

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the 9 months ended 30 September 2022**

	Note	Current quarter		Cumulative Quarter	
		3 months ended		9 months ended	
		30/09/2022	30/09/2021	30/09/2022	30/09/2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	<b>58,362</b>	31,084	<b>153,501</b>	107,572
Cost of sales		<b>(52,841)</b>	(23,448)	<b>(129,839)</b>	(83,202)
<b>Gross profit</b>		<b>5,521</b>	7,636	<b>23,662</b>	24,370
Other income		<b>170</b>	1,483	<b>857</b>	2,039
Selling and distribution expenses		<b>(867)</b>	(186)	<b>(2,223)</b>	(1,748)
Administration expenses		<b>(2,748)</b>	(4,867)	<b>(12,062)</b>	(10,918)
Other expenses		<b>(1,222)</b>	(1,409)	<b>(3,240)</b>	(2,907)
		<b>(4,837)</b>	(6,462)	<b>(17,525)</b>	(15,573)
<b>Operating profit</b>		<b>854</b>	2,657	<b>6,994</b>	10,836
Finance income		<b>7</b>	1	<b>54</b>	3
Finance costs		<b>(769)</b>	(428)	<b>(2,085)</b>	(1,146)
Share of results of associate		<b>29</b>	10	<b>262</b>	50
<b>Profit before tax</b>	B8	<b>121</b>	2,240	<b>5,225</b>	9,743
Income tax expense	B5	<b>127</b>	(613)	<b>(1,662)</b>	(2,324)
<b>Profit after tax</b>		<b>248</b>	1,627	<b>3,563</b>	7,419
<b>Total Comprehensive (loss)/income for the period</b>		<b>248</b>	1,627	<b>3,563</b>	7,419
<b>Profit Attributable To:</b>					
Owners of the Parent		<b>201</b>	1,604	<b>3,295</b>	7,205
Non-controlling interests		<b>47</b>	23	<b>268</b>	214
		<b>248</b>	1,627	<b>3,563</b>	7,419
<b>Total comprehensive income attributable to :</b>					
Owners of the Parent		<b>201</b>	1,604	<b>3,295</b>	7,205
Non-controlling interests		<b>47</b>	23	<b>268</b>	214
		<b>248</b>	1,627	<b>3,563</b>	7,419
<b>Weighted average number of ordinary shares in issue ('000)</b>	B11	<b>128,974</b>	114,942	<b>119,842</b>	114,942
<b>Earnings per share</b>					
Basic (Sen)	B11	<b>0.16</b>	1.40	<b>2.75</b>	6.27
Diluted (Sen)	B11	<b>0.16</b>	1.40	<b>2.75</b>	6.27

(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 September 2022**

	Note	Unaudited As at 30/09/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		20,635	13,756
Investment in an associate		5,425	5,164
Deferred tax assets		99	99
<b>Total non-current assets</b>		<b>26,159</b>	<b>19,019</b>
<b>Current assets:</b>			
Inventories		98,523	70,788
Trade receivables		54,470	60,887
Other receivables, deposits and prepayments		4,589	7,887
Contract assets		-	2,460
Current tax assets		803	457
Deposits, cash and bank balances		12,249	16,878
<b>Total current assets</b>		<b>170,634</b>	<b>159,357</b>
<b>TOTAL ASSETS</b>		<b>196,793</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		40,656	37,361
		<b>99,428</b>	96,133
Non-controlling interest		2,681	1,896
<b>TOTAL EQUITY</b>		<b>102,109</b>	<b>98,029</b>

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

(Contd.)

	Note	Unaudited As at 30/09/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>EQUITY AND LIABILITIES (Contd.)</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	8,275	2,844
Deferred tax liabilities		367	367
<b>Total non-current liabilities</b>		<b>8,642</b>	<b>3,211</b>
<b>Current Liabilities:</b>			
Trade payables		7,401	12,982
Other payables and accruals		4,407	6,627
Contract liabilities		4,804	2,003
Borrowings	B7	69,031	53,648
Bank overdraft	B7	293	496
Current tax liabilities		106	1,380
<b>Total current liabilities</b>		<b>86,042</b>	<b>77,136</b>
<b>TOTAL LIABILITIES</b>		<b>94,684</b>	<b>80,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>196,793</b>	<b>178,376</b>
<b>Net assets per share (RM)</b>		<b>0.77</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 9 months ended 30 September 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	-	-	-	517	<b>517</b>
Total comprehensive income for the period		-	3,295	<b>3,295</b>	268	<b>3,563</b>
<b>Balance as at 30/09/2022</b>		<b>58,772</b>	<b>40,656</b>	<b>99,428</b>	<b>2,681</b>	<b>102,109</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 9 months ended 30 September 2022**

