

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the 6 months ended 30 June 2022**

	Note	Current quarter		Cumulative Quarter	
		3 months ended		6 months ended	
		30/06/2022	30/06/2021	30/06/2022	30/06/2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	<b>47,037</b>	41,200	<b>95,138</b>	76,488
Cost of sales		<b>(37,781)</b>	(31,374)	<b>(76,997)</b>	(59,754)
<b>Gross profit</b>		<b>9,256</b>	9,826	<b>18,141</b>	16,734
Other income		<b>137</b>	236	<b>687</b>	556
Selling and distribution expenses		<b>(745)</b>	(788)	<b>(1,356)</b>	(1,562)
Administration expenses		<b>(4,837)</b>	(3,032)	<b>(9,314)</b>	(6,051)
Other expenses		<b>(1,126)</b>	(784)	<b>(2,018)</b>	(1,498)
		<b>(6,708)</b>	(4,604)	<b>(12,688)</b>	(9,111)
<b>Operating profit</b>		<b>2,685</b>	5,458	<b>6,140</b>	8,179
Finance income		<b>21</b>	1	<b>47</b>	2
Finance costs		<b>(631)</b>	(376)	<b>(1,316)</b>	(718)
Share of results of associate		<b>94</b>	10	<b>233</b>	40
<b>Profit before tax</b>	B8	<b>2,169</b>	5,093	<b>5,104</b>	7,503
Income tax expense	B5	<b>(1,045)</b>	(941)	<b>(1,789)</b>	(1,711)
<b>Profit after tax</b>		<b>1,124</b>	4,152	<b>3,315</b>	5,792
<b>Total Comprehensive income for the period</b>		<b>1,124</b>	4,152	<b>3,315</b>	5,792
<b>Profit Attributable To:</b>					
Owners of the Parent		<b>1,013</b>	4,073	<b>3,094</b>	5,601
Non-controlling interests		<b>111</b>	79	<b>221</b>	191
		<b>1,124</b>	4,152	<b>3,315</b>	5,792
<b>Total comprehensive income attributable to :</b>					
Owners of the Parent		<b>1,013</b>	4,073	<b>3,094</b>	5,601
Non-controlling interests		<b>111</b>	79	<b>221</b>	191
		<b>1,124</b>	4,152	<b>3,315</b>	5,792
<b>Weighted average number of ordinary shares in issue ('000)</b>	B11	<b>115,200</b>	114,942	<b>115,200</b>	114,942
<b>Earnings per share</b>					
Basic (Sen)	B11	<b>0.88</b>	3.54	<b>2.69</b>	4.87
Diluted (Sen)	B11	<b>0.88</b>	3.54	<b>2.69</b>	4.87

*(The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2022**

	Note	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		19,790	13,756
Investment in an associate		5,396	5,164
Deferred tax assets		99	99
<b>Total non-current assets</b>		<b>25,285</b>	<b>19,019</b>
<b>Current assets:</b>			
Inventories		95,944	70,788
Trade receivables		61,429	60,887
Other receivables, deposits and prepayments		5,523	7,887
Contract assets		3,825	2,460
Current tax assets		465	457
Deposits, cash and bank balances		17,515	16,878
<b>Total current assets</b>		<b>184,701</b>	<b>159,357</b>
<b>TOTAL ASSETS</b>		<b>209,986</b>	<b>178,376</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		58,772	58,772
Retained profits		40,455	37,361
		<b>99,227</b>	<b>96,133</b>
Non-controlling interest		2,617	1,896
<b>TOTAL EQUITY</b>		<b>101,844</b>	<b>98,029</b>

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 June 2022**

**(Contd.)**

	Note	Unaudited As at 30/06/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>EQUITY AND LIABILITIES (Contd.)</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	7,859	2,844
Deferred tax liabilities		367	367
<b>Total non-current liabilities</b>		<b>8,226</b>	<b>3,211</b>
<b>Current Liabilities:</b>			
Trade payables		7,623	12,982
Other payables and accruals		7,252	6,627
Contract liabilities		9,067	2,003
Borrowings	B7	74,077	53,648
Bank overdraft	B7	-	496
Current tax liabilities		1,897	1,380
<b>Total current liabilities</b>		<b>99,916</b>	<b>77,136</b>
<b>TOTAL LIABILITIES</b>		<b>108,142</b>	<b>80,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>209,986</b>	<b>178,376</b>
<b>Net assets per share (RM)</b>		<b>0.86</b>	<b>0.83</b>

