Nature and amount of changes in estimates of amounts reported in prior interim periods of the current financial year, which give a material effect in the current interim period*

There were no changes in estimates that have had a material effect on the current quarter's results.

6 *Issuances, cancellations, repurchases, resale and repayments of debt and equity securities*

There were no issuances, cancellations, repurchases, resale and repayments of debt and equity securities during the quarter under review.

7 *Dividends*

There were no dividends paid during the financial quarter.

8 *Segmental reporting*

Segmental information for the Group's business segments is as follows:

Continuing operation	East Malaysia RM'000	West Malaysia RM'000	Inter- segment RM'000	Total RM'000
<u>2nd Quarter 2022</u>				
Revenue from external customers	55,860	19,851	-	75,711
Inter-segment	748	37	(785)	-
	<u>56,608</u>	<u>19,888</u>	<u>(785)</u>	<u>75,711</u>

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

	East Malaysia RM'000	West Malaysia RM'000	Inter- Segment RM'000	Total RM'000
<u>2nd Quarter 2021</u>				
Revenue from external customers	46,000	14,554	-	60,554
Inter-segment	4,208	163	(4,371)	-
	<u>50,208</u>	<u>14,717</u>	<u>(4,371)</u>	<u>60,554</u>

East Malaysia: Manufacture and sale of Pre-painted, Galvanised Iron, Roll-formed products and trading in hardware and building materials in East Malaysia.

West Malaysia: Manufacture and sale of roll-formed products, trading of coated and non-coated coils.

For decision making and resources allocation, the Deputy Executive Chairman together with the Managing Director review the statements of financial position of the respective subsidiaries.

9 *Valuation of property, plant and equipment*

The valuation of land and building was brought forward without amendment from the revaluation made in the previous quarter period.

10 *Material events subsequent to the end of the financial period*

There were no material events subsequent to the end of the financial period.

11 *Changes in the composition of the Group*

There were no other changes in the composition of the Group during the quarter under review.

12 *Changes in contingent liabilities or contingent assets*

There are no contingent liabilities or assets for the current financial period.

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

13 *Review of performance*

Financial review for the current quarter and financial year to date

Continuing operations	Individual Period		Changes		Cumulative Period		Changes	
	Current Year Quarter	Preceding Year Corresponding Quarter			Current Year To-date	Preceding Year Corresponding Period		
	30 Jun	30 Jun			30 Jun	30 Jun		
	2022	2021			2022	2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	75,711	60,554	15,156	25%	133,870	118,645	15,255	13%
Operating profit	6,109	5,685	424	7%	8,779	11,402	(2,623)	-23%
Profit Before Interest and Tax	3,926	3,510	416	12%	4,359	7,216	(2,856)	-40%
Profit Before Tax	2,939	2,542	397	16%	2,148	5,304	(3,156)	-59%
Profit After Tax	2,328	1,804	524	29%	1,381	3,824	(2,444)	-64%
Profit Attributable to Ordinary owner of the Company	1,416	1,396	20	1%	603	3,063	(2,460)	-80%

The Group's total revenue for the current quarter increased by RM15.2 million to RM75.7 million as compared to RM60.6 million in the corresponding quarter last year ("2Q21"). The increase in revenue was mainly due to higher steel price despite a lower sales volume.

The Group reported an operating profit before interest and tax of RM3.9 million compared to RM3.5 million in 2Q21, an increase of 12%. The higher profitability was due to higher sales revenue resulted in higher gross profit contribution albeit that the gross margin is lower compared to 2Q21.

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

14 *Variation of results against preceding quarter*

Financial review for the current quarter compared with the immediately preceding quarter

Continuing operations	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30 June 2022	31 Mar 2022	
	RM'000	RM'000	%
Revenue	75,711	58,159	30%
Operating profit	6,109	433	1311%
Profit Before Interest and Tax	3,926	433	807%
Profit/(Loss) Before Tax	2,939	(791)	472%
Profit/(Loss) After Tax	2,328	(947)	346%
Profit/(Loss) Attributable to Ordinary Owner of the Company	1,416	(813)	274%

For the quarter under review, the Group recorded a pre-tax profit of RM2.94 million as compared to a pre-tax loss of RM0.79 million in the previous quarter. In terms of operating results, the current quarter registered a higher turnover of 30%. The operating profit for the period was RM6.11 million versus RM0.43 million, an increase of 1311%. The better performance in 2Q22 was mainly due to higher gross profit margin by about 2.9% coupled with higher sales volume by about 16%.

15 *Prospects*

The fear of economy slowing down is gripping financial markets. The steel price has tumbled from its peak reversing the bullish developments which prevailed in the steel sector over the last year. The rising global interest rate will affect consumer sentiment which will impede economic growth. Given the current scenario, the Group is cautiously optimistic on its performance for the rest of the year.