	9 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
<b>Cash Flows From Operating Activities:</b>		
Profit before tax	5,225	9,743
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	2,411	2,381
Property, plant and equipment written off	60	-
Reversal of impairment loss on trade receivables	-	(1,199)
Impairment loss on trade receivables	76	-
Gain on disposal property, plant and equipment	(23)	(13)
Interest expense	2,085	1,101
Interest income	(54)	(3)
Realised (gain)/loss on foreign exchange	(229)	46
Inventories written down	1,421	-
Share of results of an associate	(262)	(50)
<b>Operating profit before changes in working capital</b>	<b>10,710</b>	<b>12,006</b>
<u>Changes in Working Capital</u>		
Increase in Inventories	(29,157)	(24,032)
Decrease/(Increase) in Trade and Other Receivables	9,639	(10,172)
(Decrease)/Increase in Trade and Other Payables	(7,572)	7,959
Decrease/(Increase) in Net Contract Assets/(Liabilities)	5,260	(8,457)
	<b>(21,830)</b>	<b>(34,702)</b>
<b>Net Cash used in operations</b>	<b>(11,120)</b>	<b>(22,696)</b>
Interest received	54	3
Income tax paid	(3,281)	(858)
	<b>(3,227)</b>	<b>(855)</b>
<b>Net Cash used in Operating Activities</b>	<b>(14,347)</b>	<b>(23,551)</b>

**Unaudited Condensed Consolidated Statement of Cash Flows for the 9 months ended 30 September 2022 (Contd.)**

	9 months ended	
	30/09/2022	30/09/2021
	RM'000	RM'000
<b>Cash Flows From Investing Activities:</b>		
Proceeds from disposal of property, plant and equipment	24	10
Purchase of property, plant and equipment	(1,153)	(3,016)
Acquisition of subsidiary, net of cash and cash equivalents acquired	17	-
Net deposits with a licensed bank	1,945	(17)
<b>Net cash from/(used in) Investing Activities</b>	<b>833</b>	<b>(3,023)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from issuance of ordinary shares	-	5,646
Proceed from issuance of shares to non-controlling interest by a subsidiary	500	-
Net proceeds from bankers' acceptances	9,551	12,667
Net repayment from lease liabilities	(2,196)	1,105
Net drawdown from term loan	5,262	-
Interest paid	(2,085)	(1,101)
Dividend paid	-	(1,152)
<b>Net cash generated from Financing Activities</b>	<b>11,032</b>	<b>17,165</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,482)</b>	<b>(9,409)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,853</b>	<b>20,942</b>
<b>Cash and cash equivalents at end of the period</b>	<b>9,371</b>	<b>11,533</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Deposits, cash and bank balances	12,249	13,054
Less: Bank overdraft	(293)	-
Less: Non-short term deposits placed with licensed banks	(2,585)	(1,521)
	<b>9,371</b>	<b>11,533</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 9 months ended 30 September 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>Amendments/Improvements to MFRSs</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 9 months ended 30 September 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 30/09/2022.

**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, save and except otherwise disclosed under note B6.

**A7. Dividends paid**

There were no dividends paid during the current quarter ended 30/09/2022.

**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:

a) 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;

b) The marine hardware & consumable segment is in the business of trading of marine hardware;

c) The other industrial hardware segment is in the business of trading of industrial hardware; and

d) The engineering works segment is in the business of manufacturing and installation of single and double former on-line chlorination nitrile glove dipping lines and single and double 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>30/09/2022</b>						
Revenues from external customers	34,734	6,117	1,040	16,463	8	<b>58,362</b>
Reportable segment gross profit	3,131	1,377	447	558	8	<b>5,521</b>
<b>30/09/2021</b>						
Revenues from external customers	22,606	4,930	1,708	1,832	8	31,084
Reportable segment gross profit	6,116	1,087	885	(460)	8	7,636



**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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 9 months ended**

