

**Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income for the first financial quarter ended 30 September 2021**

(The figures have not been audited)

| | <u>Individual Quarter</u> | | <u>Cumulative Quarters</u> | |
|--|---------------------------|----------------|----------------------------|----------------|
| | <u>(3 months)</u> | | <u>(3 months)</u> | |
| | Current year | Preceding year | Current year | Preceding year |
| | Quarter | Corresponding | To date | Corresponding |
| | 30-Sep-21 | 30-Sep-20 | 30-Sep-21 | 30-Sep-20 |
| | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 146,880 | 156,004 | 146,880 | 156,004 |
| Cost of sales | (124,309) | (143,579) | (124,309) | (143,579) |
| Gross profit | 22,571 | 12,425 | 22,571 | 12,425 |
| Operating expenses | (6,293) | (6,566) | (6,293) | (6,566) |
| Other operating (expense)/income, net | (4,873) | 361 | (4,873) | 361 |
| Net foreign exchange (loss)/gain | (65) | 167 | (65) | 167 |
| Profit from operations | 11,340 | 6,387 | 11,340 | 6,387 |
| Finance income | 230 | 131 | 230 | 131 |
| Finance costs | (1,270) | (1,159) | (1,270) | (1,159) |
| Profit before tax | 10,300 | 5,359 | 10,300 | 5,359 |
| Tax | (2,405) | (1,474) | (2,405) | (1,474) |
| Profit for the period | 7,895 | 3,885 | 7,895 | 3,885 |
| Other comprehensive income | | | | |
| - Revaluation surplus on property, plant and equipment, net of tax | - | - | - | - |
| Total profit and other comprehensive income for the period | 7,895 | 3,885 | 7,895 | 3,885 |
| Earnings per share attributable to owners of the Company (sen): | | | | |
| - Basic | 2.41 | 1.19 | 2.41 | 1.19 |
| - Diluted | 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 Annual Financial Report for the financial year ended 30 June 2021).

**Condensed Consolidated Statements of Financial Position as at 30 September 2021**

(The figures have not been audited)

| | As at 30-Sep-21 RM'000 | As at 30-Jun-21 RM'000 |
|---|------------------------------|------------------------------|
| ASSETS | | |
| Non-Current Assets | | |
| Property, plant and equipment | 314,076 | 314,899 |
| Right-of-use assets | 40,777 | 41,679 |
| Intangible assets | 20,000 | 20,000 |
| | <u>374,853</u> | <u>376,578</u> |
| Current Assets | | |
| Inventories | 300,521 | 225,500 |
| Trade and other receivables | 94,929 | 41,937 |
| Amount owing by related companies | - | 1 |
| Tax recoverable | 24 | 23 |
| Derivative financial assets | 263 | 2,020 |
| Cash and bank balances | 79,262 | 90,931 |
| | <u>474,999</u> | <u>360,412</u> |
| Less: Current Liabilities | | |
| Trade and other payables | 119,036 | 120,081 |
| Contract liabilities | 36,783 | 22,991 |
| Amount owing to holding company | 167 | 381 |
| Amount owing to related companies | 358 | - |
| Tax payable | 2,059 | 2,617 |
| Borrowings | 153,266 | 59,956 |
| Lease liabilities | 2,985 | 2,952 |
| Derivative financial liabilities | 69 | 3 |
| | <u>314,723</u> | <u>208,981</u> |
| Net Current Assets | <u>160,276</u> | <u>151,431</u> |
| Non-Current Liabilities | | |
| Deferred tax liabilities | 31,997 | 31,042 |
| Deferred income | 5,998 | 6,036 |
| Borrowings | 26,532 | 27,465 |
| Lease liabilities | 15,043 | 15,802 |
| | <u>79,570</u> | <u>80,345</u> |
| | <u>455,559</u> | <u>447,664</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 | 38,702 | 38,702 |
| Retained earnings | 197,440 | 189,545 |
| Total Equity | <u>455,559</u> | <u>447,664</u> |
| Net assets per share attributable to owners of the Company | <u>RM1.39</u> | <u>RM1.37</u> |

(The Condensed Consolidated Statements of Financial Position should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).

