Engtex Group Berhad
Registration No. 200101000937 (536693-X)

Quarterly Report on consolidated results
For the Third Quarter ended 30 September 2021
(The figures have not been audited)

Condensed Consolidated Statement of Financial Position
As at 30 September 2021

	Note	As at 30 September 2021 RM'000	Audited As at 31 December 2020 RM'000
<u>ASSETS</u>			
Property, plant and equipment		340,906	335,332
Right-of-use assets		42,470	42,896
Investment properties		42,061	41,265
Deferred tax assets		4,356	6,588
Total non-current assets		429,793	426,081
Inventories		485,361	445,829
Receivables, deposits and prepayments		291,378	370,275
Current tax assets		585	774
Cash and bank balances		99,921	99,368
Total current assets		877,245	916,246
TOTAL ASSETS		1,307,038	1,342,327
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		472,590	421,923
Total equity attributable to Owners of the Company		742,524	691,857
Non-controlling interests		20,013	19,102
TOTAL EQUITY		762,537	710,959
<u>LIABILITIES</u>			
Loans and borrowings	B7	42,775	54,872
Lease liabilities		572	483
Deferred tax liabilities		12,695	12,620
Total non-current liabilities		56,042	67,975
Payables and accruals		70,299	93,722
Loans and borrowings	B7	398,944	463,120
Lease liabilities		134	68
Current tax liabilities		19,082	6,483
Total current liabilities		488,459	563,393
TOTAL LIABILITIES		544,501	631,368
TOTAL EQUITY AND LIABILITIES		1,307,038	1,342,327
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.72	1.60

The Condensed Consolidated Statement of Financial Position 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 the interim financial statements.

Engtex Group Berhad
Registration No. 200101000937 (536693-X)

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial period ended 30 September 2021

	Note	Individual quarter 3 months ended 30 September		Cumulative quarter 9 months ended 30 September	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue		238,930	289,394	805,037	671,115
Cost of sales		(194,885)	(252,593)	(664,465)	(588,479)
Gross profit		44,045	36,801	140,572	82,636
Administrative expenses		(12,474)	(11,625)	(38,232)	(36,666)
Distribution costs		(6,664)	(9,712)	(23,161)	(25,568)
Net gain/(loss) on impairment of financial instruments		86	(41)	103	(313)
Other operating expenses		(40)	(56)	(227)	(97)
Other operating income		1,221	2,137	1,959	4,022
Operating profit		26,174	17,504	81,014	24,014
Finance costs		(4,218)	(4,120)	(12,361)	(14,102)
Finance income		1,192	462	1,987	1,372
Profit before tax	B11	23,148	13,846	70,640	11,284
Tax expense	B5	(5,356)	(4,236)	(18,712)	(6,958)
Profit and total comprehensive income for the financial period		17,792	9,610	51,928	4,326
Profit/(Loss) attributable to:					
Owners of the Company		17,591	9,324	50,930	4,441
Non-controlling interests		201	286	998	(115)
Profit for the financial period		17,792	9,610	51,928	4,326
Total comprehensive income/(loss) attributable to:					
Owners of the Company		17,591	9,324	50,930	4,441
Non-controlling interests		201	286	998	(115)
Profit and total comprehensive income for the financial period		17,792	9,610	51,928	4,326
Basic and diluted earnings per ordinary shares (sen)	B10	4.03	2.13	11.67	1.01

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income 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 the interim financial statements.

Engtex Group Berhad
Registration No. 200101000937 (536693-X)

Condensed Consolidated Statement of Changes In Equity
For the financial period ended 30 September 2021

