

Engtex Group Berhad

Registration No. 200101000937 (536693-X)

**Quarterly Report on consolidated results
For the Fourth Quarter ended 31 December 2022**

(The figures have not been audited)

**Condensed Consolidated Statement of Financial Position
As at 31 December 2022**

	Note	As at 31 December 2022 RM'000	Audited As at 31 December 2021 RM'000
<u>ASSETS</u>			
Property, plant and equipment		397,520	350,059
Right-of-use assets		41,270	42,376
Investment properties		40,380	41,340
Deferred tax assets		4,037	3,620
Total non-current assets		483,207	437,395
Inventories		511,234	483,964
Receivables, deposits and prepayments		404,137	374,157
Current tax assets		2,884	763
Cash and bank balances		130,355	122,994
Assets classified as held for sale		-	11,054
Total current assets		1,048,610	992,932
TOTAL ASSETS		1,531,817	1,430,327
<u>EQUITY AND LIABILITIES</u>			
Share capital		269,934	269,934
Reserves		525,860	499,351
Total equity attributable to Owners of the Company		795,794	769,285
Non-controlling interests		20,350	21,527
TOTAL EQUITY		816,144	790,812
<u>LIABILITIES</u>			
Loans and borrowings	B7	31,845	39,213
Lease liabilities		72	548
Deferred tax liabilities		10,589	10,448
Total non-current liabilities		42,506	50,209
Payables and accruals		112,093	117,620
Loans and borrowings	B7	555,839	459,877
Lease liabilities		135	163
Current tax liabilities		5,100	11,646
Total current liabilities		673,167	589,306
TOTAL LIABILITIES		715,673	639,515
TOTAL EQUITY AND LIABILITIES		1,531,817	1,430,327
Number of ordinary shares ('000)		443,319	443,319
Net assets per share (RM)		1.84	1.78

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the financial year ended 31 December 2022**

	Note	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue		351,684	373,352	1,444,480	1,178,389
Cost of sales		(324,426)	(308,988)	(1,277,633)	(973,453)
Gross profit		27,258	64,364	166,847	204,936
Administrative expenses		(15,084)	(15,146)	(58,013)	(53,378)
Distribution costs		(9,693)	(9,834)	(41,306)	(32,995)
Net loss on impairment of financial instruments		(6,131)	(1,614)	(6,227)	(1,511)
Other operating expenses		(64)	(14)	(209)	(241)
Other operating income		1,992	725	4,609	2,684
Operating (loss)/profit		(1,722)	38,481	65,701	119,495
Finance costs		(5,536)	(4,109)	(19,773)	(16,470)
Finance income		506	560	1,935	2,547
(Loss)/Profit before tax	B11	(6,752)	34,932	47,863	105,572
Tax expense	B5	(228)	(5,927)	(13,720)	(24,639)
(Loss)/Profit and total comprehensive (loss)/income for the financial year		(6,980)	29,005	34,143	80,933
(Loss)/Profit and total comprehensive (loss)/income attributable to:					
Owners of the Company		(6,386)	27,434	32,438	78,364
Non-controlling interests		(594)	1,571	1,705	2,569
(Loss)/Profit and total comprehensive (loss)/income for the financial year		(6,980)	29,005	34,143	80,933
Basic and diluted (loss)/earnings per ordinary shares (sen)	B10	(1.47)	6.29	7.46	17.96

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Changes In Equity
For the financial year ended 31 December 2022**

	/-----Attributable to owners of the Company-----/						Non- controlling interests RM'000	Total equity RM'000
	/-----Non-distributable-----/			Distributable				
	Share capital RM'000	Translation reserve RM'000	Treasury shares RM'000	Warrants reserve RM'000	Retained earnings RM'000	Total RM'000		
At 1 January 2022	269,934	-	(6,601)	2,924	503,028	769,285	21,527	790,812
Profit and total comprehensive income for the financial year	-	-	-	-	32,438	32,438	1,705	34,143
Disposal of a subsidiary	-	-	-	-	-	-	(2,622)	(2,622)
Own shares acquired	-	-	(1,577)	-	-	(1,577)	-	(1,577)
Dividends to owners of the Company	-	-	-	-	(4,352)	(4,352)	-	(4,352)
Total transactions with owners of the Company	-	-	(1,577)	-	(4,352)	(5,929)	-	(5,929)
Dividends to non-controlling interests	-	-	-	-	-	-	(260)	(260)
At 31 December 2022	269,934	-	(8,178)	2,924	531,114	795,794	20,350	816,144