	Stainless steel and metal-related products	Marine hardware & consumable	Other industrial hardware	Engineering works	Investment holding	Total
<b>30/09/2022</b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	107,109	17,969	4,575	23,826	22	<b>153,501</b>
Reportable segment gross profit	18,990	3,913	2,108	(1,371)	22	<b>23,662</b>
<b>30/09/2021</b>						
Revenues from external customers	67,151	17,112	6,988	16,298	23	107,572
Reportable segment gross profit	16,052	3,816	2,916	1,563	23	24,370

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

There were no material events subsequent to the current financial quarter ended 30/09/2022 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**

On 01/09/2022, PTM Stainless Steel Industry Sdn Bhd ("PTM") had subscribed 75% equity interest in PTM Water System Sdn Bhd ("PTMWS") for a total consideration of RM75,000.. Upon completion of the subscription, PTMWS became an indirect subsidiary of the Group. The principal activities of PTMWS are related to the trading of industrial hardware and construction materials.

Save as the above, there is no changes in composition of the Group during the current quarter ended 30/09/2022.

**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 30/09/2022 other than disclosed below:-

Approved and contracted for: Purchase of property	RM'000 <u>14,700</u>
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**A13. Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/09/2022 are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	9 months ended	9 months ended
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
<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	-	45
Rental received from a company in which a director and a key senior management have interests	<b>3</b>	3	<b>9</b>	9

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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		
	30/09/2022 RM'000	30/09/2021 RM'000	Changes %	30/09/2022 RM'000	30/09/2021 RM'000	Changes %
Revenue	<b>58,362</b>	31,084	87.8	<b>153,501</b>	107,572	42.7
<b>Operating Profit</b>	<b>854</b>	2,657	(67.9)	<b>6,994</b>	10,836	(35.5)
Profit Before Interest and Tax	<b>883</b>	2,667	(66.9)	<b>7,256</b>	10,886	(33.3)
Profit Before Tax	<b>121</b>	2,240	(94.6)	<b>5,225</b>	9,743	(46.4)
<b>Profit After Tax</b>	<b>248</b>	1,627	(84.8)	<b>3,563</b>	7,419	(52.0)
Profit Attributable to owners of the Company	<b>201</b>	1,604	(87.5)	<b>3,295</b>	7,205	(54.3)

The Group recorded a revenue of RM58.36 million for the current quarter ended 30/09/2022, and increased of RM27.28 million or 87.8% compared to the revenue of RM31.1 million for the corresponding period in the previous financial year. The increase in the revenue, mainly from the stainless steel and metal-related products and engineering works segments, was due to the growth of new and existing customers and two projects completed in the current quarter.

The Group reported a profit before tax of RM0.12 million for the current quarter ended 30/09/2022, compared to RM2.24 million in the corresponding period in the previous financial year. The decline in the profit before tax by RM2.12 million was mainly due to the weakening of the Ringgit Malaysia against the US Dollar, which dropped in commodity price and increased the cost of sales in the current quarter.

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

The stainless steel and metal-related products segment continues to be the main contributor to the Group by contributing a revenue of RM34.73 million out of the RM58.36 million recorded in this quarter under review. It represented an increase of RM12.12 million or 53.6% from RM22.61 million for the corresponding quarter in the previous financial year. In addition, the current quarter segmental gross profit has declined to RM3.13 million from RM6.12 million, representing a reduction of RM2.98 million or 48.8%. The decrease is mainly due to higher cost of raw materials.

**Marine Hardware and Consumable Segment:**

The marine hardware and consumables segment contributed a revenue of RM6.12 million out of the RM58.36 million recorded in this quarter under review. It represented an increase of RM1.19 million or 24.1% from RM4.93 million for the corresponding quarter in the previous financial year. In addition, the current quarter segmental gross profit has improved to RM1.38 million from RM1.09 million, representing an increase of RM0.29 million or 26.7%. The improvement mainly due to higher revenue in the current quarter.

**Other Industrial Hardware Segment:**

Other industrial hardware segments contributed a revenue of RM1.04 million out of the RM58.36 million recorded in this quarter under review. It represented a decrease of RM0.67 million or 39.1% from RM1.71 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has decreased to RM0.45 million from RM0.89 million, representing a decrease of RM0.44 million or 49.5%. The decline is mainly due to weak market sentiment.

