



Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the second financial quarter ended 31 December 2020

(The figures have not been audited)

	<u>Individual Quarter</u>		<u>Cumulative Quarters</u>	
	<u>(3 months)</u>		<u>(6 months)</u>	
		Preceding year		Preceding year
	Current year	Corresponding	Current year	Corresponding
	Quarter	Quarter	To date	Period
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	RM'000	RM'000	RM'000	RM'000
Revenue	195,831	173,979	351,835	357,942
Cost of sales	(168,585)	(167,422)	(312,164)	(341,257)
Gross profit	27,246	6,557	39,671	16,685
Operating expenses	(9,591)	(8,461)	(16,157)	(16,368)
Other operating income	2,982	340	3,343	557
Net foreign exchange gain/(loss)	310	248	477	58
Profit/(loss) from operations	20,947	(1,316)	27,334	932
Finance income	166	326	297	743
Finance costs	(893)	(2,062)	(2,052)	(3,700)
Profit/(loss) before tax	20,220	(3,052)	25,579	(2,025)
Tax	(5,301)	(63)	(6,775)	(657)
Profit/(loss) for the period	14,919	(3,115)	18,804	(2,682)
Other comprehensive income				
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-
Total profit/(loss) and other comprehensive income for the period	14,919	(3,115)	18,804	(2,682)
Earnings/(loss) per share attributable to owners of the Company (sen):				
- Basic	4.56	(0.95)	5.75	(0.82)
- Diluted	4.28	N/A	5.39	N/A

(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 2020).

**Condensed Consolidated Statements of Financial Position as at 31 December 2020**

(The figures have not been audited)

	As at 31-Dec-20 RM'000	As at 30-Jun-20 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	309,220	311,212
Right-of-use assets	31,385	33,082
Intangible assets	20,000	20,000
	<u>360,605</u>	<u>364,294</u>
Current Assets		
Inventories	131,487	157,128
Trade and other receivables	101,296	75,495
Amount owing by related companies	1	45
Tax recoverable	104	374
Derivative financial assets	1	2,123
Cash and bank balances	82,900	34,555
	<u>315,789</u>	<u>269,720</u>
Less: Current Liabilities		
Borrowings	58,803	45,458
Trade and other payables	139,467	138,598
Amount owing to holding company	209	8
Amount owing to related companies	413	1,462
Tax payable	2,653	23
Lease liabilities	2,941	2,857
Derivative financial liabilities	5,232	8
	<u>209,718</u>	<u>188,414</u>
Net Current Assets	<u>106,071</u>	<u>81,306</u>
Non-Current Liabilities		
Borrowings	29,174	28,518
Deferred tax liabilities	25,737	22,630
Lease liabilities	7,106	8,597
	<u>62,017</u>	<u>59,745</u>
	<u>404,659</u>	<u>385,855</u>
CAPITAL AND RESERVES ATTRIBUTABLE TO OWNERS OF THE COMPANY		
Share capital	217,677	217,677
Warrant reserves	1,740	1,740
Asset revaluation reserve	30,711	30,711
Retained earnings	154,531	135,727
Total Equity	<u>404,659</u>	<u>385,855</u>
Net assets per share attributable to owners of the Company	<u>RM1.24</u>	<u>RM1.18</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 2020).



Condensed Consolidated Statements of Cash Flows for the second financial quarter ended 31 December 2020

(The figures have not been audited)

	(6 months) 31-Dec-20 RM'000	(6 months) 31-Dec-19 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	25,579	(2,025)
Adjustments for :		
- Depreciation	8,919	8,758
- Loss/(gain) on disposal of plant and equipment	(79)	7
- Impairment on property, plant and equipment	350	108
- Net unrealised (gain)/loss on foreign exchange	(192)	(147)
- Interest income	(297)	(743)
- Interest expense	2,052	3,700
Operating profit before changes in working capital	36,332	9,658
Changes in working capital :		
- Inventories	25,642	14,639
- Trade and other receivables	(23,678)	(6,432)
- Trade and other payables	8,903	8,151
- Intercompanies balances	(873)	350
Tax paid	(768)	(1,245)
Net cash flows generated from operating activities	45,558	25,121
CASH FLOWS FROM INVESTING ACTIVITIES		
- Purchase of property, plant and equipment	(8,307)	(13,859)
- Proceeds from disposal of property, plant and equipment	256	62
- Interest received	297	743
Net cash flows used in investing activities	(7,754)	(13,054)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Interest paid	(2,052)	(3,700)
- Proceeds from bank borrowings	97,220	119,670
- Repayment of bank borrowings	(83,219)	(111,351)
- Payment of lease liabilities	(1,408)	(1,329)
Net cash flows generated from financing activities	10,541	3,290
Net change in cash and cash equivalents	48,345	15,357
Cash and cash equivalents at beginning of the financial year	34,555	50,178
Cash and cash equivalents at end of the financial year	82,900	65,535

