

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

|  | INDIVIDUAL PERIOD    |                                      | CUMULATIVE PERIOD    |   |
|--|----------------------|--------------------------------------|----------------------|---|
|  | CURRENT YEAR QUARTER | PRECEDING YEAR CORRESPONDING QUARTER | CURRENT YEAR TO DATE | PRECEDING YEAR CORRESPONDING PERIOD TO DATE |
|  | 31/12/21             | 31/12/20                             | 31/12/21             | 31/12/20                                    |
|  | RM'000               | RM'000                               | RM'000               | RM'000                                      |
| Revenue  | 463,869              | 372,755                              | 1,579,691            | 1,383,513                                   |
| Cost of sales  | (426,195)            | (347,457)                            | (1,460,530)          | (1,343,070)                                 |
| Gross Profit   | 37,674               | 25,297                               | 119,161              | 40,443                                      |
| Operating expenses   | (24,805)             | (12,293)                             | (57,484)             | (38,597)                                    |
| Other expenses   | (2,493)              | -                                    | (7,223)              | (10,055)                                    |
| Other income   | -                    | 2,055                                | 1,360                | 13,645                                      |
| Interest income  | 221                  | 509                                  | 385                  | 813   |
| Finance cost   | (3,832)              | (3,219)                              | (17,964)             | (21,991)                                    |
| Share of (loss)/ profit in associated company                | 211                  | (281)                                | 153                  | (242)                                       |
| Profit/ (Loss) before tax                                    | 6,976                | 12,069                               | 38,388               | (15,984)                                    |
| Tax (expenses)/ credit                                       | 5,061                | (3,857)                              | (5,885)              | 1,258                                       |
| Profit/ (Loss) for the year                                  | 12,037               | 8,212                                | 32,503               | (14,726)                                    |
| Other Comprehensive Income<br>-Revaluation of land           | -                    | -                                    | -                    | -   |
| Total Comprehensive Profit/ (Loss)                           | 12,037               | 8,212                                | 32,503               | (14,726)                                    |
| Profit/ (Loss) and Total Comprehensive Loss attributable to: |                      |                                      |                      |   |
| Equity holders of the Company                                | 12,037               | 8,212                                | 32,503               | (14,726)                                    |
| Profit/ (Loss) for the year                                  | 12,037               | 8,212                                | 32,503               | (14,726)                                    |
| Earnings/ (Loss) per share (sen)                             |                      |                                      |                      |   |
| - Basic  | 1.77                 | 1.83                                 | 4.79                 | (3.27)                                      |
| - Diluted  | 1.43                 | N/A                                  | 3.87                 | N/A   |

The Unaudited Condensed Statement of Comprehensive Income should be read in conjunction with the Annual Financial Statement for the year ended 31st December 2020 and accompanying explanatory notes attached to the interim financial statements.

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

|  | 31/12/21<br>RM'000 | 31/12/20<br>RM'000 |
|--|--------------------|--------------------|
| <b>ASSETS</b>                                |                    |                    |
| <u>Non-Current Assets</u>                    |                    |                    |
| Property, Plant & Equipment                  | 781,220            | 774,436            |
| Investment in Associate company              | 6,439              | 6,286              |
| Deferred tax assets                          | 2,693              | 5,452              |
|  | 790,352            | 786,174            |
| <u>Current Assets</u>                        |                    |                    |
| Inventories                                  | 652,559            | 567,688            |
| Trade and other receivables                  | 216,437            | 211,797            |
| Taxation recoverables                        | -                  | 2,816              |
| Short term deposit                           | 52,713             | 23,800             |
| Cash and bank balances                       | 4,242              | 14,343             |
|  | 925,951            | 820,444            |
| <b>TOTAL ASSETS</b>                          | 1,716,303          | 1,606,618          |
| <b>EQUITY AND LIABILITIES</b>                |                    |                    |
| <u>Equity attributable to equity holders</u> |                    |                    |
| Share capital                                | 329,648            | 239,942            |
| Revaluation reserves                         | 76,649             | 76,649             |
| Treasury shares                              | (99)               | (1,490)            |
| Warrants reserves                            | 32,824             | -                  |
| Retained profits                             | 405,350            | 405,671            |
| Total Equity                                 | 844,372            | 720,772            |
| <u>Non-Current Liabilities</u>               |                    |                    |
| Lease Liabilities                            | 5,623              | 8,659              |
| Long term borrowings                         | 67,000             | 90,000             |
| Deferred tax liabilities                     | 121                | 87                 |
|  | 72,744             | 98,746             |
| <u>Current Liabilities</u>                   |                    |                    |
| Trade and other payables                     | 439,485            | 399,614            |
| Trade deposits                               | 42,497             | 59,925             |
| Tax Payable                                  | (262)              | 147                |
| Lease Liabilities                            | 3,648              | 3,427              |
| Short term borrowings                        | 313,819            | 323,987            |
|  | 799,187            | 787,100            |
| Total liabilities                            | 871,931            | 885,846            |
| <b>TOTAL EQUITY AND LIABILITIES</b>          | 1,716,303          | 1,606,618          |
| Net Assets per share (RM)                    | 1.24               | 1.59               |