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**Condensed Consolidated Statement of Changes In Equity
For the financial year ended 31 December 2022**

	/-----Attributable to owners of the Company-----/						Non- controlling interests	Total equity
	/-----Non-distributable-----/			<i>Distributable</i>				
	Share capital	Translation reserve	Treasury shares	Warrants reserve	Retained earnings	Total	RM'000	RM'000
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 year	-	-	-	-	78,364	78,364	2,569	80,933
Realisation of translation reserve due to strike off of a subsidiary	-	85	-	-	-	85	-	85
Own shares acquired	-	-	(673)	-	-	(673)	-	(673)
Dividends to owners of the Company	-	-	-	-	(3,272)	(3,272)	-	(3,272)
Issue of warrants	-	-	-	2,924	-	2,924	-	2,924
Total transactions with owners of the Company	-	-	(673)	2,924	(3,272)	(1,021)	-	(1,021)
Dividends to non-controlling interests	-	-	-	-	-	-	(144)	(144)
At 31 December 2021	269,934	-	(6,601)	2,924	503,028	769,285	21,527	790,812

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 2021 and the accompanying explanatory notes attached to the interim financial statements.

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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022**

	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from operating activities		
Profit before tax	47,863	105,572
<i>Adjustments for:</i>		
Bad debt recovered	(5)	(1)
Bad debt written off	123	-
Depreciation of:		
- investment properties	960	961
- property, plant and equipment	20,491	21,281
- right-of-use assets	796	844
Finance costs	19,773	16,470
Finance income	(1,935)	(2,547)
Gain on derecognition of right-of-use assets	(37)	-
Gain on disposal of:		
- assets classified as held for sale	(1,411)	-
- investment properties	-	(4)
- property, plant and equipment	(349)	(139)
Inventories written down	4,824	16,533
Loss from striking off a subsidiary	-	85
Net loss on impairment of financial instruments	6,227	1,511
Plant and equipment written off	30	108
	<hr/>	<hr/>
Operating profit before changes in working capital	97,350	160,674
Changes in:		
Inventories	(31,835)	(66,844)
Receivables, deposits and prepayments	(36,337)	(7,101)
Payables and accruals	(4,597)	23,898
	<hr/>	<hr/>
Cash generated from operations	24,582	110,627
Interest paid	(967)	(960)
Net tax paid	(22,663)	(16,843)
	<hr/>	<hr/>
Net cash from operating activities	951	92,824
	<hr/>	<hr/>
Cash flows from investing activities		
Acquisition of property, plant and equipment	(63,250)	(37,638)
Pledged deposits placed with a licensed bank	-	(600)
Interest received	1,935	2,547
Proceeds from disposal of:		
- assets classified as held for sale	8,937	-
- investment properties	-	167
- property, plant and equipment	451	3,047
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Net cash used in investing activities	(51,927)	(32,477)
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**Condensed Consolidated Statement of Cash Flows
For the financial year ended 31 December 2022**

	12 months ended 31 December	
	2022	2021
	RM'000	RM'000
Cash flows from financing activities		
Dividends paid to:		
- non-controlling interest	(260)	(144)
- owners of the Company	(4,352)	(3,272)
Interest paid	(20,031)	(16,284)
Net proceeds from/(repayment of):		
- bankers' acceptances	72,544	(29,215)
- revolving credit	15,282	25,944
Net proceeds from issue of warrants	-	2,924
Proceeds from term loan	9,516	-
Payment of lease liabilities	(157)	(164)
Repayment of:		
- hire purchase liabilities	(1,269)	(714)
- term loans	(16,716)	(16,604)
Repurchase of treasury shares	(1,577)	(673)
Net cash from/(used in) financing activities	<u>52,980</u>	<u>(38,202)</u>
Net increase in cash and cash equivalents	2,004	22,145
Cash and cash equivalents at the beginning of financial year	<u>110,542</u>	<u>88,397</u>
Cash and cash equivalents at the end of financial year	<u><u>112,546</u></u>	<u><u>110,542</u></u>

Note:*Cash and cash equivalents comprise:*

	As at 31 December	
	2022	2021
	RM'000	RM'000
Cash and bank balances	67,046	40,498
Deposits placed with licensed banks	28,704	35,318
Highly liquid investments with other institutions	34,605	47,178
	<u>130,355</u>	<u>122,994</u>
Less:		
Deposit pledged	(600)	(600)
Bank overdrafts	(17,209)	(11,852)
	<u><u>112,546</u></u>	<u><u>110,542</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying explanatory notes attached to the interim financial statements.