	Note	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
		/----Attributable to owners of the Company----					/		
		/----*Non-distributable*----			/	*Distributable*			
At 1 January 2021		269,934	(85)	(5,928)	-	427,936	691,857	19,102	710,959
Profit and total comprehensive income for the financial period		-	-	-	-	50,930	50,930	998	51,928
Realisation of translation reserve due to strike off of a subsidiary		-	85	-	-	-	85	-	85
Dividends to owners of the Company	A7	-	-	-	-	(3,272)	(3,272)	-	(3,272)
Rights issue of warrants		-	-	-	2,924	-	2,924	-	2,924
Total transactions with owners of the Company		-	-	-	2,924	(3,272)	(348)	-	(348)
Dividends to non-controlling interests		-	-	-	-	-	-	(87)	(87)
At 30 September 2021		269,934	-	(5,928)	2,924	475,594	742,524	20,013	762,537
At 1 January 2020		269,934	(85)	(4,948)	-	415,248	680,149	18,585	698,734
Profit/(Loss) and total comprehensive income/(loss) for the financial period		-	-	-	-	4,441	4,441	(115)	4,326
Own share acquired		-	-	(529)	-	-	(529)	-	(529)
Dividends to owners of the Company		-	-	-	-	(2,736)	(2,736)	-	(2,736)
Total transactions with owners of the Company		-	-	(529)	-	(2,736)	(3,265)	-	(3,265)
At 30 September 2020		269,934	(85)	(5,477)	-	416,953	681,325	18,470	699,795

The Condensed Consolidated Statement of Changes in 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 the interim financial statements.

Engtex Group Berhad
Registration No. 200101000937 (536693-X)

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 September 2021

	9 months ended 30 September	
	2021	**2020**
	RM'000	**RM'000**
Cash flows from operating activities		
Profit before tax	70,640	11,284
Adjustments for:		
Bad debts written off	-	1
Depreciation of:		
- investment properties	750	727
- property, plant and equipment	16,186	16,663
- right-of-use assets	690	661
Finance costs	12,361	14,102
Finance income	(1,987)	(1,372)
Gain on disposal of:		
- an investment properties	(4)	-
- property, plant and equipment	(122)	(388)
Gain on derecognition of right-of-use assets	-	(1)
Inventories written down	7,600	6,021
Loss from striking off a subsidiary	85	-
Net (gain)/loss on impairment of financial instrument	(103)	313
Plant and equipment written off	96	-
Operating profit before changes in working capital	106,192	48,011
Changes in:		
Inventories	(47,001)	5,900
Receivables, deposits and prepayments	77,291	7,140
Payables and accruals	(23,423)	(4,962)
Cash generated from operations	113,059	56,089
Interest paid	(669)	(1,773)
Net tax paid	(3,617)	(1,871)
Net cash from operating activities	108,773	52,445
Cash flows from investing activities		
Acquisition of property, plant and equipment	(24,285)	(5,467)
Deposit placed with a licensed bank	(600)	-
Interest received	1,987	1,372
Proceeds from disposal of:		
- an investment property	167	-
- property, plant and equipment	3,030	613
Net cash used in investing activities	(19,701)	(3,482)

Engtex Group Berhad
Registration No. 200101000937 (536693-X)

Condensed Consolidated Statement of Cash Flows
For the financial period ended 30 September 2021

		9 months ended 30 September	
		2021	**2020**
		RM'000	**RM'000**
Cash flows from financing activities			
Dividends paid to:			
- non-controlling interest		(87)	-
- owners of the Company	A7	(3,272)	(2,736)
Interest paid		(12,196)	(13,477)
Net repayment of other borrowings		(100,630)	(32,583)
Net proceeds from:			
- revolving credit		35,979	17,306
- rights issue of warrants		2,924	-
Payment of lease liabilities		(109)	(93)
Repayment of:			
- hire purchase liabilities		(524)	(1,585)
- term loans		(12,666)	(12,143)
Repurchase of treasury shares		-	(529)
Net cash used in financing activities		(90,581)	(45,840)
Net (decrease)/increase in cash and cash equivalents		(1,509)	3,123
Cash and cash equivalents at the beginning of financial period		88,397	38,370
Cash and cash equivalents at the end of financial period		86,888	41,493

Note:

Cash and cash equivalents comprise:

	As at 30 September	
	2021	**2020**
	RM'000	**RM'000**
Cash and bank balances	27,950	26,745
Deposits placed with licensed banks	21,903	6,916
Highly liquid investments with other institutions	50,068	29,203
	99,921	62,864
Less:		
Deposit pledged	(600)	-
Bank overdrafts	(12,433)	(21,371)
	86,888	41,493

The Condensed Consolidated Statement of Cash Flows 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 the interim financial statements.