*(The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

**Unaudited Condensed Consolidated Statement of Changes in Equity for the 6 months ended 30 June 2022**

<--- Attributable to owners of the Company --->

	Note	Share Capital	Retained Profits	Total	Non-Controlling Interest	Total Equity
		RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at as at 01/01/2021</b>		53,126	27,846	<b>80,972</b>	1,542	<b>82,514</b>
Total comprehensive income for the period		-	10,667	<b>10,667</b>	354	<b>11,021</b>
Issue of shares		5,646	-	<b>5,646</b>	-	<b>5,646</b>
Dividends paid to equity holders of the Company		-	(1,152)	<b>(1,152)</b>	-	<b>(1,152)</b>
<b>Balance as at 31/12/2021</b>		<b>58,772</b>	<b>37,361</b>	<b>96,133</b>	<b>1,896</b>	<b>98,029</b>
<b>Balance as at 01/01/2022</b>		58,772	37,361	<b>96,133</b>	1,896	<b>98,029</b>
Subscription of shares by non-controlling interest	A1	-	-	-	500	<b>500</b>
Total comprehensive income for the period		-	3,094	<b>3,094</b>	221	<b>3,315</b>
<b>Balance as at 30/06/2022</b>		<b>58,772</b>	<b>40,455</b>	<b>99,227</b>	<b>2,617</b>	<b>101,844</b>

*(The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

**Unaudited Condensed Consolidated Statement of Cash Flows for the 6 months ended 30 June 2022**

	<b>6 months ended</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities:</b>		
Profit before tax	<b>5,104</b>	7,503
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	<b>1,526</b>	1,692
Property, plant and equipment written off	<b>60</b>	-
Reversal of impairment loss on trade receivables	-	(31)
Gain on disposal property, plant and equipment	<b>(4)</b>	(13)
Interest expense	<b>1,316</b>	718
Interest income	<b>(47)</b>	(2)
Inventories written down	<b>1,421</b>	-
Share of results of an associate	<b>(233)</b>	(40)
<b>Operating profit before changes in working capital</b>	<b>9,143</b>	9,827
<u>Changes in Working Capital</u>		
Increase in Inventories	<b>(26,577)</b>	(14,388)
Decrease/(Increase) in Trade and Other Receivables	<b>1,823</b>	(13,020)
(Decrease)/Increase in Trade and Other Payables	<b>(4,735)</b>	5,696
Decrease/(Increase) in Net Contract Assets/(Liabilities)	<b>5,698</b>	(9,097)
	<b>(23,791)</b>	(30,809)
<b>Net Cash used in operations</b>	<b>(14,648)</b>	(20,982)
Interest received	<b>47</b>	2
Income tax paid	<b>(1,281)</b>	(611)
	<b>(1,234)</b>	(609)
<b>Net Cash used in Operating Activities</b>	<b>(15,882)</b>	(21,591)

**Unaudited Condensed Consolidated Statement of Cash Flows for the 6 months ended 30 June 2022**  
**(Contd.)**

	<b>6 months ended</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from disposal of property, plant and equipment	4	10
Purchase of property, plant and equipment	<b>(719)</b>	(2,865)
Subscription of shares by non-controlling interest	<b>500</b>	-
Net deposits with a licensed bank	<b>2,946</b>	(17)
<b>Net cash from/(used in) Investing Activities</b>	<b><u>2,731</u></b>	<b><u>(2,872)</u></b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from issuance of ordinary shares	-	5,646
Net proceeds from bankers' acceptances	<b>16,025</b>	11,013
Net repayment from lease liabilities	<b>(1,768)</b>	1,645
Net drawdown from term loan	<b>4,288</b>	-
Interest paid	<b>(1,316)</b>	(718)
<b>Net cash generated from Financing Activities</b>	<b><u>17,229</u></b>	<b><u>17,586</u></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,078</b>	(6,877)
<b>Cash and cash equivalents at beginning of the period</b>	<b><u>11,853</u></b>	20,942
<b>Cash and cash equivalents at end of the period</b>	<b><u><u>15,931</u></u></b>	<b><u><u>14,065</u></u></b>
<b>Cash and Cash Equivalents Comprise:</b>		
Deposits, cash and bank balances	<b>17,515</b>	15,586
Less: Non-short term deposits placed with licensed banks	<b>(1,584)</b>	(1,521)
	<b><u><u>15,931</u></u></b>	<b><u><u>14,065</u></u></b>

