

Unaudited Condensed Consolidated Statement of Comprehensive Income for the 3 months ended 31 March 2023

	Note	Current quarter		Cumulative Quarter	
		3 months ended		3 months ended	
		31/03/2023	31/03/2022	31/03/2023	31/03/2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	42,022	48,102	42,022	48,102
Cost of sales		(38,233)	(39,217)	(38,233)	(39,217)
Gross profit		3,789	8,885	3,789	8,885
Other income		3,180	550	3,180	550
Selling and distribution expenses		(689)	(611)	(689)	(611)
Administration expenses		(3,601)	(4,476)	(3,601)	(4,476)
Other expenses		(1,144)	(893)	(1,144)	(893)
		(5,434)	(5,980)	(5,434)	(5,980)
Operating profit		1,535	3,455	1,535	3,455
Finance income		-	25	-	25
Finance costs		(808)	(685)	(808)	(685)
Share of results of associate		63	139	63	139
Profit before tax	B8	790	2,934	790	2,934
Income tax expense	B5	(125)	(743)	(125)	(743)
Profit after tax		665	2,191	665	2,191
Total Comprehensive income for the period		665	2,191	665	2,191
Profit Attributable To:					
Owners of the Parent		630	2,081	630	2,081
Non-controlling interests		35	110	35	110
		665	2,191	665	2,191
Total comprehensive income attributable to :					
Owners of the Parent		630	2,081	630	2,081
Non-controlling interests		35	110	35	110
		665	2,191	665	2,191
Weighted average number of ordinary shares in issue ('000)	B11	129,984	115,200	129,984	115,200
Earnings per share					
Basic (Sen)	B11	0.48	1.81	0.48	1.81
Diluted (Sen)	B11	0.48	1.81	0.48	1.81

(The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2023

	Note	Unaudited As at 31/03/2023 RM'000	Audited As at 31/12/2022 RM'000
ASSETS			
Non-current assets:			
Property, plant and equipment		33,664	19,605
Investment in an associate		5,379	5,316
Deferred tax assets		416	580
Total non-current assets		39,459	25,501
Current assets:			
Inventories		73,539	80,971
Trade receivables		53,720	48,007
Other receivables, deposits and prepayments		4,779	4,178
Contract assets		1,935	1,935
Contract costs		16,498	16,360
Current tax assets		2,461	1,876
Other investments		16,778	-
Deposits, cash and bank balances		9,331	8,288
Total current assets		179,041	161,615
TOTAL ASSETS		218,500	187,116
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		59,068	58,772
Retained profits		39,472	38,842
		98,540	97,614
Non-controlling interest		2,972	2,937
TOTAL EQUITY		101,512	100,551

Unaudited Condensed Consolidated Statement of Financial Position as at 31 March 2023

(Contd.)

	Note	Unaudited As at 31/03/2023 RM'000	Audited As at 31/12/2022 RM'000
EQUITY AND LIABILITIES (Contd.)			
Non-current liabilities			
Borrowings	B7	19,740	7,633
Deferred tax liabilities		445	609
Total non-current liabilities		20,185	8,242
Current Liabilities:			
Trade payables		5,860	5,701
Other payables and accruals		12,371	4,855
Contract liabilities		20,029	20,029
Borrowings	B7	58,146	47,351
Bank overdraft	B7	397	387
Total current liabilities		96,803	78,323
TOTAL LIABILITIES		116,988	86,565
TOTAL EQUITY AND LIABILITIES		218,500	187,116
Net assets per share (RM)		0.76	0.78

(The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Condensed Consolidated Statement of Changes in Equity for the 3 months ended 31 March 2023

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

Note	Share Capital	Retained	Total	Non-Controlling	Total Equity
	RM'000	Profits RM'000	RM'000	Interest RM'000	RM'000
Balance at as at 01/01/2022	58,772	37,361	96,133	1,896	98,029
Total comprehensive income for the period	-	1,481	1,481	273	1,754
Transactions with owners					
Changes in subsidiaries ownership interests	-	-	-	768	768
Balance as at 31/12/2022	58,772	38,842	97,614	2,937	100,551
Balance as at 01/01/2023	58,772	38,842	97,614	2,937	100,551
Conversion of warrants shares	296	-	296	-	296
Total comprehensive income for the period	-	630	630	35	665
Balance as at 31/03/2023	59,068	39,472	98,540	2,972	101,512