**Engineering Works Segment:**

The engineering work segment contributed a revenue of RM16.46 million out of the RM58.36 million recorded in this quarter under review. It represented an increase of RM14.63 million or 798.6% from RM1.83 million for the corresponding quarter in the previous financial year. The increase in revenue is mainly due to the two projects completed in the current quarter.

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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
	30/09/2022 RM'000	30/06/2022 RM'000	(%)
Revenue	<b>58,362</b>	47,037	24.1
<b>Operating Profit</b>	<b>854</b>	2,685	(68.2)
Profit Before Interest and Tax	<b>883</b>	2,779	(68.2)
Profit Before Tax	<b>121</b>	2,169	(94.4)
<b>Profit After Tax</b>	<b>248</b>	1,124	(77.9)
Profit Attributable to owners of the Company	<b>201</b>	1,013	(80.2)

Revenue reported in the current quarter recorded an increase of RM11.32 million or 24.1% compared to the previous quarter. The Group recorded a profit before tax of RM0.12 million, reduced by RM2.05 million compared to the last quarter. The increased in revenue and decreased in profit before tax during the current quarter were mainly related to higher cost of sales from the stainless steel and metal-related products segment.

**B3. Commentary on prospects**

Malaysia Gross Domestic Product (GDP) continued to expand in the third quarter of 2022, and Malaysia's economy registered a strong growth of 14.2% in the third quarter of 2022 compared to 8.9 % in the second quarter. The services and manufacturing sectors continued to drive growth. On a quarter-on-quarter seasonally-adjusted basis, the economy increased by 1.9% (2Q 2022: 3.5%). With the growth in the first three quarters of 2022 at 9.3%, Malaysia's economic growth will be supported by continued expansion in domestic demand. The economy would benefit from improved labour market conditions, a realisation of multi-year projects 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 Third Quarter 2022)

The Group will continue to face challenges in the current business environment in the demand of our products, the volatility in the international and domestic metal prices and a hike in the US Dollar. 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 50 basis points to 2.75% by Bank Negara Malaysia. These have 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 to maintain a healthy cash flow position. 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	
	30/09/2022 RM'000	30/09/2021 RM'000	30/09/2022 RM'000	30/09/2021 RM'000
Current income tax				
- for the financial period	<b>162</b>	2,324	<b>1,930</b>	2,324
- over provision in prior financial period	<b>(289)</b>	-	<b>(268)</b>	-
	<b>(127)</b>	2,324	<b>1,662</b>	2,324

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 9 months ended 30 September 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 had completed the corporate proposals as follow:-

(i) A bonus issue of 14,399,905 new ordinary shares in KSSC ("Bonus Shares(s)") was completed on 04/07/2022 and had been listed on the Main Market of Bursa Securities;

(ii) A bonus issue of 43,199,879 free warrants ("Warrant(s)") with an exercise price fixed at RM0.54 per warrant was completed on 18/10/2022 and had been listed on the Main Market of Bursa Securities; and

(iii) The 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") had been implemented on 08/09/2022.

Save as disclosed, there were no other corporate proposals undertaken but not completed as at the date of this report.

**(b) Utilisation of proceeds**

The Private Placement has been completed on 11/01/2021 with a total share subscribed of 19,200,000 Placement Shares and a total gross proceeds received of RM10.26 million.

To-date, the Company has yet to fully utilise the Private Placement Proceeds. The Board has resolved to extend the timeframe for the utilisation of proceeds for the business expansion for additional 24 months.

A summary of the revised utilisation of proceeds is set out below:-

Purpose	Private Placement received	Actual utilisation	Unutilised Proceed	Initial Time Frame for Utilisation	Extended Time Frame for Utilisation
	RM'000	RM'000	RM'000		
(i) Business Expansion	5,000	-	5,000	18 Months	Additional 24 Months
(ii) Working Capital	5,157	5,157	-	-	-
(iii) Defray estimated expenses	100	100	-	-	-
	10,257	5,257	5,000		

The delay in the completion of the business expansion was mainly due to the planning permission is currently pending approval from Majlis Perbandaran Kajang. The Extension of Time is not subject to any regulatory authority or shareholders' approval.