The Unaudited Condensed Statement of Financial Position should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020 and accompanying explanatory notes attached to the interim financial statements.

THE UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

|   | Attributable to equity holders of the Company |  |                                   |                                |                               |                              | Total<br>RM'000 |
|---|---|--|-----------------------------------|--------------------------------|-------------------------------|------------------------------|-----------------|
|   | Non-distributable                             |  |                                   | Distributable                  |                               |                              |                 |
|   | Share<br>Capital<br>RM'000                    | Subscription<br>Money received<br>RM'000 | Revaluation<br>Reserves<br>RM'000 | Warrants<br>Reserves<br>RM'000 | Retained<br>Profits<br>RM'000 | Treasury<br>Shares<br>RM'000 |                 |
| <i>12 months ended 31st December 2021</i> |   |  |                                   |                                |                               |                              |                 |
| At 1st January 2021                       | 239,942                                       | -  | 76,649                            | -                              | 405,671                       | (1,490)                      | 720,772         |
| New shares issued                         | 89,416  | -  | -                                 | -                              | -                             | -                            | 89,416          |
| Warrants                                  | -   | -  | -                                 | 32,824                         | (32,824)                      | -                            | -               |
| Share resale                              | 290   | -  | -                                 | -                              | -                             | 1,490                        | 1,780           |
| Share buy back                            | -   | -  | -                                 | -                              | -                             | (99)                         | (99)            |
| Total comprehensive income                | -   | -  | -                                 | -                              | 32,503                        | -                            | 32,503          |
| At 31st December 2021                     | <u>329,648</u>                                | <u>-</u>                                 | <u>76,649</u>                     | <u>32,824</u>                  | <u>405,350</u>                | <u>(99)</u>                  | <u>844,372</u>  |
| <i>12 months ended 31st December 2020</i> |   |  |                                   |                                |                               |                              |                 |
| At 1st January 2020                       | 233,310                                       | 950                                      | 76,649                            | -                              | 420,397                       | (1,324)                      | 729,982         |
| New shares issued                         | 6,632   | (950)                                    | -                                 | -                              | -                             | -                            | 5,682           |
| Share buy back                            | -   | -  | -                                 | -                              | -                             | (166)                        | (166)           |
| Total comprehensive loss                  | -   | -  | -                                 | -                              | (14,726)                      | -                            | (14,726)        |
| At 31st December 2020                     | <u>239,942</u>                                | <u>-</u>                                 | <u>76,649</u>                     | <u>-</u>                       | <u>405,671</u>                | <u>(1,490)</u>               | <u>720,772</u>  |