**Condensed Consolidated Statements of Cash Flows for the first financial quarter ended 30 September 2021**

(The figures have not been audited)

| | (3 months) 30-Sep-21 RM'000 | (3 months) 30-Sep-20 RM'000 |
|--|-----------------------------------|-----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 10,300 | 5,359 |
| Adjustments for : | | |
| - Depreciation | 4,248 | 4,452 |
| - Gain on rent concession | (23) | - |
| - Impairment on property, plant and equipment | - | 300 |
| - Amortisation of deferred income | (38) | - |
| - Net unrealised (gain)/loss on foreign exchange | (140) | (277) |
| - Interest income | (230) | (131) |
| - Interest expense | 1,270 | 1,159 |
| Operating profit before changes in working capital | 15,387 | 10,862 |
| Changes in working capital : | | |
| - Inventories | (75,020) | 59,336 |
| - Trade and other receivables | (51,235) | (2,983) |
| - Trade and other payables | (759) | (60,857) |
| - Contract liabilities | 13,793 | - |
| - Intercompanies balances | 64 | (572) |
| - Tax paid | (2,009) | (309) |
| Net cash flows (used in)/generated from operating activities | (99,779) | 5,477 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| - Purchase of property, plant and equipment | (2,523) | (2,650) |
| - Interest received | 230 | 131 |
| Net cash flows used in investing activities | (2,293) | (2,519) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| - Proceeds from bank borrowings | 120,870 | 49,690 |
| - Repayment of bank borrowings | (28,494) | (43,533) |
| - Payment of lease liabilities | (703) | (698) |
| - Interest paid | (1,270) | (1,159) |
| Net cash flows generated from financing activities | 90,403 | 4,300 |
| Net change in cash and cash equivalents | (11,669) | 7,258 |
| Cash and cash equivalents at beginning of the financial year | 90,931 | 34,555 |
| Cash and cash equivalents at end of the financial year | 79,262 | 41,813 |

(The Condensed Consolidated Statements of Cash Flows should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).

**Quarterly report on consolidated results for the first financial quarter ended 30 September 2021****Condensed Consolidated Statements of Changes in Equity for the first financial quarter ended 30 September 2021**

(The figures have not been audited)

| | ----- Attributable to owners of the Company ----- | | | | |
|--|---|--------------|---------------|----------------|----------------|
| | ----- Non-distributable ----- | | | | |
| | Asset | | | | |
| | Share | Warrant | Revaluation | Retained | |
| | Capital | Reserves | Reserve | Earnings | Total |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| <u>3 months ended 30 September 2021</u> | | | | | |
| At 1 July 2021 | 217,677 | 1,740 | 38,702 | 189,545 | 447,664 |
| Comprehensive income for the financial period | | | | | |
| - Profit for the financial period | - | - | - | 7,895 | 7,895 |
| Other comprehensive income for the financial period | | | | | |
| - Revaluation surplus on property, plant and equipment, net of tax | - | - | - | - | - |
| Total comprehensive income for the financial period | - | - | - | 7,895 | 7,895 |
| As at 30 September 2021 | <u>217,677</u> | <u>1,740</u> | <u>38,702</u> | <u>197,440</u> | <u>455,559</u> |
| <u>3 months ended 30 September 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 | - | - | - | 3,885 | 3,885 |
| Other comprehensive income for the financial period | | | | | |
| - Revaluation surplus on property, plant and equipment, net of tax | - | - | - | - | - |
| Total comprehensive income for the financial period | - | - | - | 3,885 | 3,885 |
| As at 30 September 2020 | <u>217,677</u> | <u>1,740</u> | <u>30,711</u> | <u>139,612</u> | <u>389,740</u> |

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the financial year ended 30 June 2021).



Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A1 Basis of Preparation & Significant Accounting Policies

This Quarterly Report is unaudited and has been prepared in accordance with the Malaysian Financial Reporting Standard (“MFRS”) 134 - Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 and Appendix 9B of the Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Listing Requirements. In addition, the financial statements comply with IFRS as issued by IASB. The report should be read in conjunction with the Group’s audited financial statements for the financial year ended 30 June 2021 which was prepared in accordance with the MFRS.