A. Compliance with Malaysian Financial Reporting Standards ("MFRS") 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial report is unaudited and has been prepared in compliance with MFRS 134 – *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. The accounting policies and methods of computation followed by the Group in this interim financial report are consistent with those adopted in the financial statements of the Group for the financial year ended 31 December 2020 except for the following:

Adoption of new and revised MFRSs, Amendments to MFRS and IC Interpretations

In the current financial period ended 30 September 2021, the Group adopted the following standards, amendments and interpretations that effective for annual periods beginning on or after 1 June 2020 and 1 January 2021 to its financial statement, except for amendments to MFRS 4 which is not applicable to the Group:

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

The above applicable amendments are expected to have no significant impact on the financial statements of the Group upon their initial application**.**

A2. Qualification of Audit Report

The audit report of the Group's preceding annual financial statements was reported without qualification.

A3. Seasonal or cyclical factors

The business of the Group was not affected by any significant seasonal or cyclical factors in the current financial quarter.

A4. Unusual items affecting assets, liabilities, equity, net income or cash flows

The Government of Malaysia ("GOM") reimposed a two-week Movement Control Order 3.0 ("MCO 3.0") in six districts of Selangor and other targeted movement restrictions from 6 May 2021 to 17 May 2021 in response to the COVID-19 local outbreaks, and thereafter extended to a nationwide MCO 3.0 from 12 May 2021 to 7 June 2021 which, among others, imposed a nationwide ban on the interstate and inter-district travels from 10 May 2021 to 6 June 2021. On 28 May 2021, the GOM announced a nationwide total lockdown on all social and economic sectors from 1 June 2021 until 28 June 2021 and has since been extended indefinitely until further directives by the GOM given the significant surge of COVID-19 infections. Only essential economic and social services listed by the National Security Council were allowed to operate. On 15 June 2021, the GOM introduced a four-phase National Recovery Plan ("NRP") which came into effect from 29 June 2021 to help the country emerge from the COVID-19 pandemic. As each phase in the NRP is based on the number of new cases, people requiring Intensive Care Unit treatment and vaccination rates, it can be extended, or moved on to the next phase, whenever possible. On 1 July 2021, the GOM announced that a large part of Selangor as well as several localities in Kuala Lumpur will be placed under the Enhanced Movement Control Order ("EMCO") from 3 July 2021 until 16 July 2021 following the high number of COVID-19 cases reported in the Klang Valley. The EMCO ended on 16 July 2021 and these areas were reverted back to the NRP Phase 1. The reopening of most economic sectors in the states under various phases of the NRP from 16 August 2021 onwards was followed by the gradual economic easing as states progress to subsequent phases of the NRP as more vaccination conditions are being met.

The enforcement of the MCO 3.0, NRP and EMCO has resulted in the mandatory closure of all businesses of the Group except those which have been granted with approvals to operate subject to the workforce level allowed and other strict conditions imposed by the Ministry of International Trade and Industry ("MITI"). Our hotel business only allows the staying guests involved in the provision of essential services from 6 May 2021 onwards.

The above movement control measures the GOM took to contain the COVID-19 outbreak have adversely impacted the Group's operations.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial quarter as compared to the financial statements of the Group for the financial year ended 31 December 2020.

A6. Debt and Equity Securities

On 27 May 2021, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twentieth Annual General Meeting held on even-date.