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

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

|   | <b>Current year<br/>01/01/21<br/>to 31/12/21<br/>RM'000</b> | <b>Preceding Year<br/>01/01/20<br/>to 31/12/20<br/>RM'000</b> |
|---|---|---|
| <b>Cash Flow From Operating Activities:-</b>                        |   |   |
| Profit/(Loss) before tax  | 38,388  | (15,984)  |
| Adjustment for:   |   |   |
| Depreciation of property, plant and equipment                       | 32,060  | 32,765  |
| Interest expenses   | 17,964  | 21,991  |
| Impairment/(reversal) of inventories                                | 1,427   | (7,798)   |
| Gain on disposal of property, plant and equipment                   | (173)   | (147)   |
| Share of loss/(gain) of associate                                   | (153)   | 242   |
| Others  | 5,478   | (4,403)   |
| Operating profit before changes in working capital                  | 94,991  | 26,666  |
| Changes in working capital  |   |   |
| Net change in inventories   | (86,298)  | (26,511)  |
| Net change in receivables   | (4,640)   | (43,197)  |
| Net change in payables  | 16,580  | 153,460   |
| Cash generated from operations                                      | 20,633  | 110,418   |
| Interest paid   | (17,157)  | (20,925)  |
| Income tax paid   | (685)   | (360)   |
| Income tax refund   | -   | 2,555   |
| Net cash inflow from operating activities                           | 2,791   | 91,688  |
| Investing activities  |   |   |
| Purchase of property, plant and equipment                           | (38,337)  | (66,443)  |
| Interest received   | 385   | 813   |
| Proceed from disposal   | 173   | 167   |
| Net cash outflow from investing activities                          | (37,779)  | (65,463)  |
| Financing activities  |   |   |
| Bank borrowings   | (36,490)  | (50,837)  |
| Issue of private placement  | -   | 5,682   |
| Share resales/ (buy-back)   | 1,681   | (166)   |
| Right issue shares  | 89,416  | -   |
| Finance lease interest paid   | (807)   | (1,066)   |
| Net cash inflow/(outflow) from financing activities                 | 53,800  | (46,387)  |
| Net increase/(decrease) in cash and cash equivalents                | 18,812  | (20,162)  |
| Cash and cash equivalents at beginning of the year                  | 38,143  | 58,305  |
| Cash and cash equivalents at end of the financial year              | 56,955  | 38,143  |
| 1 Cash and cash equivalents at end of the financial year comprise : |   |   |
| Short term deposit  | 52,713  | 23,800  |
| Cash and bank balances  | 4,242   | 14,343  |
|   | 56,955  | 38,143  |

The Unaudited Condensed Statement of Cash Flow should be read in conjunction with the Annual Financial Statements for the year ended 31st December 2020 and accompanying explanatory notes attached to the interim financial statements.

**MALAYSIA STEEL WORKS (KL) BHD**  
**Company No. 197101000213 (7878-V)**

**EXPLANATORY NOTES PURSUANT TO THE MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134: INTERIM FINANCIAL REPORTING FOR THE QUARTER ENDED 31<sup>ST</sup> DECEMBER 2021**

**A1. Basis of Preparation**

The interim financial statements are unaudited and have been prepared in accordance MFRS 134: Interim Financial Reporting issued by Malaysian Accounting Standards Board (“MASB”), International Accounting Standard (“IAS”) 34: Interim Financial Reporting issued by International Accounting Standard Board (“IASB”), the requirement of the Companies Act 2016 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”).

The interim financial statements should be read in conjunction with the audited financial statement for the year ended 31<sup>st</sup> December 2020, which were prepared under Malaysian Financial Reporting Standards (“MFRSs”). These explanatory notes attached to the 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 year ended 31<sup>st</sup> December 2020.

**A2. Accounting Policies and Methods of Computation**

The accounting policies adopted in the preparation of the Condensed Report are consistent with those used in the preparation of the Group’s audited financial statements for the year ended 31<sup>st</sup> December 2020, except for the following:

- Amendments to MFRS 16 Leases - Covid-19 - Related Rent Concessions
- Amendments to MFRS 9 Financial instruments
- Amendments to MFRS 139 Financial Instruments: Recognition and measurement
- Amendments to MFRS 7 Financial Instruments: Disclosures
- Amendments to MFRS 4 Insurance Contracts
- Amendments to MFRS 16 Leases - Interest Rate Benchmark Reform – Phase 2

***Standards and Amendments to MFRSs issued but not yet effective***

**Effective for financial periods beginning on or after 1<sup>st</sup> April 2021**

- Amendments to MFRS 16 Leases - Covid-19 - Related Rent Concessions beyond 30 June 2021