*(The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

## Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022

### Notes to the interim financial report

#### Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting

##### A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB), and Chapter 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31/12/2021. The 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 financial year ended 31/12/2021.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31/12/2021 except for the adoption of the following Amendments/Improvement to MFRSs:-

<b><u>Amendments/Improvements to MFRSs</u></b>	<b>Effective Date</b>
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
MFRS 3 Business Combinations	1 January 2022
MFRS 9 Financial Instruments	1 January 2022
MFRS 16 Leases	1 January 2022
MFRS 116 Property, Plant and Equipment	1 January 2022
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

The above amendments/improvements accounting standards are expected to have no material impact on the financial statements of the Group and the Company.

#### **New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

##### **New MFRS and amendments/improvements to MFRSs**

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023
Amendments to MFRS 3: Business Combinations	1 January 2023
Amendments to MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations	1 January 2023
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2023
Amendments to MFRS 9: Financial Instruments	1 January 2023
Amendments to MFRS 15: Revenue from Contracts with Customers	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2023
Amendments to MFRS 107: Statements of Cash Flows	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment	1 January 2023
Amendments to MFRS 119: Employee Benefits	1 January 2023
Amendments to MFRS 132: Financial Instruments: Presentation	1 January 2023
Amendments to MFRS 136: Impairment of Assets	1 January 2023
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets	1 January 2023
Amendments to MFRS 138: Intangible Assets	1 January 2023
Amendments to MFRS 10: Consolidated Financial Statements	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures	Deferred

The above new amendments/improvements standards, the Group and the Company have not prepared for early adoption. Accordingly, they have no material impact on the financial statements of the Group and the Company.

##### A2. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the year ended 31/12/2021 did not contain any qualifications.

##### A3. Seasonality or Cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors.

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**  
**Notes to the interim financial report (Cont'd)**

**Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting (Cont'd)**

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

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative quarter ended 30/06/2022.

**A5. Material Changes in estimates**

There were no changes in estimates that have had materially affected the Group during the current quarter and cumulative quarter under review.

**A6. Issuances, repurchases and repayments of debts and equity instruments**

There were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter and cumulative quarter under review.

**A7. Dividends paid**

There were no dividends paid during the current quarter ended 30/06/2022.

**A8. Operating Segment Information**

For management purposes, the Company is engaged in investment holding related activities. The Group categories its business units based on their products and services, and has four reportable operating segments as follows:

- The stainless steel and metal related products segment is in the business of manufacture and sales of stainless steel tubes and pipes, and processing of stainless steel sheets products and trading of other metal related products;
- The marine hardware & consumable segment is in the business of trading of marine hardware;
- The other industrial hardware segment is in the business of trading of industrial hardware; and
- The engineering works segment is in the business of manufacturing and installation of double and single former on-line chlorination nitrile glove dipping lines and double and single former rubber glove dipping lines, trading of dipping lines parts and consumable and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.

**Results for 3 months ended**

	<b>Stainless steel and metal related products</b>	<b>Marine hardware &amp; consumable</b>	<b>Other industrial hardware</b>	<b>Engineering works</b>	<b>Investment holding</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>30/06/2022</b>						
Revenues from external customers	38,099	7,124	1,682	124	8	47,037
Reportable segment gross profit	8,663	1,567	1,078	(2,060)	8	9,256
<b>30/06/2021</b>						
Revenues from external customers	21,823	5,702	3,120	10,547	8	41,200
Reportable segment gross profit	5,467	1,262	1,209	1,880	8	9,826