There were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter and financial year-to-date, except as follows:-

(i) Repurchase of treasury shares

As at 30 September 2021, the Company held a total of 6,976,200 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

(ii) Rights issue of warrants

On 8 September 2021, the issuance of 109,085,775 warrants at an issue price of RM0.03 per warrant was fully subscribed by the entitled shareholders and approximately RM3.27 million was raised. As at 30 September 2021, the utilisation of proceeds were completed as follows:-

No.	Proposed utilisation	Approved amount RM'000	Actual utilisation RM'000	Intended timeframe for utilisation from completion date
(i)	Repayment of secured bank overdrafts	2,823	2,904	Within 3 months
(ii)	Expenses in relation to the Rights Issue of Warrants	450	369*	Within 1 month
	Total	3,273	3,273	

* *The surplus of funds that was allocated on the budgeted expenses has been utilised for repayment of secured bank overdrafts.*

A7. Dividend paid

The single-tier dividend of 0.75 sen per ordinary share totalling RM3,272,574 in respect of the financial year ended 31 December 2020 was paid on 2 July 2021 to depositors whose names appear in the Record of Depositors on 15 June 2021.

A8. Operating segment information

The Group has 4 reportable segments, as described below, which are the Group's strategic business units. For each strategic business units, the Group Managing Director and the Board of Directors review management reports on at least a quarterly basis. The following summary described the operations in each of the Group reportable segments:

Wholesale and distribution	Includes wholesale and distribution of pipes, valves, fittings, plumbing materials, steel related products, general hardware products and construction materials.
Manufacturing	Includes manufacture and sale of steel and ductile iron pipes and fittings, valves, manhole covers, hydrants, industrial casting products, welded wire mesh, hard-drawn wire, steel bars and other steel related products.
Property development	Includes property development and investment activities.
Hospitality	Includes provision of rooms, food and beverage, meeting and function rooms, and other hospitality services.

The reportable segment information for the financial period ended 30 September 2021 is as follows:

Business segments	**Wholesale & distribution RM'000**	**Manufacturing RM'000**	**Property development RM'000**	**Hospitality RM'000**	**Total RM'000**
External revenue	446,979	346,615	9,602	1,841	805,037
Inter segment revenue	68,452	144,535	239	-	213,226
Total reportable revenue	515,431	491,150	9,841	1,841	1,018,263
Reportable segment profit/(loss)*	39,117	63,565	(1,560)	(1,403)	99,719
Reportable segment assets	461,111	583,459	159,033	81,089	1,284,692
Reportable segment liabilities	(253,224)	(248,092)	(20,310)	(22,402)	(544,028)

Reconciliation of reportable segment profit or loss for the financial period ended 30 September 2021

	RM'000
Total profit for reportable segments	99,719
Other non-reportable segment loss	(966)
Elimination of inter-segment transactions	(113)
Depreciation	(17,626)
Finance costs	(12,361)
Finance income	1,987
Consolidated profit before tax	70,640

* Refer to profit before interest, tax and depreciation.

A9. Subsequent events

There were no other material subsequent events since the end of the date of the last annual reporting period until 18 November 2021, being the date not earlier than 7 days from the date of this announcement that will affect the financial results of the financial period under review.

A10. Changes in the composition of the Group

There was no material change in the composition of the Group for the current financial quarter under review.

A11. Contingent liabilities

As at the end of the current financial quarter, the contingent liabilities of the Company as represented by the outstanding banking and credit facilities of the subsidiaries are as follows:

	30 September 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	441,561	517,585
- suppliers for credit facilities granted to its subsidiaries	5,562	6,633
	447,123	524,218

B. Compliance with Bursa Malaysia Main Market Listing Requirements (Part A of Appendix 9B)

B1. Review of performance

	9 months ended 30 September	
	2021 RM'000	2020 RM'000
Revenue	805,037	671,115
Segment profit	98,753	42,053
Profit before tax	70,640	11,284
Profit after tax	51,928	4,326
Profit attributable to Owners of the Company	50,930	4,441

The Group posted a higher net revenue and profit before tax for the current financial period ended 30 September 2021 as compared to the preceding year corresponding period mainly attributable to the increase in market demand for most of its metal-related trading products and manufactured steel products, and better yield in tandem with the increase in international and domestic metal prices notwithstanding the declining business activities during the current quarter as described in Note **A4** above. In addition, the results of 2020 were adversely affected by the total business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the first Movement Control Order ("MCO").