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Notes to the interim financial report for the financial quarter ended 31 December 2022

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 2021. 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 2021 except for the following:

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

In the current financial year ended 31 December 2022, the Group adopted the following standards, amendments and interpretations that effective for annual periods beginning on or after 1 April 2021 and 1 January 2022 to its financial statement, except for amendments to MFRS 1 and amendments to MFRS 141 which are not applicable to the Group:

- Amendments to MFRS 16, *Leases – Covid-19 - Related Rent Concessions beyond 30 June 2021*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to MFRS 3, *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 9, *Financial Instruments (Annual Improvements to MFRS Standards 2018-2020)*
- Amendments to Illustrative Examples accompanying MFRS 16, *Leases (Annual Improvements to MFRS Standards 2018–2020)*
- Amendments to MFRS 116, *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137, *Provision, Contingent Liabilities and Contingent Assets – Onerous Contracts – Costs of Fulfilling a Contract*
- Amendments to MFRS 141, *Agriculture (Annual Improvements to MFRS Standards 2018-2020)*

The above applicable amendments are expected to have no significant impact to 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 year.

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

The business of the Group was not affected by any significant unusual items affecting assets, liabilities, equity, net income or cash flows in the current financial quarter.

A5. Material changes in estimates

There were no material changes in estimates used in reporting the current financial period as compared to the financial statements of the Group for the financial year ended 31 December 2021.

A6. Debt and Equity Securities

On 26 May 2022, the shareholders of the Company granted their approval for the Company's plan to repurchase its ordinary shares at the Twenty-First Annual General Meeting held on even-date.

During the current financial quarter, the Company repurchased 1,997,600 of its issued share capital from the open market at an average price of RM0.64 per share plus the transactions cost for a total cash consideration of RM1,271,166. During the current financial year to date, the Company repurchased 2,505,500 of its issued share capital from the open market at an average price of RM0.63 per share including transactions cost. The total consideration paid was RM1,577,039. The repurchase transactions were financed by internally generated funds.

As at 31 December 2022, the Company held a total of 10,600,800 of its own shares. The shares repurchased are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

Other than the above, there were no other issuance, cancellation, repurchases, resale and repayment of debt and equity securities for the current financial quarter.

A7. Dividend paid

No dividend was paid during the current financial quarter.

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.

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The reportable segment information for the financial year ended 31 December 2022 is as follows:

<i>Business segments</i>	Wholesale & distribution RM'000	Manufacturing RM'000	Property development RM'000	Hospitality RM'000	Total RM'000
External revenue	671,637	757,850	6,802	8,191	1,444,480
Inter segment revenue	100,684	220,205	199	8	321,096
Total reportable revenue	772,321	978,055	7,001	8,199	1,765,576
Reportable segment profit/(loss)*	40,235	51,277	111	(1,692)	89,931
Reportable segment assets	501,288	797,285	134,202	77,268	1,510,043
Reportable segment liabilities	(296,544)	(390,361)	(9,794)	(18,246)	(714,945)

Reconciliation of reportable segment profit or loss for the financial year ended 31 December 2022

	RM'000
Total profit for reportable segments	89,931
Other non-reportable segment loss	(1,076)
Elimination of inter-segment transactions	(907)
Depreciation	(22,247)
Finance costs	(19,773)
Finance income	1,935
Consolidated profit before tax	47,863

* Refer to profit before interest, tax and depreciation.

A9. Subsequent event

On 2 February 2023, the Company acquired 51,000 ordinary shares representing 51% equity interest in Leading Wonder Sdn. Bhd. (“LWSB”) for a cash consideration of RM62,292 from non-related parties.