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

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/09/2022 are as follows:

	As at	
	30/09/2022	31/12/2021
	RM'000	RM'000
<b>Secured</b>		
Non-current:		
Term loan	4,919	-
Lease liabilities	3,356	2,844
Borrowings - Non-Current	<b>8,275</b>	<b>2,844</b>
Current:		
Term loan	343	-
Bills and other trade financing liabilities	66,502	51,590
Lease liabilities	2,186	2,058
	<b>69,031</b>	<b>53,648</b>
Bank overdraft	293	496
Borrowings - Current	<b>69,324</b>	<b>54,144</b>
Total Borrowings	<b>77,599</b>	<b>56,988</b>

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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	
	30/09/2022	30/09/2021	30/09/2022	30/09/2021
	RM'000	RM'000	RM'000	RM'000
1) Other operating income:				
Gain on disposal of property, plant and equipment	(19)	-	(23)	(13)
2) Administration expenses & Cost of sales:				
Depreciation of properties, plant & equipment	885	689	2,411	2,381
Property, Plant & Equipment written off	-	-	60	-
Employee benefit expenses	2,259	5,169	11,728	12,474
Inventories written down	-	-	1,421	-
3) Other (gains)/expenses:				
Impairment loss in trade receivable	76	-	76	-
Reversal of impairment loss on trade receivables	-	(1,199)	-	(1,199)
Realised foreign exchange gains	(107)	7	(229)	46
Loss due to compromised e-payment transaction	-	695	-	695
4) Finance costs/(income):				
Interest income	(7)	(1)	(54)	(3)
Bank overdrafts	6	4	22	11
Bankers acceptance	629	330	1,787	940
Lease liabilities	66	49	195	150
Term Loan	68	-	81	-

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**

Shanghai JBS Bearing Co. Ltd vs K.Seng Seng Manufacturing Sdn Bhd

K.Seng Seng Manufacturing Sdn Bhd ("KSSM"), a wholly-owned subsidiary of the Company, had on 14/09/2022 been served with a Writ of Summons and Statement of Claim both dated 06/09/2022 by Shanghai JBS Bearing Co. Ltd. ("SJBS") due to the allegation that KSSM has failed to settle an outstanding RMB2,992,083.82 (equivalent to RM1,936,446.73) purportedly for the purchasers of goods from SJBS. The Court fixed the case management on 21/10/2022.

On 25/10/2022, the Company has announced that the Court has fixed the hearing date for all the three (3) interlocutory applications on 13/02/2023 as follow:-

- (i) KSSM had on 07/10/2022 filed an application for further and better particulars in respect of the SJBS's Statement of Claim;
- (ii) KSSM had on 13/10/2022 been served with an application by the SJBS for summary judgement; and
- (iii) KSSM had on 14/10/2022 filed an application for security for costs against the SJBS.

The next case management is fixed on 14/02/2023.

SJBS vs KSG Engineering Sdn Bhd

KSG Engineering Sdn Bhd ("KSGE"), a wholly-owned subsidiary of the Company, had on 14/09/2022 been served with a Writ of Summons and Statement of Claim both dated 06/09/2022 by SJBS due to the allegation that KSGE has failed to settle an outstanding amount of RMB873,032.31 (equivalent to RM565,017.78) purportedly for the purchasers of goods from SJBS. The Court has fixed the case management on 09/12/2022.

Kin Kee Hardware Sdn Bhd vs KSGE

KSGE a wholly-owned subsidiary of the Company, had on 13/10/2022 been served with a Writ of Summons and Statement of Claim both dated 28/09/2022 and 09/09/2022 respectively by Kin Kee Hardware Sdn Bhd ("KKHSB") due to the allegation that KSGE has failed to settle an outstanding amount of RM320,650.77 owing to the KKHSB for the purchases of goods and overdue interest from KKHSB. The Court has fixed the matter for mention on 28/11/2022.

Save for the above, 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 30/09/2022.

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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)**

**B10. Proposed Dividends**

The Directors do not recommend any dividends for the current quarter ended 30/9/2022.

**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 30/09/2022 are as follows:

	<b>Current Quarter RM'000</b>	<b>Cumulative Quarter RM'000</b>
Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>201</u>	<u>3,295</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 30/09/2022 are as follows:

	<b>Current Quarter '000</b>	<b>Cumulative Quarter '000</b>
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	128,974	119,842
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>128,974</u>	<u>119,842</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.

**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 22/11/2022.