On the financial position review for the nine months ended 30 September 2021, the Group's equity attributable to owners of the Company increased by 7.3% from RM691.9 million as of 31 December 2020 to RM742.5 million as of 30 September 2021 mainly due to the increased retained earnings. Consequently, the net assets per share of the Group increased from RM1.60 as of 31 December 2020 to RM1.72 as of 30 September 2021. The Group has been vigilant on credit control, inventories and cash flow management given the challenging market environment arising from the COVID-19 pandemic. This has led to an improved in net gearing ratio of 0.59 times as of 31 December 2020 to 0.45 times as of 30 September 2021.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM447.0 million (2020: RM409.6 million) which represented an increase of 9.1% and contributed 55.5% of the Group's net revenue. The segment profit and profit before tax of RM39.1 million (2020: RM24.1 million) and RM30.7 million (2020: RM14.6 million) respectively represented an increase of 62.2% and 110.0% respectively. The segment accounted for 39.6% of the Group's segment profit and 43.5% of the Group's profit before tax. The increase in revenue and profit before tax was mainly driven by the increase in market demand for most of its metal-related trading products and better yield in tandem with the increase in international and domestic metal prices notwithstanding the declining business activities during the current quarter as described in Note **A4** above. In addition, the lower contribution in 2020 was affected by the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO.

Manufacturing segment

The manufacturing segment recorded a net revenue of RM346.6 million (2020: RM253.3 million) which represented an increase of 36.8% and contributed 43.1% of the Group's net revenue. The segment recorded a surge in segment profit of RM63.6 million (2020: RM22.5 million) and a profit before tax of RM48.9 million (2020: RM6.4 million) respectively and accounted for 64.4% of the Group's segment profit and 69.3% of the Group's profit before tax. The significant increase in revenue and profit before tax was primarily driven by the increased in market demand in tandem with the increase in domestic steel prices, and better cost management from higher production output for certain of its manufactured steel products notwithstanding the declining business activities during the current quarter as described in Note **A4** above. In addition, the lower contribution in 2020 was affected by the business closure from 18 March 2020 to 3 May 2020 resulted from the implementation of the MCO.

Property development segment

The segment recorded an increase in net revenue of RM9.6 million (2020: RM5.9 million) and contributed 1.2% to the Group's net revenue. The revenue was mainly contributed by its Amanja project located at Kepong and Tiara Residence project located at Selayang. The total residential units sold as of 30 September 2021 for Amanja project was 87.1% (2020: 79.9%) and Tiara Residence project was 84.8% (2020: 80.4%).

However, the segment registered with a higher loss before tax of RM2.7 million (2020: RM2.6 million) mainly resulted from a write down of unsold property inventories located at Kepong during the current quarter totalled RM1.1 million (2020: Nil).

Hospitality segment

The segment recorded a decrease in net revenue of RM1.8 million (2020: RM2.4 million) in line with the lower average occupancy rate of 20.0% (2020: 21.6%) from the remaining two operating hotels. The segment was adversely impacted by the international and domestic travel restrictions, and the closure of the Meetings, Incentives, Conventions and Exhibitions ("MICE") sector arising from the implementation of MCOs as described in Note **A4** above in response to the COVID-19 pandemic. Our hotel business only allows the staying guests involved in the provision of essential services from 6 May 2021 onwards.

The segment closed its hotel operations at Ibis Styles hotel located at Bandar Sri Damansara since May 2020 to curtail further operating loss. This has resulted in the segment registering a lower loss before tax of RM5.1 million (2020: RM6.3 million) which included borrowing cost and depreciation totalling RM4.0 million (2020: RM4.2 million).

B2. Comparison with preceding financial quarter's results

	3 months ended	
	30/9/21	**30/6/21**
	RM'000	**RM'000**
Revenue	238,930	241,456
Profit before tax	23,148	18,324

The decrease in revenue as compared to the preceding quarter ended 30 June 2021 was mainly due to the decline in business activities in all business segments as described in Note **A4** above. Nonetheless, the Group posted a 26.3% increase in profit before tax mainly driven by the better yield in tandem with the increase in international and domestic metal prices.