**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Notes to the interim financial report (Cont'd)**

**Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting (Cont'd)**

**Results for 6 months ended**

	<b>Stainless steel and metal related products</b>	<b>Marine hardware &amp; consumable</b>	<b>Other industrial hardware</b>	<b>Engineering works</b>	<b>Investment holding</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>30/06/2022</u></b>						
Revenues from external customers	72,373	11,852	3,536	7,362	15	95,138
Reportable segment gross profit	15,858	2,536	1,661	(1,929)	15	18,141
<b><u>30/06/2021</u></b>						
Revenues from external customers	44,545	12,182	5,280	14,466	15	76,488
Reportable segment gross profit	9,936	2,729	2,031	2,023	15	16,734

**A9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 30/06/2022 up to the date of this interim financial report which may substantially affect the results of the operations of the Group.

**A10. Effects of changes in the composition of the Group and financial year-to-date**

There were no changes in composition of the Group during the current quarter ended 30/06/2022.

**A11. Changes in contingent liabilities & assets since the last annual financial statements date**

There were no changes in the contingent liabilities and assets of the Group since the last audited date of the financial statements.

**A12. Capital commitment**

There were no capital commitments either contracted upon or otherwise that had affected the Group as at the current quarter ended 30/06/2022.

**A13. Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/06/2022 are as follows:

	<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>30/06/2022</b>	<b>30/06/2021</b>	<b>30/06/2022</b>	<b>30/06/2021</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<u>Subsidiary of an associate</u>				
Purchase from related parties	-	-	-	1
<u>Transactions with companies associate to directors</u>				
Legal retainer fees paid to a legal firm	-	15	-	30
Rental received from a company in which a director and a key senior management have interests	<b>3</b>	-	<b>6</b>	-

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of performance**

	Current Quarter			Cumulative Quarter		
	30/06/2022 RM'000	30/06/2021 RM'000	Changes %	30/06/2022 RM'000	30/06/2021 RM'000	Changes %
Revenue	<b>47,037</b>	41,200	14.2	<b>95,138</b>	76,488	24.4
<b>Operating Profit</b>	<b>2,685</b>	5,458	(50.8)	<b>6,140</b>	8,179	(24.9)
Profit Before Interest and Tax	<b>2,779</b>	5,468	(49.2)	<b>6,373</b>	8,219	(22.5)
Profit Before Tax	<b>2,169</b>	5,093	(57.4)	<b>5,104</b>	7,503	(32.0)
<b>Profit After Tax</b>	<b>1,124</b>	4,152	(72.9)	<b>3,315</b>	5,792	(42.8)
Profit Attributable to owners of the Company	<b>1,013</b>	4,073	(75.1)	<b>3,094</b>	5,601	(44.8)

The Group recorded revenue of RM47.04 million for the current quarter ended 30/06/2022, increased by RM5.84 million or 14.2% compared to revenue of RM41.20 million for the corresponding period in the previous financial year. The increase in revenue mainly from the stainless steel and metal-related products segment was due to the growth of new and existing customers and the increase in the average selling price.

The Group reported a profit before tax of RM2.17 million for the current quarter ended 30/06/2022, compared to RM5.09 million in the corresponding period in the previous financial year. The decline in profit before tax by RM2.92 million was mainly due to the weakening of the Ringgit by 4.5% against the US Dollar, inventories written off and higher staff costs from additional staff strength in the current quarter.

**Stainless Steel and Metal Related Products Segment:**

The stainless steel and metal related products segment continue to be the main contributor to the Group by contributing revenue of RM38.10 million out of the RM47.04 million recorded in this quarter under review. It represented an increase of RM16.28 million or 74.6% from RM21.82 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has improved to RM8.66 million from RM5.47 million, representing an increase of RM3.19 million or 58.3%. The growth is attributed to the increase in customer base and higher selling price.

**Marine Hardware and Consumable Segment:**

The marine hardware and consumables segment contributed revenue of RM7.12 million out of the RM47.04 million recorded in this quarter under review. It represented an increase of RM1.42 million or 25% from RM5.70 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has improved to RM1.57 million from RM1.26 million, representing an increase of RM0.31 million or 24%. The first quarter was lower due to shipments delay.