(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 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Condensed Consolidated Statement of Cash Flows for the 3 months ended 31 March 2023

	3 months ended	
	31/03/2023	31/03/2022
	RM'000	RM'000
Cash Flows From Operating Activities:		
Profit before tax	790	2,934
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	792	832
Reversal of impairment loss on trade receivables	(20)	-
Gain on disposal property, plant and equipment	(18)	(4)
Interest expense	808	685
Interest income	-	(25)
Inventories written down	-	21
Share of results of an associate	(63)	(139)
Unrealised gain on other investments	(2,560)	-
Operating (loss)/profit before changes in working capital	(271)	4,304
<u>Changes in Working Capital</u>		
Decrease/(Increase) in Inventories	7,432	(6,433)
(Increase)/Decrease in Trade and Other Receivables	(6,294)	(16,472)
Increase/(Decrease) in Trade and Other Payables	7,675	(853)
(Increase)/Decrease in Net Contract Assets/(Contract Liabilities)	(138)	4,441
	8,675	(19,317)
Net Cash generated from/(used in) operations	8,404	(15,013)
Interest received	-	25
Income tax paid	(711)	(753)
	(711)	(728)
Net Cash generated from/(used in) Operating Activities	7,693	(15,741)

Unaudited Condensed Consolidated Statement of Cash Flows for the 3 months ended 31 March 2023 (Contd.)

	3 months ended	
	31/03/2023	31/03/2022
	RM'000	RM'000
Cash Flows From Investing Activities:		
Proceeds from disposal of property, plant and equipment	398	4
Purchase of property, plant and equipment	(15,399)	(2,911)
Acquisition of other investments	(14,218)	-
Net deposits with a licensed bank	-	2,985
Net cash (used in)/generated from Investing Activities	(29,219)	78
Cash Flows From Financing Activities:		
Proceeds from issuance of ordinary shares	296	-
Net proceed from bankers' acceptances	10,714	14,223
Net repayment from lease liabilities	(828)	1,525
Net drawdown from term loan	13,185	-
Interest paid	(808)	(685)
Net cash generated from Financing Activities	22,559	15,063
Net increase/(decrease) in cash and cash equivalents	1,033	(600)
Cash and cash equivalents at beginning of the period	6,342	11,853
Cash and cash equivalents at end of the period	7,375	11,253
Cash and Cash Equivalents Comprise:		
Deposits, cash and bank balances	9,331	13,297
Less: Bank overdraft	(397)	(500)
Less: Non-short term deposits placed with licensed banks	(1,559)	(1,544)
	7,375	11,253

(The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023

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 31/12/2022. 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 31/12/2022.

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 31/12/2022 except for the adoption of the following new MFRS and amendments/improvement to MFRSs:-

<u>New MFRS and amendments/improvements to MFRSs</u>	<u>Effective Date</u>
MFRS 17 Insurance Contracts	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 140: Investment Property	1 January 2023 *

* Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

Amendments/improvements to MFRSs that have been issued, but yet to be effective

Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
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 31/12/2022 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 3 months ended 31 March 2023 (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 31/03/2023.

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

Save for the following, there were no issuances, repurchases and repayments of debt and equity securities during the current quarter and cumulative quarter under review:

Issuance of 547,600 new ordinary shares from the exercise of Warrants as the exercise price of RM0.54 per warrant amounting to RM295,704.00.

A7. Dividends paid

There were no dividends paid during the current quarter ended 31/03/2023.

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

	Stainless steel and metal-related products	Marine hardware & consumable	Other industrial hardware	Engineering works	Investment holding	Total
31/03/2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	24,857	5,548	11,609	-	8	42,022
Reportable segment gross profit/(loss)	2,112	1,202	533	(66)	8	3,789
31/03/2022						
Revenues from external customers	34,275	4,728	1,854	7,238	7	48,102
Reportable segment gross profit	7,195	969	583	131	7	8,885

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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)

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

There were no material events subsequent to the current quarter ended 31/03/2023 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 31/03/2023.