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2020).



Quarterly report on consolidated results for the second financial quarter ended 31 December 2020

Condensed Consolidated Statements of Changes in Equity for the second financial quarter ended 31 December 2020

(The figures have not been audited)

	----- Attributable to owners of the Company -----				
	----- Non-distributable -----				
	Share	Warrant	Asset	Retained	
	Capital	Reserves	Revaluation	Earnings	Total
	RM'000	RM'000	Reserve	RM'000	RM'000
<u>6 months ended 31 December 2020</u>					
At 1 July 2020	217,677	1,740	30,711	135,727	385,855
Comprehensive income for the financial period					
- Profit for the financial period	-	-	-	18,804	18,804
Other comprehensive income for the financial period					
- Revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	18,804	18,804
As at 31 December 2020	<u>217,677</u>	<u>1,740</u>	<u>30,711</u>	<u>154,531</u>	<u>404,659</u>
<u>6 months ended 31 December 2019</u>					
At 1 July 2019	217,677	1,740	30,108	146,372	395,897
Effects from adoption of MFRS 16	-	-	-	(109)	(109)
Comprehensive income for the financial period					
- Loss for the financial period	-	-	-	(2,682)	(2,682)
Other comprehensive income for the financial period					
- revaluation surplus on property, plant and equipment, net of tax	-	-	-	-	-
Total comprehensive loss for the financial period	-	-	-	(2,682)	(2,682)
As at 31 December 2019	<u>217,677</u>	<u>1,740</u>	<u>30,108</u>	<u>143,581</u>	<u>393,106</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 2020).



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 2020 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 2020.

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 2020, except for the following new amendments to the MFRS (“standards”) effective from 1 January 2020 which the Group has adopted since the commencement of the current financial year on 1 July 2020:

- Changes to the Conceptual Framework for Financial Reporting (Revised 2018). This entails a number of changes which provide clarifications, new definition, and emphasis of entrenched concepts.
- Amendments to MFRS 101 “Presentation of Financial Statements” and MFRS 108 “Accounting Policies, Changes in Accounting Estimates and Errors”. These amendments clarify the definition of ‘materiality’ and the consistency of definition application throughout the financial reporting.
- Amendments to MFRS 3 ‘Definition of a Business’ (effective 1 January 2020). These amendments revised the definition of a ‘business’ in an acquisition.

The adoption of the above did not have any material impact on the Group’s financial statements to-date.

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 116 “Proceeds before Intended Use”
- Amendments to MFRS 3 “Reference to the Conceptual Framework”
- Annual Improvements to Illustrative Example accompanying MFRS 16 Leases: Lease Incentives
- 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”

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 2020 was not subject 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

It was disclosed in the last financial quarter that a unit of the Group's steel operations had an equipment failure incident which affected net income due to business interruption and rectification cost outlay; and that an insurance claim on its 'machine breakdown and consequential-loss policy' in relation to the aforementioned was made. A settlement on the said insurance claim was offered and accepted in the current financial quarter with a gain of RM2.5 million duly recognized in the same period.

Besides the above, there were no unusual items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.

A5 Changes in estimates

In the current financial quarter, there were no changes in estimates that had a material effect on the financial results.

A6 Debts and equity securities

There were no issuances, cancellations, repurchases, or resale of equity securities during the current financial quarter.

The Group has a policy to maintain its' Gearing Ratio (measured as interest bearing debts over shareholders' equity adjusted for the exclusion of intangibles) at below 1.5 times.