The explanatory notes attached to the unaudited interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the preceding financial year ended 30 June 2021.

The significant accounting policies and methods adopted for this unaudited interim financial report are consistent with those adopted for the audited financial statements for the financial year ended 30 June 2021, except for the following new amendments to the MFRS (“standards”) effective for financial year beginning after 1 July 2021 which the Group has adopted since the commencement of the current financial year on 1 July 2021:

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16 ‘Interest Rate Benchmark (IBOR) Reform – Phase 2’ which provide relevant practical expediciencies and reliefs as a direct consequence of IBOR reform; such as, the launch of the ‘Malaysia Overnight Rate’ in September 2021 and the discontinuation of the 2 and 12-months Kuala Lumpur Interbank Offered Rate (KLIBOR) from January 2023.

The Group does not have any financial instruments linked to IBOR reform. The adoption of the above did not have any impact on the Group’s financial statements.

The Group has not adopted the following new standards, amendments to standards and interpretations that have been issued but not yet effective for the current financial year.

Effective for financial year beginning after 1 July 2022.

- Amendments to MFRS 3 “Reference to the Conceptual Framework”
- Amendments to MFRS 116 “Proceeds before Intended Use”
- Annual Improvements to MFRS 9 “Fees in the ‘10 per cent’ test for Derecognition of Financial Liabilities”

Effective for financial year beginning after 1 July 2023.

- Amendments to MFRS 101 “Classification of liabilities as current or non-current”
- Amendments to MFRS 101 and MFRS Practice Statement 2 on “Disclosure of Accounting Policies”
- Amendments to MFRS 108 on “Definition of Accounting Estimates”

These amendments to published standards will be adopted on the respective effective dates.

A2 Declaration of audit qualification

The audit report of the Group and the Company in respect of the annual financial statements for the financial year ended 30 June 2021 was not 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**

In compliance with the Government's multi-states lockdown under its Full Movement Control Order (FMCO)/ National Recovery Plan (NRP) Phase 1 to contain the COVID-19 resurgence, the Group's operations remained shut from 1 July 2021 until 16 August 2021. This had significantly affected the Group's net income and cashflows. The Group recorded a pre-tax loss of around RM 5.1 million over the six weeks of business shutdown, with unabsorbed overheads on displaced manufacturing capacity totalling RM5.9 million taken up in the Statement of Profit or Loss. See Notes B1 & B2 on quarterly impact.

Connected with the shutdown order, the Group applied and received wage subsidy under the Government's 'Prihatin Subsidi Upah 4.0 Program' totalling RM0.5 million over the current financial quarter.

The Group also recognized RM0.4 million gain in the current financial quarter on receiving the final insurance claim in-relation to a 'machinery breakdown incident' in 2020, the preceding financial year.

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.

| | 30 Sep 2021 | 30 Jun 2021 |
|--|-------------|-------------|
| Total interest bearing debts in RM'million | 179.8 | 87.4 |
| Adjusted Shareholders' funds in RM'million | 467.6 | 458.7 |
| Absolute Gearing Ratio | 0.38 | 0.19 |

On the total interest-bearing debts as at 30 September 2021, around RM163.2 million is represented by the respective debenture at its steel-tube and cold-rolled subsidiaries. (See Note B10). Debts of RM16.6 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 30 September 2021. Despite the business shutdown (see Note A4), the Group was able to meet all its financial obligations when due over the current financial quarter without any rescheduling.

A7 Dividend paid

During the current financial quarter, no dividend was paid by the Company.



Part A - EXPLANATORY NOTES PURSUANT TO MFRS 134

A8 Segmental reporting

The Group's year-to-date segmental information by nature-of-business is as follows:

| | <u>Cold Rolled</u> RM'000 | <u>Steel Tube</u> RM'000 | <u>Others</u> RM'000 | <u>Total</u> RM'000 |
|-------------------|------------------------------|-----------------------------|-------------------------|------------------------|
| <u>Revenue</u> | | | | |
| Total revenue | 105,190 | 51,627 | 1,085 | 157,902 |
| Inter segment | (9,937) | - | (1,085) | (11,022) |
| External revenue | <u>95,253</u> | <u>51,627</u> | <u>-</u> | <u>146,880</u> |
| | | | | |
| Pre-tax profit | <u>4,854</u> | <u>5,367</u> | <u>79</u> | <u>10,300</u> |
| | | | | |
| Segment assets | <u>539,289</u> | <u>308,920</u> | <u>1,356</u> | <u>849,565</u> |
| | RM'000 | | | |
| Segment assets | 849,565 | | | |
| Derivative assets | 263 | | | |
| Tax recoverable | 24 | | | |
| | <u>849,852</u> | | | |