Other than the above, there were no other material subsequent events since the end of the date of the last annual reporting period until 16 February 2023, 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

On 11 March 2022, the Company entered into a conditional share sale and purchase agreement (“SSPA”) with third parties for the disposal of its entire 67% equity interest and disposal by a non-controlling shareholder of his entire 33% equity interest in Corporate Benchmark Sdn. Bhd. (“CBSB”) for a cash consideration of RM13,500,000. On 14 November 2022, the conditions precedent of the SSPA have been duly fulfilled. The disposal was completed on 30 November 2022.

Other than the above, there was no material change in the composition of the Group for the current financial quarter under review.

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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:

	31 December 2022 RM'000	31 December 2021 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its subsidiaries	585,579	499,024
- suppliers for credit facilities granted to its subsidiaries	8,737	7,359
	<u>594,316</u>	<u>506,383</u>

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

B1. Review of performance

	12 months ended 31 December	
	2022 RM'000	2021 RM'000
Revenue	1,444,480	1,178,389
Segment profit	88,855	143,206
Profit before tax	47,863	105,572
Profit after tax	34,143	80,933
Profit attributable to Owners of the Company	32,438	78,364

The Group recorded an increase in net revenue for the current financial year ended 31 December 2022 as compared to the preceding year mainly attributable to the increase in market demand and domestic metal prices for certain manufactured steel products and metal-related trading products during the first half of the year. However, the decrease in corresponding profit before tax was mainly due to the higher procurement costs for its raw materials and trading inventories, higher production costs for certain manufacturing steel products and the declining domestic metal prices during the second half of the year.

On the financial position review for the financial year ended 31 December 2022, the Group's equity attributable to owners of the Company increased by 3.5% from RM769.3 million as of 31 December 2021 to RM795.8 million as of 31 December 2022 mainly due to the increase in retained earnings. Consequently, the net assets per share of the Group increased from RM1.78 as of 31 December 2021 to RM1.84 as of 31 December 2022. The increase in net gearing ratio from 0.48 times as of 31 December 2021 to 0.56 times as of 31 December 2022 was mainly due to the increase in bank borrowings to procure raw materials and trading inventories at higher prices, besides financing trade receivables and to support other working capital requirements.

Wholesale and distribution segment

The wholesale and distribution segment recorded a net revenue of RM671.6 million (2021: RM626.5 million) which represented an increase of 7.2% and contributed 46.5% of the Group's net revenue. The increase in net revenue was mainly driven by the increase in market demand and domestic metal prices during the first half of the year. The segment profit and profit before tax of RM40.2 million (2021: RM53.6 million) and RM26.2 million (2021: RM41.6 million) respectively represented a decrease of 24.9% and 37.1% respectively. The segment accounted for 45.3% of the Group's segment profit and 54.7% of the Group's profit before tax. The decrease in segment profit

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and profit before tax was mainly due to the higher procurement cost for its trading inventories and the declining international and domestic metal prices during the second half of the year. There was a net loss on impairment of trade receivables and inventories written down during the financial year of approximately RM6.3 million (2021: RM1.1 million) and RM4.2 million (2021: RM8.0 million) respectively.

Manufacturing segment

The manufacturing segment recorded a net revenue of RM757.9 million (2021: RM536.8 million) which represented an increase of 41.2% and contributed 52.5% of the Group's net revenue. The higher revenue was mainly attributable to the increase in market demand and domestic steel prices during the first half of the year. However, the segment recorded a lower segment profit and profit before tax of RM51.3 million (2021: RM98.1 million) and RM30.4 million (2021: RM79.1 million) respectively which accounted for 57.7% of the Group's segment profit and 63.5% of the Group's profit before tax. The decrease in segment profit and profit before tax was mainly due to the higher procurement cost for its raw materials, higher production costs for certain manufactured steel products and the declining domestic steel prices during the second half of the year. There was inventories written down during the financial year of approximately RM0.5 million (2021: RM3.0 million).

Property development segment

The segment recorded a lower net revenue of RM6.8 million (2021: RM11.8 million) and contributed 0.5% to the Group's net revenue. The revenue was mainly derived from the sale of property in Tiara Residence project located at Selayang and Amanja project located at Kepong. The total residential units sold as of 31 December 2022 for Amanja project was 89.7% (2021: 87.5%) and Tiara Residence project was 91.3% (2021: 87.0%).

The segment continued to register a loss before tax of RM1.2 million (2021: RM7.5 million) to maintain its available unsold properties.