**Effective for financial periods beginning on or after 1<sup>st</sup> January 2022**

- Amendments to MFRS 3 Business Combinations – Reference to the Conceptual Framework
- Amendments to MFRS 116 Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to MFRS 137 Provision, Contingent Liabilities and Contingent Assets
  - Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to MFRS Standards 2018-2020 :
  - Amendment to MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards
  - Amendment to MFRS 9 Financial Instruments
  - Amendment to MFRS 141 Agriculture

**Effective for financial periods beginning on or after 1 January 2023**

MFRS 17 Insurance Contracts (MFRS 17) and Amendments to MFRS 17  
Amendments to MFRS 101 Presentation of Financial Statements – Classification of Liabilities as  
Current or Non-current and Disclosure of Accounting Policies  
Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors  
Definition of Accounting Estimates  
Amendments to MFRS 112 Income Taxes – Deferred Tax related to Assets and Liabilities arising  
from a Single Transaction

**Effective date of these Amendments to Standards have been deferred, and yet to be announced**

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in  
Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its  
Associate or Joint Venture

The above pronouncements are either not relevant or do not have any impact on the financial statements of the Group.

**A3. Disclosure of Audit Report Qualification**

The audit report of the Group's annual financial statements for the financial year ended 31<sup>st</sup> December 2020 did not contain any qualification.

**A4. Seasonal or Cyclical factors**

The operations of the Company are subject to both cyclical factors in the construction industry as well as festive seasons.

**A5. Unusual items affecting the assets liabilities, equity, net income or cash flows.**

There are no extraordinary items for the financial period under review.

**A6. Changes in Estimates**

There have been no changes in the estimates of amount for the period under review.

**A7. Debts and Equity Securities**

There were no issuances, cancellation, repurchases, resale and repayment of debts and equity securities for the current quarter under review, save as disclosed below.

On 22<sup>nd</sup> October 2021, a total of 226,369,915 new ordinary shares and 226,369,915 new Warrants were issued pursuant to the Rights Issue with Warrants and subsequently quoted and listed on the Main Market of Bursa Securities on 27<sup>th</sup> October 2021.

On 26<sup>th</sup> November 2021, the Company had buy back a total of 345,000 shares in treasury shares at an average price of RM0.29 per share respectively.

As at 31<sup>st</sup> December 2021, a total of 345,000 shares were held as treasury shares out of its total issued share capital of 679,109,746 shares at an average price of RM0.29 per share. The share buyback transactions were financed by internally generated funds.

**A8. Dividend**

No dividend was paid by the Company in the current quarter under review and financial year to date.

**A9. Segmental reporting**

The Group is primarily organised in one business segment namely manufacturing of steel bars and billets. The business segment analysed by geographical location of customers are as follows:

| <b>Revenue</b>     | <b>Current<br/>Quarter ended<br/>RM'000</b> | <b>Current Year<br/>to-date ended<br/>RM'000</b> |
|--------------------|---|--|
| - Malaysia         | 439,813                                     | 1,443,598  |
| - Outside Malaysia | 24,056                                      | 136,093  |
|                    | 463,869                                     | 1,579,691  |

**A10. Valuation**

The valuations of the property, plant and equipment has been brought forward and was regarded as deemed cost at the date of transition to MFRS. The relevant revaluation surplus was recognized to the retained earnings. In year 2019, the Company had a revaluation of land and the revaluation surplus was recognized to the equity as revaluation reserve.

**A11. Material subsequent events**

There are no material subsequent events between the end of the current quarter under review and the date of this report.

**A12. Changes in the composition of the Group**

There was no change in the composition of the Group during the current quarter under review.

**A13. Significant Related Party Transactions**

In the normal course of business, the Group undertakes on normal trade terms with related companies and other related parties. The significant related party transactions of the Group carried out during the current quarter under review are as follows:

|   | <b>Current Quarter<br/>Ended<br/>RM'000</b> | <b>Current Year<br/>To-date Ended<br/>RM'000</b> |
|---|---|--|
| i) Transportation charged by a subsidiary       | 1,426                                       | 4,342  |
| ii) Fabrication service charged by a subsidiary | 7   | 70   |