B3. Prospects

The global economy is projected to grow at 5.9% in 2021 and 4.9% in 2022 amid uncertainties created by resurging COVID-19 pandemic. *(Source: International Monetary Fund)* During the Twelfth Malaysia Plan from 2021 to 2025 ("12MP"), the global economy is expected to recover from the COVID-19 pandemic and grow at 5.3% per annum while the Malaysian economy is expected to grow between 4.5% to 5.5% per annum. The GOM will allocate a development expenditure totaling RM400.0 billion during the 12MP and priority will be given to Kedah, Kelantan, Perlis, Sabah, Sarawak and Terengganu. The transport infrastructure development includes the Klang Valley Double Track Phase 1, Gemas-Johor Bahru Electrified Double Track, East Coast Rail Link, Johor Bahru-Woodlands Rapid Transit System Link, West Coast Expressway, Pahang-Kelantan Central Spine Road, Kota Bahru-Kuala Krai Highway, Pan Borneo Highway etc. A total of 500,000 affordable houses will be built during the 12MP and RM2.25 billion will be provided as housing assistance. The GOM will allocate RM25.8 billion for water infrastructure development to enhance water coverage and services with the aim to reduce the non-revenue water level to 25% by 2025. The Water Sector Transformation 2040 Agenda will be introduced in the 12MP to ensure secure and sustainabile water supply and to accelerate the adoption of an Integrated Water Resources Management. *(Source: 12MP)*

The GOM allocates total expenditure for 2022 valued at RM332.1 billion of which RM75.6 billion is for development expenditure. Fiscal deficit for 2022 is targeted at 6.0% of Gross Domestic Products. The Malaysian economy is expected to grow between 3% to 4% in 2021 and expected to expand between 5.5% to 6.5% in 2022 based on strong fundamentals and diversified economic base, proactive measures undertaken by the GOM through the RM530.0 billion economic assistance and stimulus packages, and the Budget 2022 initiatives. The GOM will continue with the implementation of national infrastructure development projects worth RM3.5 billion which includes the construction of the Pan Borneo Highway and Central Spine Road. An initial fund of RM200.0 million is allocated through the creation of the Third Infrastructure Facilitation Fund to further boost high-impact infrastructure development activities in collaboration with the public and private sectors. In order to balance the development and reduce development gap between states and regions, the GOM will allocate more than RM2.5 billion to implement various rural infrastructure programmes of which RM1.5 billion is for Sabah and Sarawak, and RM690 million for development projects in the five regional economic corridors. The GOM will implement small and medium sized projects worth RM2.9 billion earmarked for contractors in Class G1 and G4 nationwide. Sabah and Sarawak will receive development expenditure totalling RM5.2 billion and RM4.6 billion respectively, among others, for the building and upgrading of water, electricity and roads. *(Source: Malaysian Budget 2022)*

The above uncertainties in local and global economic outlook will provide a challenging platform for our existing businesses in all segments which focus mainly on domestic market. The performance of the Group will be further affected by factors such as the recovery of domestic demand, the volatility in the international and domestic metal prices and the timely implementation of projects in the construction, utilities, infrastructure and property development sectors. Notwithstanding this, the wholesale and distribution segment will continue to focus on expanding its existing customer network and product range and sourcing for new products locally and abroad. The manufacturing segment will improve, automate, optimise and expand its operating capacity and landbank, and continue to look for new business opportunity. The property development segment will focus on selling its remaining unsold residential and commercial properties located at Kepong and Selayang, and explore property development opportunities on its existing land bank. On 11 October 2021, the GOM lifted the interstate and international travel restrictions for fully vaccinated Malaysians as the country has achieved its target of inoculating 90% of its adult population as it prepares to shift into an endemic COVID-19 phase. The MICE activities are allowed to operate subject to capacity restriction. This is positive to the hospitality industry which has been adversely affected by the COVID-19 pandemic.