Hospitality segment

The segment recorded an increase in net revenue of RM8.2 million (2021: RM3.4 million) on the strength of all three operating hotels achieving higher average occupancy rate of 36.1% (2021: 26.4%) after the reopening of the Ibis Styles hotel located at Bandar Sri Damansara on 18 April 2022 and the continued recovery in tourism industry.

However, the segment continued to register a loss before tax of RM6.3 million (2021: RM6.2 million) mainly due to the borrowing cost and depreciation totalling RM5.0 million (2021: RM5.2 million), and the reopening cost for the Ibis Styles hotel.

B2. Comparison with preceding financial quarter's results

	3 months ended	
	31/12/22	30/9/22
	RM'000	RM'000
Revenue	351,684	351,238
(Loss)/Profit before tax	(6,752)	7,742

The increase in revenue as compared to preceding quarter ended 30 September 2022 was mainly due to the increase in market demand for certain metal related trading products and the sale of properties in Selayang and Kepong. However, the Group recorded a loss before tax in the current quarter mainly due to higher procurement costs for its raw materials and trading inventories during the first half of the year, higher production costs for certain manufactured steel products, net loss

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on impairment of trade receivables totaling RM6.1 million (2021: RM1.2 million) and the declining domestic metal prices during the second half of the year.

B3. Prospects

The Malaysian economy grew slower in the fourth quarter of 2022 at 7.0% (3Q 2022: 14.2%) as support from the stimulus measures and low base effect waned. Private sector activity remained the key driver of growth, supported by private consumption and investment. The continued growth in private consumption was mainly driven by improving labour market conditions. Meanwhile, overall export growth moderated in line with the weaker external demand. This was partly offset by the resilient performance in exports of electrical and electronic (“E&E”) products and higher tourism activities. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy registered a decline of 2.6% (3Q 2022: +1.9%). Overall, the Malaysian economy expanded by 8.7% in 2022.

For 2023, the Malaysian economy is expected to expand at a more moderate pace amid a challenging external environment. Domestic demand will continue to drive growth, supported by the continued recovery in the labour market and the realisation of multi-year investment projects. The services and manufacturing sectors will also continue to support growth. Meanwhile, the slowdown in exports following weaker global demand would be partially cushioned by higher tourism activity. The balance of risks remains tilted to the downside, mainly from weaker global growth, tighter financial conditions, re-escalation of geopolitical conflicts and worsening supply chain disruptions. *(Source: Bank Negara Malaysia: Economic and Financial Developments in Malaysia in the Fourth Quarter of 2022)*

The above uncertainties in local and global economic outlook will pose challenges for our existing businesses in all segments which focus mainly on domestic market. The performance of the Group will rely on 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 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 opportunity or sale of its existing landbank. With the continued recovery in tourism industry, the hospitality segment shall focus on increasing its revenue from the letting of rooms to the local and foreign tourists, and meetings, incentives, conferences and exhibitions (“MICE”) activities to achieve higher gross operating profits.

The performance of the Group in the forthcoming year remains challenging as it is dependent on the growth in domestic demand and economic activities.

B4. Profit Forecast and/or Profit Guarantee

Not applicable as no profit forecast was published.

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B5. Tax expense

	Individual quarter 3 months ended 31/12/22 RM'000	Cumulative quarter 12 months ended 31/12/22 RM'000
Income tax expense		
- current financial year	511	13,954
- over provision in prior financial year	(4)	(576)
Real property gain tax		
- current financial year	616	623
- over provision in prior financial year	(5)	(5)
Deferred tax expense		
- origination and reversal of temporary differences	(890)	(276)
	<u>228</u>	<u>13,720</u>
Reconciliation of tax expense		
Income tax using Malaysian tax rate of 24%	(1,621)	11,487
Non-deductible expenses	587	3,222
Income not subjected to tax	(327)	(339)
Effect of deferred tax benefits not recognised	2,330	2,330
Real property gain tax	615	623
Utilisation of previously unrecognised deferred tax benefits	(842)	(2,517)
Utilisation of reinvestment allowance	(505)	(505)
Over provision in prior financial year	(9)	(581)
	<u>228</u>	<u>13,720</u>

B6. Status of Corporate Proposals Announced

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

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B7. Group Borrowings and Debt Securities

The Group's borrowings as at 31 December 2022 were as follows:

	Secured RM'000	Unsecured RM'000	Total RM'000
Non-current			
<i>Denominated in Ringgit Malaysia</i>			
Hire purchase liabilities	1,365	-	1,365
Term loans	30,480	-	30,480
	<u>31,845</u>	<u>-</u>	<u>31,845</u>
Current			
<i>Denominated in Ringgit Malaysia</i>			
Bank overdrafts	6,277	10,932	17,209
Hire purchase liabilities	2,124	-	2,124
Revolving credit	-	90,583	90,583
Bankers' acceptances	98,898	330,032	428,930
Term loans	16,993	-	16,993
	<u>124,292</u>	<u>431,547</u>	<u>555,839</u>

B8. Changes in Material Litigation

There was no impending material litigation as at 16 February 2023, being the date not earlier than 7 days from the date of this announcement.

B9. Dividend declared

The Directors recommend a final dividend for the year ended 31 December 2022 via share dividend distribution on the basis of 1 treasury share for every 50 existing ordinary shares held which is subject to the approval by the shareholders at the forthcoming Annual General Meeting. This proposed dividend has not been included in the financial statements.

B10. Basic and diluted (loss)/earnings per ordinary share

The calculation of basic and diluted (loss)/earnings per ordinary share for the current financial quarter and the financial year ended 31 December 2022 are based on the (loss)/profit attributable to owners of the Company and the weighted average number of ordinary shares in issue as follows:

	Individual quarter 3 months ended 31 December		Cumulative quarter 12 months ended 31 December	
	2022	2021	2022	2021
(Loss)/Profit attributable to owners of the Company (RM'000)	<u>(6,386)</u>	<u>27,434</u>	<u>32,438</u>	<u>78,364</u>
<i>Weighted average number of ordinary shares ('000)</i>				
Issued ordinary shares as at 1 January	443,319	443,319	443,319	443,319
Effects of treasury shares held	<u>(9,298)</u>	<u>(7,430)</u>	<u>(8,537)</u>	<u>(7,091)</u>
Weighted average number of ordinary shares as at 31 December	<u>434,021</u>	<u>435,889</u>	<u>434,782</u>	<u>436,228</u>
Basic and diluted (loss)/earnings per ordinary share (sen)*	<u>(1.47)</u>	<u>6.29</u>	<u>7.46</u>	<u>17.96</u>

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* The diluted (loss)/earnings per share is presented the same as basic earnings per share given that the Group does not have any dilutive potential ordinary share or warrants in issue.

B11. (Loss)/Profit before tax

	Individual quarter 3 months ended 31/12/22 RM'000	Cumulative quarter 12 months ended 31/12/22 RM'000
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Bad debt recovered	(5)	(5)
Bad debt written off	5	123
Depreciation of:		
- investment properties	240	960
- property, plant and equipment	4,837	20,491
- right-of-use assets	171	796
Finance costs	5,536	19,773
Finance income	(506)	(1,935)
Gain on derecognition of right-of-use assets	-	(37)
Gain on disposal of:		
- assets classified as held for sale	(1,363)	(1,411)
- property, plant and equipment	(114)	(349)
Inventories written down	285	4,824
Net loss on impairment of financial instruments		
- trade receivables	6,131	6,227
Plant and equipment written off	27	30
Realised gain on foreign exchange, net	(73)	(169)
Rental income:		
- land and buildings	(245)	(880)
- machinery	(1)	(3)
- vehicle	(24)	(96)
	=====	=====

B12. Capital commitment

	31 December 2022 RM'000
Property, plant and equipment	
Authorised but not contracted for	6,862
Contracted but not provided for	8,965
	<hr/>
	<u>15,827</u>

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B13. Related party transactions

Significant related party transactions with companies in which certain Directors have interests for the financial year ended 31 December 2022 were as follows:

	RM'000
Sales	(5,297)
Purchases	19,151
Rental income	(168)
Expenses relating to short-term leases	1,637
Consultancy fee expenses	521
	=====

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:

	31 December 2022 RM'000	31 December 2021 RM'000
Corporate guarantees issued to:		
- financial institutions for bank facilities granted to its non-wholly owned subsidiaries	88,066	59,670
- suppliers for credit facilities granted to its non-wholly owned subsidiaries	457	185
	<u>88,523</u>	<u>59,855</u>

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