The businesses of the Group are carried out entirely in Malaysia.

A9 Valuation of Property, Plant and Equipment (PPE)

The valuation on PPE has been brought forward from the audited financial statements for the preceding financial year ended 30 June 2021 and adjusted for the current financial year's depreciation 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 30 September 2021:

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 | 0.9 | 0 |
| as Assets (hedge accounted) | 0 | 262.1 | 0 |
| as Liabilities (not hedge accounted) | 0 | 0 | 0 |
| as Liabilities (hedge accounted) | 0 | (68.7) | 0 |
| Total | 0 | 194.3 | 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

Other than the business and operation stoppage as disclosed in Note A4 due to the continuation of the FMCO lockdown from 1 July 2021 to 16 August 2021, there were no further significant events and transactions for the current quarter affecting the Group's financial position and performance of its entities.

A12 Subsequent material events

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

A13 Changes in the composition of the Group

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

A14 Contingent liabilities or contingent assets

There were no contingent liabilities or contingent assets as at the end of the current financial quarter.

A15 Changes in Financial Year End Date

There were no changes to the financial year end date during the current financial quarter.

A16 Capital Commitments

At the end of the current reporting quarter, the Group's Cold Rolled subsidiary has an outstanding capital commitment balance of around RM6.5 million, mostly being the tail-end retention sum or final progress payment for the completed Acid Regeneration Plant (ARP) and the revamped Continuous Pickling Line (CPL). New capital commitment of the said sum stands at RM0.6 million for a Gamma-Ray strip thickness measuring system.

The Group's Steel Tube subsidiary has an outstanding capital commitment balance of around RM0.9 million for plant-equipment. These capital commitments will be payable over established milestones in the next financial year.



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

B1 Review of the performance of the Company and its principal subsidiaries

| | Individual Period (1st quarter) | | Changes | | Cumulative Period | | Changes | |
|---|--------------------------------------|---|---------|------|--------------------------------------|--|---------|------|
| | Current Year Quarter 30/9/2021 | Preceding Year Corresponding Quarter 30/9/2020 | | | Current Year To-date 30/9/2021 | Preceding Year Corresponding Period 30/9/2020 | | |
| | RM'000 | RM'000 | RM'000 | % | RM'000 | RM'000 | RM'000 | % |
| Revenue | 146,880 | 156,004 | (9,124) | -6% | 146,880 | 156,004 | (9,124) | -6% |
| Operating Profit/(Loss) | 11,340 | 6,387 | 4,953 | 78% | 11,340 | 6,387 | 4,953 | 78% |
| Profit/(Loss) Before Interest and Tax | 11,340 | 6,387 | 4,953 | 78% | 11,340 | 6,387 | 4,953 | 78% |
| Profit/(Loss) Before Tax | 10,300 | 5,359 | 4,941 | 92% | 10,300 | 5,359 | 4,941 | 92% |
| Profit/(Loss) After Tax | 7,895 | 3,885 | 4,010 | 103% | 7,895 | 3,885 | 4,010 | 103% |
| Profit/(Loss) Attributable to Ordinary Equity Holders of the Parent | 7,895 | 3,885 | 4,010 | 103% | 7,895 | 3,885 | 4,010 | 103% |

For the 1st quarter ended 30 September 2021, the Group registered a 6% drop in total revenue at RM146.9 million (from RM156.0 million in the preceding year's corresponding quarter) mainly due to 42% drop in sales volume from six weeks of FMCO lockdown mitigated by higher average unit selling price. The comparative quarter's sales volume was already lower than usual due to a 'machinery-breakdown' incident. The average unit selling price in the current quarter for both the Cold Rolled and the Steel Tube segments was up 71% and 56% respectively compared with the preceding year corresponding quarter- in tandem with higher raw material hot rolled coil prices.