The performance of the Group remains challenging during the year which is dependent on the domestic demand and global economic environment.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

B5. Tax expense

	Individual quarter 3 months ended 30/9/21 RM'000	Cumulative quarter 9 months ended 30/9/21 RM'000
Income tax expense		
- current financial year	3,996	16,478
- over provision in prior financial year	-	(74)
Real property gain tax		
- under provision in prior financial year	1	1
Deferred tax expense		
- origination and reversal of temporary differences	1,359	2,307
	5,356	18,712
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	5,555	16,953
Non-deductible expenses	691	3,218
Income not subjected to tax	(178)	(239)
Utilisation of previously unrecognised deferred tax benefits	(713)	(1,147)
Under/(Over) provision in prior financial year	1	(73)
	5,356	18,712

B6. Status of Corporate Proposals Announced

There were no corporate proposals announced but not completed for the financial period under review.

B7. Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2021 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
Denominated in Ringgit Malaysia			
Hire purchase liabilities	43	-	43
Term loans	42,732	-	42,732
	42,775	-	42,775
Current			
Denominated in Ringgit Malaysia			
Bank overdrafts	4,194	8,239	12,433
Hire purchase liabilities	325	-	325
Revolving credit	-	85,336	85,336
Bankers' acceptances	49,296	235,675	284,971
Term loans	15,879	-	15,879
	69,694	329,250	398,944

B8. Changes in Material Litigation

There was no impending material litigation as at 18 November 2021, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Board does not recommend any interim dividend for the financial quarter ended 30 September 2021.

B10. Basic and diluted earnings per ordinary share

The calculation of basic and diluted earnings per ordinary share for the current financial quarter and the financial period ended 30 September 2021 are based on the profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 30 September		**Cumulative quarter 9 months ended 30 September**	
	2021	**2020**	**2021**	**2020**
Profit attributable to owners of the Company (RM'000)	17,591	9,324	50,930	4,441
Weighted average number of ordinary shares ('000)				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	(6,976)	(5,654)	(6,976)	(5,315)
Weighted average number of ordinary shares as at 30 September	436,343	437,665	436,343	438,004
Basic and diluted earnings per ordinary share (sen)	4.03*	2.13	11.67*	1.01

***** *The diluted earnings per share is presented the same as basic earnings per share given that the issued and listed warrants are anti-dilutive.*

B11. Profit before tax

	Individual quarter 3 months ended 30/9/21 RM'000	**Cumulative quarter 9 months ended 30/9/21 RM'000**
Profit before tax is arrived at after charging:		
Depreciation of:		
- investment properties	253	750
- property, plant and equipment	5,273	16,186
- right-of-use assets	229	690
Finance costs	4,218	12,361
Inventories written down	2,730	7,600
Loss from striking off a subsidiary	-	85
Plant and equipment written off	-	96

	Individual quarter 3 months ended 30/9/21 RM'000	Cumulative quarter 9 months ended 30/9/21 RM'000
and after crediting:		
Gain on disposal of:		
- an investment property	4	4
- property, plant and equipment	92	122
Finance income	1,192	1,987
Net gain on impairment of financial instrument		
- trade receivables	86	103
Realised gain on foreign exchange, net	8	66
Rental income on land and buildings	166	543
	=======	=======

B12. Capital commitment

	30 September 2021 RM'000
Property, plant and equipment	
Authorised but not contracted for	13,083
Contracted but not provided for	21,380
	34,463
	========

B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial period ended 30 September 2021 were as follows:

	RM'000
Sales	(6,613)
Purchases	8,895
Rental income	(54)
Expenses relating to short-term leases	1,198
Consultancy fee expenses	380
	=======

These transactions have been entered into in the normal course of business and have been established under negotiated term.

B14. Provision of financial assistance

Pursuant to paragraph 8.23(1) of the Listing Requirements, the amount of financial assistance provided by the Company and its subsidiaries is as follows:

	30 September 2021 RM'000	31 December 2020 RM'000
Corporate guarantees issued to :		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	60,784	80,448
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	830	88
	61,614	80,536

The above financial assistance does not have a material financial impact on the Group.