**PART B:- ADDITIONAL INFORMATION REQUIRED BY THE MAIN MARKET LISTING REQUIREMENTS OF BURSA SECURITIES**

**B1. Review of performance**

|                                | Individual Period |            |         | Cumulative Period |            |         |
|--------------------------------|-------------------|------------|---------|-------------------|------------|---------|
|                                | 3 months          |            |         | 12 months         |            |         |
|                                | 31/12/2021        | 31/12/2020 | Changes | 31/12/2021        | 31/12/2020 | Changes |
|                                | RM'000            | RM'000     | %       | RM'000            | RM'000     | %       |
| Revenue                        | 463,869           | 372,755    | 24.44   | 1,579,691         | 1,383,513  | 14.18   |
| Profit before interest and tax | 10,807            | 15,287     | (29.31) | 56,352            | 6,007      | 838.11  |
| Profit/(Loss) before tax       | 6,976             | 12,069     | (42.20) | 38,388            | (15,984)   | 340.17  |

The Group reported a profit before tax of RM6.97 million on the revenue of RM463.87 million for the current quarter compared to a profit before tax of RM12.07 million on the revenue of RM372.75 million for the previous year corresponding quarter. The increase in revenue in current quarter was mainly attributed to higher selling price which is in line with the increase of global and domestic steel prices. The current quarter recorded a lower profit before tax mainly due to higher operating expenses resulting from the Rights Issue with Warrants exercise and a loss in realized foreign exchange.

For the year under review, the Company's revenue increased by 14.18% to RM1.579 billion as compared to RM1.383 billion for the previous financial year. The increase in revenue was mainly due to higher selling price recorded, despite a lower sales volume, resulting from the recovery of the international and local steel prices. The Company's financial performance has improved from a loss of RM15.98 million in the previous year to a profit before tax of RM38.38 million mainly due to higher selling price and enhanced production cost efficiency during the year.

**B2. Variation of results against preceding quarter's**

|                   | 3 months ended |            | Changes |
|-------------------|----------------|------------|---------|
|                   | 31.12.2021     | 30.09.2021 |         |
|                   | RM'000         | RM'000     | %       |
| Revenue           | 463,869        | 322,950    | 43.64   |
| Profit before tax | 6,976          | 3,431      | 103.33  |

The Group's revenue for the current quarter recorded an increase of RM140.92 million to RM463.87 million mainly due to improvement in sales volume and higher selling price compared with last quarter as a results of an improved demand in the local steel industry. The Group recorded a profit before tax of RM6.97 million as compared to a profit before tax of RM3.43 million achieved in the immediate preceding quarter mainly due to higher selling price, improved sales tonnage and better margin.



### B3. Prospects

The commencement of spring civil construction period in North Asia and the ending of restrictions of steel mill activities in China for the Beijing winter Olympics are causing steel prices to recover internationally and domestically. Iron ore, the primary raw material for blast furnace based steel making which is the bellwether for steel demand rose from a low of USD 85 per MT in November 2021 to breach USD 150 per MT on 11<sup>th</sup> February 2022 and subsequently to settle at USD 143 per MT in the 4th week of February 2022.

Price of metallurgical coal which constitutes approximately 40% of blast furnace cost of production has remained at high level in 2022.

Prices of local steel bars are expected to continue to trend higher due to rising international steel prices and the gradual recovery of the Malaysian economy from the pandemic. The Government has forecasted the 2022 GDP growth to be between 5.5% - 6.5%.

The Company continues to maximise its new steel making facilities and is expected to perform satisfactorily amidst some short term volatilities due to the Omicron wave and shortage of labour issues in the country.

### B4. Profit forecast

The disclosure requirements for explanatory notes are not applicable as no profit forecast was published.

### B5. Condensed Consolidated Statements of Comprehensive Income

|  | Current Quarter<br>Ended<br>RM'000 | Current Year<br>To-date Ended<br>RM'000 |
|--|------------------------------------|---|
| Profit before taxation is arrived at after charging/(crediting): |                                    |   |
| Unrealised foreign exchange loss                                 | 2,493                              | 5,863                                   |
| Realised foreign exchange gain/(loss)                            | (226)                              | 2,302                                   |
| Depreciation of property, plant and Equipment                    | 7,865                              | 32,060                                  |
| Impairment for inventories                                       | 856                                | 1,427                                   |
| Share of profit in associate                                     | (211)                              | (153)                                   |
| Interest expense   | 3,832                              | 17,964                                  |
| Interest income  | (221)                              | (385)                                   |
| Impairment of assets   | -                                  | -                                       |
| Gain on disposal of quoted or unquoted investment or properties  | 173                                | 173                                     |
| Other income including investment income                         | -                                  | -                                       |
| Provision for and write off of receivables                       | -                                  | -                                       |
| (Gain)/loss on derivatives                                       | -                                  | -                                       |