	31 Dec 2020	30 Jun 2020
Total interest bearing debts in RM'million	88.0	100.3
Adjusted Shareholders' funds in RM'million	410.4	389.7
Absolute Gearing Ratio	0.21	0.26

Of the total interest bearing debts as at 31 December 2020, around RM68.5 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries. (See Note B10). Debts of RM19.5 million is secured against a fixed charge on a property and other specific assets to-which the financing relates. Lease liability classification pursuant to MFRS 16 are excluded from the ratio computation as these are contractually non-interest bearing.

Debt covenants where applicable are in full compliance for the current financial quarter ended 31 December 2020.

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
Revenue				
Total revenue	232,893	135,039	1,902	369,834
Inter segment	(16,097)	-	(1,902)	(17,999)
External revenue	<u>216,796</u>	<u>135,039</u>	<u>-</u>	<u>351,835</u>
Pre-tax profit	<u>13,245</u>	<u>12,183</u>	<u>151</u>	<u>25,579</u>
Segment assets	<u>421,553</u>	<u>253,342</u>	<u>1,394</u>	<u>676,289</u>
	RM'000			
Segment assets	676,289			
Derivative assets	1			
Tax recoverable	<u>104</u>			
	<u>676,394</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 2020 and adjusted for the current financial year's depreciation where appropriate to reflect the current period's ending net carrying value.

A10 Fair Value Measurement

Except for the financial instruments disclosed below which are fair valued, the carrying value of short-term maturity financial instruments like cash deposits and bank balances, receivables, and short-term borrowings and payables approximate their fair values.

Financial instruments subjected to fair valuation are categorised into the following fair value hierarchy and are represented in the table below as at 31 December 2020:

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

	Fair Value RM'000		
	Level 1	Level 2	Level 3
<u>Recurring fair value measurement</u>			
Foreign Currency Forwards			
as Assets (not hedge accounted)	0	1.4	0
as Assets (hedge accounted)	0	0	0
as Liabilities (not hedge accounted)	0	(0.9)	0
as Liabilities (hedge accounted)	0	(5,230.8)	0
Total	0	(5,230.3)	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

The Government reintroduced the Conditional Movement Control Order (CMCO) due to the resurgence of COVID-19 infections with effect from 14 October 2020, which covers key states where the Group's domestic operations and markets are located. Whilst the Group's operations were not materially affected by the aforementioned, the completion timeline for on-going capital/asset investment projects (see Note A16) were delayed and had to be extended.

Besides the above, 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

The Government reintroduced the Movement Control Order (MCO 2.0) due to the worsen COVID-19 infections with effect from 13 January 2021, which covers key states where the Group's domestic operations and markets are located.

Besides the above, there are no known material subsequent events up-till the date of this report which may affect the Group's financial position and performance of its entities.

A13 Changes in the composition of the Group

There were no changes to the composition of the Group during the current financial quarter.

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the end of the reporting 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 subsidiary has an outstanding capital commitment balance of around RM5.0 million. From this amount, RM3.8 million has been committed for the construction of a new Acid Regeneration Plant (ARP) and RM1.2 million for the revamp of Continuous Pickling Line (CPL). Whilst the revamped CPL has started running towards the end of the previous financial quarter, the completion of the ARP project has been further delayed by the MCO 2.0. The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM1.5 million for plant-equipment. These capital commitments will be payable over established milestones in the current financial year.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)
B1 Review of the performance of the Company and its principal subsidiaries

	Individual Period (2nd quarter)		Changes		Cumulative Period		Changes	
	Current Year Quarter 31/12/2020	Preceding Year Corresponding Quarter 31/12/2019			Current Year To-date 31/12/2020	Preceding Year Corresponding Period 31/12/2019		
	RM'000	RM'000	RM'000	%	RM'000	RM'000	RM'000	%
Revenue	195,831	173,979	21,852	13%	351,835	357,942	(6,107)	-2%
Operating Profit/(Loss)	20,947	(1,316)	22,263	1692%	27,334	932	26,402	2833%
Profit/(Loss) Before Interest and Tax	20,947	(1,316)	22,263	1692%	27,334	932	26,402	2833%
Profit/(Loss) Before Tax	20,220	(3,052)	23,272	763%	25,579	(2,025)	27,604	1363%
Profit/(Loss) After Tax	14,919	(3,115)	18,034	579%	18,804	(2,682)	21,486	801%
Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent	14,919	(3,115)	18,034	579%	18,804	(2,682)	21,486	801%

