

**YKGI HOLDINGS BERHAD (Company No. 032939-U)**  
**UNAUDITED REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL**  
**QUARTER ENDED 31 DECEMBER 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.

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**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***

On 8<sup>th</sup> November 2022, the Company issued 35,075,000 new ordinary shares to third party investors pursuant to the mandate under Section 75 and 76 of the Companies' Act 2016 which was obtained during the Annual General Meeting held on 24 June 2022. The total shares issued represented 7.8% of the total issued share capital of the Company.

Save as above, 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
<b><u>4<sup>th</sup> Quarter 2022</u></b>				
Revenue from external customers	55,052	19,238	-	74,290
Inter-segment	434	1	(435)	-
	<u>55,486</u>	<u>19,239</u>	<u>(435)</u>	<u>74,290</u>

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	East Malaysia RM'000	West Malaysia RM'000	Inter- Segment RM'000	Total RM'000
<b><u>4<sup>th</sup> Quarter 2021</u></b>				
Revenue from external customers	49,880	21,642	-	71,522
Inter-segment	2,314	41	(2,355)	-
	<u>52,194</u>	<u>21,683</u>	<u>(2,355)</u>	<u>71,522</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.

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**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		
	31 Dec	31 Dec			31 Dec	31 Dec		
	2022	2021			2022	2021		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	74,290	71,521	2,769	3.9%	276,699	243,686	33,013	14%
Operating profit	1,526	7,380	(5,855)	-79%	8,987	16,678	(7,691)	-46%
(Loss)/Profit Before Interest and Tax	(783)	4,943	(5,727)	-116%	(78)	10,317	(10,395)	-101%
(Loss)/Profit Before Tax	(1,658)	3,900	(5,558)	-143%	(4,689)	7,597	(12,286)	-162%
(Loss)/Profit After Tax	(1,968)	2,984	(4,952)	-166%	(5,307)	5,120	(10,427)	-204%
(Loss)/Profit Attributable to Ordinary owner of the Company	(2,213)	2,165	(4,377)	-202%	(5,888)	5,119	(11,008)	-215%

The Group's total revenue for the current quarter increased by RM2.8 million to RM74.3 million as compared to RM71.5 million in the corresponding quarter last year ("4Q21"). The increase in revenue was mainly due to higher revenue generated from engineering services and projects.

The Group reported an operating loss before interest and tax of RM0.8 million compared to operating profit of RM4.9 million in 4Q21, a decrease of 116%. The high loss registered in the current quarter was primarily due to much lower gross profit margin arising from increased cost of sales.

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**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 (%)
	31 December 2022	30 September 2022	
	RM'000	RM'000	%
Revenue	74,290	68,539	8.4%
Operating (loss)/profit	1,526	(1,319)	216%
Loss Before Interest and Tax	(783)	(3,655)	79%
Loss Before Tax	(1,658)	(5,179)	68%
Loss After Tax	(1,968)	(4,719)	58%
Loss Attributable to Ordinary Owner of the Company	(2,213)	(4,279)	48%

For the quarter under review, the Group recorded a pre-tax loss of RM1.66 million as compared to a pre-tax loss of RM5.18 million in the previous quarter. In terms of operating results, the current quarter registered a higher turnover of 8%. The operating profit for the period was RM1.53 million versus an operating loss of RM1.32 million, an improvement of 216%. The better performance in 4Q22 was mainly due to higher revenue with more stable prices as compared to the preceding quarter, resulted in a better gross profit margin.

**15** *Prospects*

Steel price has stopped its downward trend with sign of moving up. Market remains sluggish and will be very much driven by the Government measures in the 2023 Budget to stimulate the economic growth and sustain business activities in the midst of high inflation and high interest rate. The Group is cautiously optimistic in facing all the challenges to generate positive result for the financial year ending 31 December 2023.

**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.

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**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	303	1,546
- Prior year	119	181
Deferred tax expense		
- Current year	(1)	(998)
- Prior year	(111)	(111)
<b>Total</b>	<b>310</b>	<b>618</b>

There was tax liabilities despite a loss-making position due to non-tax-deductible expenses and non-recognition of deferred tax assets by certain loss-making subsidiaries.

**19 Results for the period**

	Current quarter ended 31 December		The cumulative period ended 31 December	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
<b>Results for the period is arrived at after charging:</b>				
Depreciation of property, plant and equipment	2,309	2,432	9,065	8,793
Property, plant & equipment written off	23	2	23	7
Impairment on trade receivables	455	-	802	-
Impairment on inventories	1,352	216	1,352	216
Net foreign exchange (gain)/loss				
- Realised	59	218	80	255
- Unrealised	-	(82)	-	75
<b>And after crediting:</b>				
Gain on disposal of property, plant and equipment	-	168	31	175
Finance income	299	156	604	451
Reversal of impairment on trade receivables	-	530	-	470

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**20** *Status of the corporate proposal announced*

- (i) 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 Companies Act 2016.

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 (“VWAP”) of the shares during the 5 consecutive trading days up to and including 3 August 2022 of RM0.1252.

On 8 November 2022, the Company allotted 35,075,000 shares to third party investors at a subscription price of RM0.096. This subscription price represented a discount of approximately 9.86% to the 5-day VWAP of RM0.1065 per share. With this allotment, the Proposed Private Placement is fully completed.

**21** *Borrowing and debt securities*

The Group’s borrowings from lending institutions as at 31 December 2022, which are denominated entirely in Ringgit Malaysia, are as follows:-

Denominated in Ringgit Malaysia	As at 31 December 2022		
	Long Term	Short Term	Total Borrowings
	RM’000	RM’000	RM’000
Secured	18,025	75,424	93,449
Unsecured	-	900	900
Total	18,025	76,324	94,349

Based on the above, the Group’s bank-gearing ratio is around 1.16 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.

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**24 Proposed dividend**

The Board of Directors has not recommended any interim dividend for the financial quarter ended 31 December 2022.

**25 Earnings per share**

	Quarter ended 31 Dec		Year ended 31 Dec	
	2022	2021	2022	2021
	('000)	('000)	('000)	('000)
<b>Basic Earnings/(Loss) per ordinary share</b>				
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,212)	2,165	(5,888)	6,421
Number of ordinary shares in issue at the beginning period	449,794.5	440,794.5	440,794.5	420,821.0
Effect of shares issued during the quarter	23,383.3	-	9,595.8	9338.9
Weighted average number of ordinary shares issued as at end of period	473,177.8	440,794.5	450,390.3	430,159.9
Basic (loss)/earnings per ordinary share (sen)	(0.47)	0.48	(1.31)	1.49
	Quarter ended 31 Dec		Year ended 31 Dec	
	2022	2021	2022	2021
	('000)	('000)	('000)	('000)
<b>Diluted Earnings/(Loss) per ordinary share</b>				
(Loss)/Profit attributable to owners of the Company (RM'000)	(2,212)	2,165	(5,888)	6,421
Weighted average number of ordinary shares in issue	473,177.8	440,794.5	450,390.3	430,159.9
Adjustment for share options	-	-	-	3,762.1
Adjusted weighted average number of ordinary shares for calculating diluted earnings per ordinary share	473,177.8	434,667.9	450,390.3	433,922.0
Diluted (loss)/earnings per ordinary share (sen)	(0.47)	0.48	(1.31)	1.48

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.