16 *Statement of the Board of Directors' opinion on the achievement of forecast*

The Group did not make any announcement or disclosure in any public document on any revenue or financial estimate, forecast, projection or profit guarantee as at the date of this announcement.

17 *Profit forecast*

No profit forecast was published.

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

18 Income tax expense

The income tax expense derived as below:	Current Quarter RM'000	Financial Year-To-Date RM'000
Current tax expense		
- Current year	431	765
Deferred tax expense		
- Current year	180	2
Total	611	767

19 Results for the period

	Current quarter ended 30 June		The cumulative period ended 30 June	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Results for the period is arrived at after charging:				
Depreciation of property, plant and equipment	2,183	2,124	2,237	4,186
Property, plant & equipment written off	-	-	-	3
Impairment on trade receivables	180	64	152	18
Net foreign exchange (gain)/loss				
- Realised	-	12	21	37
- Unrealised	-	7	-	131
And after crediting:				
Gain on disposal of property, plant and equipment	-	7	-	7
Finance income	168	20	129	104
Reversal of impairment on trade receivables	-	-	-	-

20 Status of the corporate proposal announced

- (i) On 8 July 2021, the Company announced a private placement exercise to be carried out via a proposed subscription of up to 93,000,000 new ordinary shares in YKGI, representing up to approximately 21.69% of the existing total number of issued shares of YKGI by Macquarie Bank Limited (“Proposed Subscription”). The Proposed Subscription was approved by the shareholders of YKGI in an EGM carried out on 3 September 2021 and all regulatory approvals have been duly obtained. As at end of current quarter

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

under review, a total of 10.0 million shares have been subscribed and allotted to Macquarie Bank Limited under the Proposed Subscription with net proceeds of RM1.881 million.

- (ii) On 20 July 2022, the Company announced a proposed private placement of up to 10% of the total number of issued shares of the Company to third party investor(s) to be identified at an issue price to be determined in accordance to the general mandate pursuant to Sections 75 and 76 of the Act.

On 4 August 2022, the Company announced that it had received a subscription notice from Macquarie Bank for the subscription of 9,000,000 shares at a subscription price of RM0.1130. This subscription price represented a discount of approximately 9.74% to volume weighted average price of the shares during the 5 consecutive trading days up to and including 3 August 2022 of RM0.1252.

21 *Borrowing and debt securities*

The Group's borrowings from lending institutions as at 30 June 2022, which are denominated entirely in Ringgit Malaysia, are as follows:-

Denominated in Ringgit Malaysia	As at 30 June 2022		
	Long Term	Short Term	Total Borrowings
	RM'000	RM'000	RM'000
Secured	20,324	75,908	96,232
Unsecured	-	900	900
Total	20,324	76,808	97,132

Based on the above, the Group's bank-gearing ratio is around 1.17 times.

22 *Financial derivative instruments*

Forward foreign exchange contracts are used to hedge foreign exchange risks associated with certain purchase transactions.

As at the end of the current quarter under review, there was no outstanding forward foreign currency exchange contracts.

23 *Changes in material litigation*

There was no material litigation during the quarter under review.

24 *Proposed dividend*

The Board of Directors has not recommended any interim dividend for the financial quarter ended 30 June 2022.

YKGI HOLDINGS BERHAD (Company No. 032939-U)
UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL
QUARTER ENDED 30 JUNE 2022

NOTES TO THE FINANCIAL STATEMENTS:-

25 Earnings per share

	Quarter ended 30 June		Period ended 30 June	
	2022 (‘000)	2021 (‘000)	2022 (‘000)	2021 (‘000)
Basic Earnings/(Loss) per ordinary share				
(Loss)/Profit attributable to owners of the Company (RM’000)	1,416	1,396	603	2,710
Number of ordinary shares in issue at the beginning period	440,794.5	420,821.0	440,794.5	420,821.0
Effect of shares issued during the quarter	-	5,228.9	-	2,614.5
Weighted average number of ordinary shares issued as at end of period	440,794.5	426,049.9	440,794.5	423,435.5
Basic (loss)/earnings per ordinary share (sen)	0.32	0.33	0.14	0.64
	Quarter ended 30 June		Period ended 30 June	
	2022 (‘000)	2021 (‘000)	2022 (‘000)	2021 (‘000)
Diluted Earnings/(Loss) per ordinary share				
(Loss)/Profit attributable to owners of the Company (RM’000)	1,416	1,396	603	2,710
Weighted average number of ordinary shares in issue	440,794.5	426,049.9	440,794.5	423,435.5
Adjustment for share options	-	5,937.9	-	4,077.3
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	440,794.5	431,987.8	440,794.5	427,502.8
Diluted (loss)/earnings per ordinary share (sen)	0.32	0.32	0.14	0.63

The exercise price of the outstanding ESOS is higher than the average market price of the ordinary shares of the Company for the period under review. As the ESOS are anti-dilutive in nature, they have been ignored for the purposes of the computation of the diluted earnings per share.