Despite the six weeks of shutdown incurring RM 5.1 million in pre-tax losses, the Group managed to ramp-up production and sales in the balance six weeks to record a higher pre-tax profit of RM10.3 million for the current financial quarter compared to RM5.4 million in the preceding year's corresponding quarter. The strong rebound is attributed to higher gross profit from better margin spreads in both segments boosted by pre-shutdown orders fulfilment where uptrend was still prevalent. Consequently, the Group recorded a higher after-tax profit of RM7.9 million compared to the preceding year's corresponding quarter after-tax profit of RM3.9 million.

The Group recorded a higher quarterly EBITDA of RM14.8 million compared to the preceding year's corresponding quarter of RM10.4 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 | |
|--|-----------------|-------------------|-----------|------|
| | 30/9/2021 | Preceding Quarter | 30/6/2021 | |
| | RM '000 | RM '000 | RM '000 | % |
| Revenue | 146,880 | 154,302 | (7,422) | -5% |
| Operating Profit | 11,340 | 17,968 | (6,628) | -37% |
| Profit Before Interest and Tax | 11,340 | 18,026 | (6,686) | -37% |
| Profit Before Tax | 10,300 | 17,625 | (7,325) | -42% |
| Profit After Tax | 7,895 | 13,513 | (5,618) | -42% |
| Profit Attributable to Ordinary Equity Holders of the Parent | 7,895 | 13,513 | (5,618) | -42% |

The Group's revenue at RM146.9 million for the current 1st financial quarter is around 5% lower than the immediate-preceding quarter at RM154.3 million. The lower revenue for the current financial quarter is attributed to the longer FMCO shutdown period of six weeks compared to only four weeks in the immediate-preceding quarter, which had resulted in 17% lower sales volume and 17.7% lower gross margin.

The longer shutdown period also resulted in higher charge-out of unabsorbed overheads at RM5.9 million (compared to RM3.7 million in the comparative period). As a result, the Group registered a lower pre-tax profit of RM10.3 million for the current financial quarter (compared with the immediate-preceding quarter's pre-tax profit of RM17.6 million).

Correspondingly, the Group's net-tax profit for the current financial quarter is lower at RM7.9 million compared to the immediate-preceding quarter net-tax profit of RM13.5 million.

The Group recorded a lower quarterly EBITDA of RM14.8 million compared to RM21.7 million in the immediate-preceding quarter.

B3 Prospects for the remaining financial year

The accelerated completed-vaccination rate beyond 90% for the adult population and the gradual easing of pandemic curbs under the NRP transition should improve prospects in the domestic front for the remaining financial year as the nation emerges from the prolonged economic trough. To boost recovery, the Government lifted the nation's debt ceiling to 65% of GDP to facilitate an expansionary fiscal budget which should support growth into 2022. On top of that, the renewal of anti-dumping duties against CRC alloy and non-alloy in October 2021 for another five years adds to the optimism.

Nevertheless, the steel market has turned cautious with recent volatility in regional steel prices and rising production costs, and disruptions from climate-goals pursuits. Whilst China's climate-goals driven steel production cuts and export-rebate elimination in the preceding periods had favorable impact, its recent efforts to tame inflationary pressure and other-deemed-excessiveness (i.e. in iron-ore & coal prices, and in credit & property) have negative rippling effect on regional steel prices. Consequently, this may weigh-on the Group's prospects for the remaining period. Another concern is the creeping inflationary pressure spurred by global supply-chain tightness and the persistently weak Ringgit– which may soften domestic economic recovery and/or lead to interest-rates hike (i.e. higher borrowing cost) in tandem with major economies entering into the 'tapering phase'.

On the assumption of a pandemic-recovery trajectory and the reopening of borders by early 2022, the prospects outlook for the Group in the remaining financial year should be moderately better, but possibly bumpy.



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

B4 Variance of actual profit from forecast profit

This is not applicable to the Group.