**B6. Tax expenses/(credit).**

Taxation comprises:

|   | <b>Current Quarter<br/>Ended<br/>RM'000</b> | <b>Current Year<br/>To-date Ended<br/>RM'000</b> |
|---|---|--|
| <u>Malaysian income tax</u>             |   |  |
| Current taxation:                       |   |  |
| -Current year                           | 121   | 321  |
| -Under provision in prior years         | -   | 2,772  |
| Deferred taxation:                      |   |  |
| -Current year                           | (5,755)                                     | 3,403  |
| -Under/ (Over) provision in prior years | 573   | (611)  |
|   | (5,061)                                     | 5,885  |

The effective tax rate of the Group for the current quarter ended 31<sup>st</sup> December 2021 was lower than the statutory tax rate mainly due to utilization of capital allowance and reinvestment allowance.

**B7. (a) Status of corporate proposals**

i) Renounceable Rights Issue with Warrants

On 7<sup>th</sup> December 2020, the Company announced that it is proposing to undertake the Proposed Rights issue with Warrants (“Proposed Rights Issue”). The Proposed Rights Issue is set out as follows:

Issuance of up to 226,369,915 Rights Shares together with up to 226,369,915 Warrants on the basis of 1 Rights Share for every 2 existing Masteel Shares together with 1 Warrant for every 1 Rights Share subscribed.

Bursa Securities had, vide its letter dated 15<sup>th</sup> January 2021, approved the listing and quotation of the Proposed Rights Issue subjected to approval by shareholders at Extraordinary General Meeting (“EGM”) and full compliance of all the requirements as provided under Main LR.

On 8<sup>th</sup> February 2021, the Circular to Shareholders in relation to the Proposed Rights Issue was issued and announced.

On 23<sup>rd</sup> March 2021, the Company Proposed Rights Issue was approved by the shareholders via the fully virtual EGM.

On 6<sup>th</sup> May 2021, the Company announced that the Board has resolved to fix the issue price for the Rights Shares at RM0.586 per share and the exercise price of the Warrants at RM0.586 per share.

On 6<sup>th</sup> July 2021, Bursa Securities had vide its letter dated 6<sup>th</sup> July 2021, grant the Company an extension of time until 14<sup>th</sup> January 2022 to complete the Proposed Rights Issue.

On 19<sup>th</sup> August 2021, the Company announced that the Board has resolved to revise the issue price for the Rights Shares from RM0.586 to RM0.395 per share and the exercise price of the Warrants at RM0.586 and RM0.395 per warrant.

On 2<sup>nd</sup> September 2021, the Company announced that it has signed an Underwriting Agreement for the Proposed Rights Issue with the Underwriters.

On 27<sup>th</sup> October 2021, the Proposed Rights Issue has been completed following the quotation and listing of the Rights Shares and Warrants on the Main Market of Bursa Securities.

**(b) Status of utilization of proceed raised**

i) Renounceable Rights Issue with Warrants

The total proceed raised as at the reporting date by the Company from the Proposed Rights Issue had been utilised in the following manner.

|                              | <b>Proposed<br/>Utilisation<br/>RM'000</b> | <b>Actual<br/>Utilisation<br/>RM'000</b> | <b>Utilisation<br/>Timeframe</b> | <b>Deviation</b> |          | <b>Explanation</b> |
|------------------------------|--|--|----------------------------------|------------------|----------|--------------------|
|                              |  |  |                                  | <b>RM'000</b>    | <b>%</b> |                    |
| Repayment of bank borrowings | 10,000                                     | 10,000                                   | Within 12 months                 | -                | -        |                    |
| Working capital              | 76,816                                     | 77,264                                   | Within 3 months                  | (448)            | (0.5)    |                    |
| Estimated expenses           | 2,600                                      | 2,152                                    | Within 1 month                   | 448              | 0.5      |                    |
| <b>Total</b>                 | <b>89,416</b>                              | <b>89,416</b>                            |                                  | <b>-</b>         | <b>-</b> |                    |

**B8. Borrowings**

|                       | <b>31/12/21<br/>RM'000</b> |
|-----------------------|----------------------------|
| <u>Secured:</u>       |                            |
| Short term borrowings | 313,819                    |
| Long term borrowings  | <u>67,000</u>              |
| Total borrowings      | <u><u>380,819</u></u>      |

The above borrowings are all denominated in Ringgit Malaysia.