For the 2nd quarter ended 31 December 2020, the Group registered a 13% higher total revenue of RM195.8 million (compared to RM174.0 million achieved in the preceding year's corresponding quarter) mainly due to higher sales volume and higher average unit selling price for both the Cold Rolled and Steel Tube segments. At segment level, the average unit selling price for the current quarter for the Cold Rolled and the Steel Tube segment is up 4% and 3% respectively compared with the preceding year corresponding quarter. Sales volume for Cold Rolled is up 9% and the Steel Tube is up 11% respectively. The stronger sales volumes can be attributed to a combination of factors emanating from reduced imports/ dumping due to on-going Anti-Dumping investigations and/or enforced AD duties coupled with overall supply tightness from abroad; robust steel demand from certain sectors driven by the pandemic and ensuing stimulus spending (i.e. demand for durable/ white goods, healthcare & hospital furniture and fittings, infrastructural applications); and elevated 'stock-up buying' due to rising price trend.

The Group recorded a higher pre-tax profit of RM20.2 million for the current quarter as compared to a pre-tax loss of RM3.1 million in the preceding year's corresponding quarter mainly due to higher gross profit from both the Cold Rolled and Steel Tube segments as a result of better gross margin spreads. The better margin spreads can be attributed to a combination of factors emanating from stronger volumes; rising raw material hot rolled coil prices trend; and lessen price undercutting in the market due to general supply tightness. The Cold Rolled segment's gain also include the one-off approved insurance claim of RM2.5 million for its equipment breakdown incident which occurred in the last quarter (see Note A4). The Group's lower interest expense (down 57%) due to reduction in interest rates also adds to bottom-line. Consequently, the Group recorded a higher after-tax profit of RM14.9 million compared to the preceding year's corresponding quarter after-tax loss of RM3.1 million.

The Group recorded a higher quarterly EBITDA of RM27.3 million compared to the preceding year's corresponding quarter of RM2.4 million.

PART B - EXPLANATORY NOTES: (AS PER BURSA MALAYSIA LISTING REQUIREMENT – PART A OF APPENDIX 9B)
B2 Material changes in the quarterly results compared to the results of the immediate preceding quarter

	Current Quarter	Immediate	Changes	
	31/12/2020	Preceding Quarter	30/9/2020	
	RM'000	RM'000	RM'000	%
Revenue	195,831	156,004	39,827	26%
Operating Profit	20,947	6,387	14,560	228%
Profit Before Interest and Tax	20,947	6,387	14,560	228%
Profit Before Tax	20,220	5,359	14,861	277%
Profit After Tax	14,919	3,885	11,034	284%
Profit Attributable to Ordinary Equity Holders of the Parent	14,919	3,885	11,034	284%

The Group's revenue at RM195.8 million for the current 2nd financial quarter is around RM39.8 million higher than the immediate preceding quarter at RM156.0 million. The higher revenue for the current quarter is mainly due to higher sales volume and higher average unit selling price for both the Cold Rolled and Steel Tube segments; and also considering that the immediate preceding quarter had a lower sales volume attributed to the equipment breakdown incident mentioned in Note A4.

The Group registered a pre-tax profit of RM20.2 million compared with the immediate preceding quarter's pre-tax profit of RM5.4 million. The higher pre-tax profit for the current quarter is mainly due to better gross margin spreads from both the Cold Rolled and Steel Tube segments coupled with the mentioned insurance claim settlement. The better gross margin spreads for the current quarter compared with the immediate preceding quarter are due to similar attributes as highlighted in Note B1 above. Consequently, the Group's net-tax profit for the current financial quarter is significantly higher at RM14.9 million compared to the immediate preceding quarter net-tax profit of RM3.9 million.

The Group recorded a higher quarterly EBITDA of RM27.3 million compared to RM10.4 million recorded in the immediate preceding quarter.