B5 Profit before taxation

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

| | Current Year Quarter Ended 30 Sep 2021 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2020 RM'000 | Current Year To Date Ended 30 Sep 2021 RM'000 | Preceding Year Corresponding Period Ended 30 Sep 2020 RM'000 |
|---------------------------------|---|--|---|---|
| Depreciation: | | | | |
| - property, plant and equipment | 3,447 | 3,602 | 3,447 | 3,602 |
| - right-of-use assets | 801 | 849 | 801 | 849 |
| Finance income | (230) | (131) | (230) | (131) |
| Finance costs on: | | | | |
| - borrowings | 1,066 | 995 | 1,066 | 995 |
| - lease liabilities | 204 | 164 | 204 | 164 |
| FX differences (gain)/loss | 430 | (3,353) | 430 | (3,353) |
| FX derivatives loss/(gain) | (365) | 3,186 | (365) | 3,186 |



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

B6 Taxation

Taxation comprises :

| | Current Year Quarter Ended 30 Sep 2021 RM'000 | Preceding Year Corresponding Quarter Ended 30 Sep 2020 RM'000 | Current Year To Date Ended 30 Sep 2021 RM'000 | Preceding Year Corresponding Period Ended 30 Sep 2020 RM'000 |
|-------------------------------|---|--|---|---|
| Current tax (expense)/credit | | | | |
| Current period | (1,450) | (1,190) | (1,450) | (1,190) |
| Deferred tax (expense)/income | | | | |
| Current period | (955) | (284) | (955) | (284) |
| | (2,405) | (1,474) | (2,405) | (1,474) |

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 30 September 2021, which are denominated entirely in Ringgit Malaysia, are as follows:

| | |
|-------------------------------|-------------------------|
| | <u>RM’000</u> |
| <u>Short-term borrowings:</u> | |
| Secured | 153,266 |
| <u>Long-term borrowings:</u> | |
| Secured | 26,532 |
| Total borrowings | <u>179,798</u> ===== |

Cash-flow movement in-relation to ‘changes in liabilities arising from financing activities’ on a year-to-date basis is outlined below:

| | |
|---|-------------------------|
| | <u>RM’000</u> |
| Total Borrowings’ opening balance as at 1 July 2021 | 87,421 |
| <u>Cash Flows:</u> | |
| Inflows from new debts | 120,870 |
| Outflows on repayment | (28,493) |
| Closing balance as at 30 September 2021 | <u>179,798</u> ===== |

Based on the above, the Group’s bank-gearing ratio is around 0.38 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 30 September 2021 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 | 30 | 93 | 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 | 33,245 | 139,612 | 262.1 | 68.7 | Matching | 33,245 | n.a. | 68.7 | 262.1 |

Besides the above unrealized positions, the Group has recorded a total realized net gain of around RM0.1 million from its FX Forward Contracts as hedging instruments with corresponding realized net loss of around RM0.3 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 RM9.9 million as security for inbound supply of goods and services; and corporate guarantees issued to lenders for borrowings extended to its principal subsidiaries amounting to RM179.0 million as at 30 September 2021.

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 30 September 2021.

B15 Earnings per share

- (i) Basic earnings per ordinary share

| | Current Year Quarter Ended 30 Sep 2021 | Preceding Year Corresponding Quarter Ended 30 Sep 2020 | Current Year To Date Ended 30 Sep 2021 | Preceding Year Corresponding Period Ended 30 Sep 2020 |
|---|---|--|---|---|
| Profit attributable to owners (RM'000) | 7,895 | 3,885 | 7,895 | 3,885 |
| Weighted average number of ordinary shares in issue ('000) | 327,058 | 327,058 | 327,058 | 327,058 |
| Basic earnings per share (sen) | 2.41 | 1.19 | 2.41 | 1.19 |



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

No diluted earnings per share is presented since the issued and listed warrants are in an anti-dilutive position given that its exercisable price (at 60 sens) is above the listed market price of the mother share at the close of the current financial quarter.

These interim financial statements have been authorized for issue by the Board of Directors on the date set-forth below.

By order of the Board
LILY YIN KAM MAY (MAICSA 0878038)

Secretary
Kuala Lumpur
24 November 2021