**Other Industrial Hardware Segment:**

Other industrial hardware segments contributed revenue of RM1.68 million out of the RM47.04 million recorded in this quarter under review. It represented a decrease of RM1.44 million or 46% from RM3.12 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has decreased to RM1.08 million from RM1.21 million, representing an decrease of RM0.13 million or 11%. The decrease is mainly due to weak market sentiment.

**Engineering Works Segment:**

The engineering work segment contributed revenue of RM0.12 million out of the RM47.04 million recorded in this quarter under review. It represented a decrease of RM10.42 million or 99% from RM10.54 million for the corresponding quarter in the previous financial year. The decrease is mainly due to negligible revenue recognized in current quarter.

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B2. Comparison with immediate preceding quarter's results**

	Current Quarter	Immediate Preceding Quarter	Changes
	30/06/2022 RM'000	31/03/2022 RM'000	(%)
Revenue	47,037	48,102	(2.2)
<b>Operating Profit</b>	<b>2,685</b>	3,455	(22.3)
Profit Before Interest and Tax	2,779	3,594	(22.7)
Profit Before Tax	2,169	2,934	(26.1)
<b>Profit After Tax</b>	<b>1,124</b>	2,191	(48.7)
Profit Attributable to owners of the Company	1,013	2,081	(51.3)

Current quarter revenue reported a decrease of RM1.06 million or 2.2% compared to the previous quarter. The Group recorded a profit before tax of RM2.17 million, which dropped by RM0.76 million compared to the last quarter. Both revenue and profit before tax declined during the current quarter were mainly due to negligible revenue recognised on engineering project. The lower profit before tax was due to the higher cost of sales and increase in operating expenses.

**B3. Commentary on prospects**

Malaysia Gross Domestic Product (GDP) continued to expand in the second quarter of 2022, and Malaysia's economy registered a strong growth of 8.9% in the second quarter of 2022 compared to 5.0 % in the first quarter. The improvement also reflected in the normalizing of economic activity as Malaysia moved towards endemicity and reopened international borders. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 3.5% (1Q 2022: 3.8%). With the growth in the first half of 2022 at 6.9%, the Malaysian economy is projected to expand further for the remainder of the year, supported by firm domestic demand, labour market improvements, border reopening and policy assistance. However, Malaysia's growth remains susceptible to weaker-than-expected global growth, further escalation of geopolitical conflicts and worsening supply chain disruptions. (Source: Bank Negara Malaysia Quarterly Bulletin Second Quarter 2022)

The Group continue challenges in the current business environment, such as the volatility in the international and domestic metal prices and a hike in foreign currency, the US Dollar, by 4.5% (Source: BNM exchange rate, RM4.212/\$1 on 01/04/2022 and RM4.4035/\$1 on 30/06/22). Also, implementation of minimum monthly wage from RM1,200 to RM1,500 effective 1 July 2022 and an increase in the overnight policy rate (OPR) by 25 basis points to 2.25% (Source: Bernama dated 6 July 2022). These have adversely increased the input costs of raw materials and operational costs for the Group.

The Group will continue to focus on its core business activities, continuing its efforts to improve operational efficiencies and better cost management measures to fulfil our customer orders. In addition, our business strategies and expansions plan include growing our market share and expanding our customer base.

The Board will continue to review the performance and improvement of the Group's operations and financial performance and maintain a healthy cash flow position in facing the various economic challenges. Accordingly, the Group is cautious about the outlook for 2022.

**B4. Profit forecast or profit guarantee**

Not applicable as the Group has not issued any profit forecast or profit guarantee in a public document.

**B5. Taxation**

	Current Quarter		Cumulative Quarter	
	30/06/2022 RM'000	30/06/2021 RM'000	30/06/2022 RM'000	30/06/2021 RM'000
Current income tax				
- for the financial period	1,045	941	1,768	1,711
- under provision in prior financial period	-	-	21	-
	<b>1,045</b>	941	<b>1,789</b>	1,711

Income tax expense is recognised in each interim period based on the best estimate of the income tax payable for the current quarter. The effective tax rate is higher than the statutory tax rate due to add back of non-deductible expenses and current period losses by certain companies within the group.