B3 Prospects for the remaining financial year

After a full fiscal year GDP contraction of 5.6% in 2020, the Country got off to a rough start with surging infections and the reinstatement of Movement Control Order (MCO 2.0) from 14 January 2021. Although key sectors of the economy are permitted to operate, the prolonged restrictions risk permanently damaging certain service and 'brick & mortar' industries- considering that the reported timeline for mass vaccination reaching 80% of its population could extend into early 2022.

In spite of the challenging economic outlook ahead, the Group expects a continuing positive run on performance on the back the Government's progressive policies/ actions (i.e. import duty & AD duty structure, enforcement against unscrupulous importers, and buy Malaysian-made-first) which support the domestic steel industry. The Group expects sustained steel demand from manufacturing sectors in durable goods (e.g. vehicles, furniture & fittings) and household white goods (e.g. electronic and electrical appliances) for both the export and domestic markets; stimulus spending in infrastructural projects (e.g. LRT3, Bandar Malaysia, ECRL); and new factory construction projects (e.g. for glove and healthcare production facilities). Whilst gross margins spreads will likely ease upon the pull-back of the current bull-run on raw material hot rolled coil prices, the Group expects gross margins to stay healthy considering the wide-ranging anti-dumping (AD) duties that were put in place over the last twelve months – particularly with the recent AD imposition on cold rolled coils from Vietnam duly gazetted on 22 January 2021. In addition, the global rise in pandemic stimulus spending and consumption amidst worldwide supply chain tightness will likely limit steel exports and discourage price under-cutting in the region – which should augurs well for the Group's steel businesses.



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

B3 Prospects for the remaining financial year (continued)

Lastly, the Industry’s White Paper on ‘iron & steel’ (which the Group had participated in crafting) had been tabled and adopted by the Government with a broad range of its recommendations updated into the Nation’s ‘iron & steel policies’ that will also flow into the forthcoming New Industry Master Plan 2021-2030. The positive correlation between the progressive actions taken by the Government particularly the Ministry of International Trade and Industry (MITI) with the improved overall capacity utilization and performance of the steel industry is evident.

Nevertheless, the remaining financial period poses notable risks and challenges for the Group. Its steel manufacturing, which operates out of four separate factories, continues to face interruption risk from possible government decreed shutdown statewide or targeted (in the case of work-place COVID infection). On this, the Group’s operations observe strict and regimental compliance of COVID SOP (Standard Operating Procedures) including meeting standards on accommodation for workers where applicable. Besides that, the various existing AD duties imposed on cold rolled coils below 1300mm width from May 2016 onwards are set to expire on 23 May 2021. Whilst the success-probability of impending application for further extension of the AD for another five years term is high - considering the underlying merits against unfair trade practice; the state of the nation’s economy; and the widespread protectionistic practices worldwide - a small residue risk of non-extension remains.

In this regard, barring any lockdown on the economy and/or any delay to the nation’s vaccination program, the Group’s outlook for the remaining financial year is cautiously positive.

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

Profit before taxation is stated after charging/ (crediting):

	Current Year Quarter Ended 31 Dec 2020 RM’000	Preceding Year Corresponding Quarter Ended 31 Dec 2019 RM’000	Current Year To Date Ended 31 Dec 2020 RM’000	Preceding Year Corresponding Period Ended 31 Dec 2019 RM’000
Depreciation:				
- property, plant and equipment	3,618	3,534	7,220	7,061
- right-of-use assets	849	849	1,698	1,697
Finance income	(166)	(326)	(297)	(743)
Finance costs on:				
- borrowings	742	1,870	1,737	3,306
- lease liabilities	151	192	315	394
FX differences (gain)/loss	(5,698)	(3,358)	(9,051)	(1,600)
FX derivatives loss/(gain)	5,388	3,110	8,574	1,542



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

B6 Taxation

Taxation comprises :

	Current Year Quarter Ended 31 Dec 2020 RM'000	Preceding Year Corresponding Quarter Ended 31 Dec 2019 RM'000	Current Year To Date Ended 31 Dec 2020 RM'000	Preceding Year Corresponding Period Ended 31 Dec 2019 RM'000
Current tax (expense)/credit				
Current period	(2,477)	(357)	(3,667)	(762)
Deferred tax (expense)/income				
Current period	(2,824)	294	(3,108)	105
	(5,301)	(63)	(6,775)	(657)

B7 Profit on sale of unquoted investments and / or properties

The Group did not engage in any sales of unquoted investments and / or properties in the current financial quarter.