**B9. Material litigations**

The Company was served with a Writ of Summons dated 17<sup>th</sup> July 2019 and Statement of Claim dated 12<sup>th</sup> June 2019 ('Suit') by Safety Capital Sdn Bhd ('Safety Capital'). Safety Capital is seeking for, inter alia, the payment of RM10.681 million ('Sum') from the Company, together with interest and costs, which is in relation to advances made by Safety Capital to the Company between the year 2002 to 2004. The Board of Directors has been advised by its solicitors that the Company has a strong case against the Claim. As the relief is non-trading in nature, the Management is of the view that the Suit will not have any material financial and operational impact on the Group.

On 8<sup>th</sup> January 2021, the Company's application to strike out Safety Capital's Suit was dismissed with costs of RM3,500.00 and no appeal was lodged against this decision. The trial was held from 16<sup>th</sup> August 2021 to 18<sup>th</sup> August 2021 via remote technology before the Judge at the Shah Alam High Court. At the end of the trial, the learned Judge directed the parties to present Written Submissions by 10<sup>th</sup> September 2021 and scheduled oral submissions by counsel on 17<sup>th</sup> September 2021.

On 16<sup>th</sup> September 2021, counsel for Safety Capital applied to Court for an adjournment of the oral submissions/clarification and the Court rescheduled it to 14<sup>th</sup> October 2021. This was subsequently vacated at the request of counsel for Safety Capital and rescheduled to 17<sup>th</sup> November 2021.

On 17<sup>th</sup> November 2021, the parties made their oral submissions and upon completion of the same, the Judge scheduled the matter for decision by e-Review on 10<sup>th</sup> December 2021.

On 10<sup>th</sup> December 2021, the Shah Alam High Court dismissed the Suit and ordered costs of RM80,000.00 to be paid by Safety Capital to the Company. Safety Capital has since filed an appeal to the Court of Appeal.

**B10. Dividend**

No dividend has been proposed or declared by the Company during the current quarter under review.

**B11. Earnings per share (“EPS”)**

(a) *Basic Earnings per share*

The earnings per share of the Company is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the period.

|   | <b>Current<br/>Quarter<br/>Ended</b> | <b>Current<br/>Year To-date<br/>Ended</b> |
|---|--------------------------------------|---|
| Earnings attributable to ordinary shareholders<br>(RM'000)    | <u>12,037</u>                        | <u>32,503</u>                             |
| Weighted average number of ordinary shares<br>in issue ('000) | <u>678,764</u>                       | <u>678,764</u>                            |
| Basic Earnings Per Share (sen)                                | <u>1.77</u>                          | <u>4.79</u>                               |

(b) *Diluted earnings per share*

For the purpose of calculating diluted loss per share, the weighted average numbers of shares in issue have been adjusted for the dilutive effects of all potential conversion of any convertible securities issued during the period as set out below:

|   | <b>Current<br/>Quarter<br/>Ended</b> | <b>Current<br/>Year To-date<br/>Ended</b> |
|---|--------------------------------------|---|
| Earning attributable to ordinary shareholders<br>(RM'000)                           | <u>12,037</u>                        | <u>32,503</u>                             |
| Weighted average number of ordinary shares<br>in issue ('000)                       | 678,764                              | 678,764                                   |
| Effects of dilution ('000)  | 161,980                              | 161,980                                   |
| Adjusted weighted average number of<br>ordinary shares in issue and issuable ('000) | <u>840,744</u>                       | <u>840,744</u>                            |
| Diluted Earnings Per Share (sen)  | <u>1.43</u>                          | <u>3.87</u>                               |

**B12. Authorisation for issue**

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.