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B6. Status of corporate proposals**

**Corporate proposals**

The Company obtained the shareholders' approval on 25/05/2022 for the following corporate proposals:-

(i) A bonus issue of up to 14,400,000 new ordinary shares in KSSC ("Bonus Shares(s)") on the basis of 1 Bonus Share for every 8 ordinary shares held in KSSC ("KSSC Share(s) or Shares(s)") ("Bonus Issue of Shares");

(ii) A bonus issue of up to 43,200,000 free warrants ("Warrant(s)") on the basis of 1 Warrant Share for every 3 Shares held on the Entitlement Date after the Proposed Bonus Issue of shares ("Bonus Issue of Warrants") and

(iii) Establishment of an employees' share option scheme (the "ESOS Scheme") involving up to 15% of the total number of issued shares (excluding treasury shares of KSSC, if any) at any point of time during the duration of the ESOS Scheme, for the eligible directors and employees of KSSC and its subsidiaries, which are not dormant and who fulfil the eligibility criteria for participation in the ESOS Scheme as set out in the ESOS by-laws ("ESOS").

The Bonus Issue of Shares was completed on 04/07/2022 and a total of 14,399,905 shares had been listed on the Main Market of Bursa Securities. As a result of the Bonus Issue of Shares, the total number of shares of the Company increased to 129,599,905 shares.

**B7. Details of Group borrowings and debts securities**

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/06/2022 are as follows:

	As at	
	30/06/2022	31/12/2021
	RM'000	RM'000
<b>Secured</b>		
Non-current:		
Term loan	4,144	-
Lease liabilities	3,715	2,844
	<b>7,859</b>	2,844
Current:		
Term loan	144	-
Bills and other trade financing liabilities	71,688	51,590
Lease liabilities	2,245	2,058
Bank overdraft	-	496
	<b>74,077</b>	54,144
Total Borrowings	<b>81,936</b>	56,988

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B8. Profit before taxation**

Profit before taxation is arrived at after charging/(crediting):

	Current Quarter		Cumulative Quarter	
	30/06/2022	30/06/2021	30/06/2022	30/06/2021
	RM'000	RM'000	RM'000	RM'000
1) <i>Other operating income:</i>				
Gain on disposal of property, plant and equipment	-	(3)	(4)	(13)
2) <i>Administration expenses &amp; Cost of sales:</i>				
Depreciation of properties, plant & equipment	694	938	1,526	1,692
Property, Plant & Equipment written off	60	-	60	-
Employee benefit expenses	4,905	3,638	9,469	7,305
Inventories written down	1,400	-	1,421	-
3) <i>Other (gains)/expenses:</i>				
Realised foreign exchange gains	(104)	10	(122)	39
4) <i>Finance costs/(income):</i>				
Interest income	(22)	(1)	(47)	(2)
Bank overdrafts	8	3	16	7
Bankers acceptance	566	317	1,171	610
Lease liabilities/Finance lease liabilities	57	55	129	101

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

**B9. Changes in Material Litigations**

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending which might materially and adversely affect the financial position or business of the Group for the current quarter ended 30/06/2022.

**B10. Proposed Dividends**

The Directors do not recommend any dividends for the current quarter ended 30/6/2022.

**B11. Earnings per share**

(a) The earnings used as the numerator in calculating Basic and Diluted earnings per share (EPS) for the current quarter and cumulative quarter ended 30/06/2022 are as follows:

	Current Quarter RM'000	Cumulative Quarter RM'000
Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>1,013</u>	<u>3,094</u>

(b) The weighted average number of ordinary shares used in the denominator in calculating Basic and Diluted earnings per share for the current quarter and cumulative quarter ended 30/06/2022 are as follows:

	Current Quarter '000	Cumulative Quarter '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	<u>115,200</u>	<u>115,200</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>115,200</u>	<u>115,200</u>

Diluted earnings per share is equivalent to Basic EPS as the Group does not have any dilutive potential ordinary shares in issue during the current quarter and cumulative quarter under review.

**Unaudited Report on Consolidated Results for the 6 months ended 30 June 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B12. Authorisation for issue**

The interim unaudited financial report was duly reviewed by Audit and Risk Management Committee and approved by the Board of Directors on 29/08/2022.