B8 Purchase or disposal of quoted securities

There were no purchases or disposals of quoted securities in the current financial quarter.

B9 Status of corporate proposals

There were no outstanding corporate proposals as at the date of this announcement.



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

B10 Group borrowings and debt securities

The Group’s borrowings from lending institutions as at 31 December 2020, which are denominated entirely in Ringgit Malaysia, are as follows:

	<u>RM'000</u>
<u>Short-term borrowings:</u>	
Secured	58,803
<u>Long-term borrowings:</u>	
Secured	29,174
Total borrowings	<u>87,977</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 2020	73,976
<u>Cash Flows:</u>	
Inflows from new debts	97,220
Outflows on repayment	(83,219)
Closing balance as at 31 December 2020	<u>87,977</u> =====

Based on the above, the Group’s bank-gearing ratio is around 0.21 times.

B11 Outstanding Derivatives

The Group has entered into forward foreign currency exchange contracts (FX forwards) to manage its foreign currency exchange exposure arising from purchases of raw materials denominated in US Dollar (“USD”) and certain sales denominated in Singapore Dollar (“SGD”). In this regard, the Group covers its USD exposure at the range of 80% to 90% depending on the length of the forward period and the availability of FX facilities.

The Group designates eligible hedge relations on FX forwards incepted to cover its USD and/or SGD exposure for the purpose of hedge accounting. These are designated as fair value hedges with the arising mark-to-market foreign currency fair value gain/ (loss) of both the hedging instruments (i.e. FX Forwards) and the hedged items (i.e. forward purchases of raw material and or accounts payables in USD or accounts receivables in SGD) being charged to the Statement of Profit or Loss.



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

B11 Outstanding Derivatives (continued)

Details on outstanding derivative FX forward contracts for both the non-designated and designated for hedge accounting as at 31 December 2020 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	300	917	1.4	0.9

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	47,060	195,175	-	5,230.8	Matching	47,060	n.a.	5,230.8	-

Besides the above unrealized positions, the Group has recorded a total realized net loss of around RM3.3 million from its FX Forward Contracts as hedging instruments with corresponding realized net gain of around RM3.6 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 RM2.0 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 RM85.6 million as at 31 December 2020.

B13 Material litigation

The Group is not engaged in any on-going material litigation, either as a plaintiff or defendant, claims or arbitration which have a material effect on the financial position of the Group; and the Board is not aware of any proceedings pending or threatened against the Group or of any other facts likely to give rise to any proceedings which may materially and/or adversely affect the financial position and business of the Group.

B14 Dividend

The Company did not declare any dividend for the financial period ended 31 December 2020.

B15 Earnings per share

- (i) Basic earnings per ordinary share

	Current Year Quarter Ended 31 Dec 2020	Preceding Year Corresponding Quarter Ended 31 Dec 2019	Current Year To Date Ended 31 Dec 2020	Preceding Year Corresponding Period Ended 31 Dec 2019
Profit/(loss) attributable to owners (RM'000)	14,919	(3,115)	18,804	(2,682)
Weighted average number of ordinary shares in issue ('000)	327,058	327,058	327,058	327,058
Basic earnings/(loss) per share (sen)	4.56	(0.95)	5.75	(0.82)



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

The market price of the listed Company closed at 67 sens- or 7 sens above the exercisable price (60 sens) of its 21,756,070 outstanding listed warrants - at the end of the current financial quarter. Assuming that these warrants are exercised, the diluted earnings per share of the Group are as follows:

	Current Year Quarter Ended 31 Dec 2020	Preceding Year Corresponding Quarter Ended 31 Dec 2019*	Current Year To Date Ended 31 Dec 2020	Preceding Year Corresponding Period Ended 31 Dec 2019*
Profit/(loss) attributable to owners (RM'000)	14,919	(3,115)	18,804	(2,682)
Total number of ordinary shares in issue ('000)	348,814	327,058	348,814	327,058
Diluted earnings per share (sen)	4.28	N/A	5.39	N/A

* No diluted loss per share is presented in the preceding year corresponding quarter/period as the issued and listed warrants were in an anti-dilutive position.

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
24 February 2021