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 31/03/2023.

A13. Related party transactions

The Group's related party transactions in the current quarter and the cumulative period to date ended 31/03/2023 are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		3 months ended	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with company associate to key senior management</u>				
Rental received from a company in which a key senior management has interest	3	3	3	3

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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		
	31/03/2023 RM'000	31/03/2022 RM'000	Changes %	31/03/2023 RM'000	31/03/2022 RM'000	Changes %
Revenue	42,022	48,102	(12.6)	42,022	48,102	(12.6)
Operating Profit	1,535	3,455	(55.6)	1,535	3,455	(55.6)
Profit Before Interest and Tax	1,598	3,594	(55.5)	1,598	3,594	(55.5)
Profit Before Tax	790	2,934	(73.1)	790	2,934	(73.1)
Profit After Tax	665	2,191	(69.6)	665	2,191	(69.6)
Profit Attributable to owners of the Company	630	2,081	(69.7)	630	2,081	(69.7)

The Group recorded a revenue of RM42.02 million for the current quarter ended 31/03/2023, a decrease of RM6.08 million or 12.64% compared to the revenue of RM48.10 million for the corresponding period in the previous financial year. The revenue reduction was mainly due to the current quarter's shortage of raw materials and the festival season.

The Group reported a profit before tax of RM0.79 million for the current quarter ended 31/03/2023, compared to a profit before tax of RM2.93 million in the corresponding period in the previous financial year. The decline in the profit before tax by RM2.14 million was mainly due to lower revenue from a shortage of raw materials for the stainless steel and metal-related products segment. In addition, dropped in the gross profit margin by RM5.09 million was mainly due to the weakening of the Ringgit Malaysia against the US Dollar by 5% (Q123: RM4.417/\$1 vs Q122:RM4.206/\$1), and increased cost of sales 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 RM24.86 million in the current quarter under review. However, it represented a decrease of RM9.42 million or 27.48% from RM34.28 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has declined to RM2.11 million from RM7.20 million, representing a reduction of RM5.08 million or 70.65%. The decrease was mainly due to the shortage of raw materials and the higher cost of sales recorded in the current quarter.

Marine Hardware and Consumable Segment:

The marine hardware and consumables segment contributed revenue of RM5.55 million in the current quarter under review. It represented an increase of RM0.82 million or 17.34% from RM4.73 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has improved to RM1.20 million from RM0.97 million, representing an increase of RM0.23 million or 24.05%. The improvement was mainly due to higher demand in the current quarter.

Other Industrial Hardware Segment:

Other industrial hardware segments contributed revenue of RM11.61 million in the current quarter under review. It represented an increase of RM9.76 million or 526.16% from RM1.85 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has decreased to RM0.53 million from RM0.58 million, representing a decrease of RM0.05 million or 8.58%. The improvement in revenue was mainly due to the higher demand in the current quarter.

Engineering Works Segment:

The engineering work segment reported zero revenue in the current quarter under review due to the projects being on hold by the customers in view of the slowdown in glove manufacturing industry.

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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
	31/03/2023 RM'000	31/12/2022 RM'000	(%)
Revenue	42,022	39,220	7.1
Operating Profit/(Loss)	1,535	(1,439)	(206.7)
Profit/(Loss) Before Interest and Tax	1,598	(1,582)	(201.0)
Profit/(Loss) Before Tax	790	(2,266)	(134.9)
Profit/(Loss) After Tax	665	(1,839)	(136.2)
Profit/(Loss) Attributable to owners of the Company	630	(1,845)	(134.1)

Revenue in the current quarter recorded an increase of RM2.80 million or 7.14% compared to the previous quarter. As a result, the Group registered a profit before tax of RM0.79 million compared to a loss before tax of RM2.27 million in the last quarter. The improvement in revenue and profit before tax were mainly contributed by higher demand registered in the current quarter and scaled down engineering works segment which was loss making after the last quarter.

B3. Commentary on prospects

Malaysia is expected to register its 3rd consecutive year of positive GDP growth, averaging 4.0%-4.5% for 2023 on the back of renewed investor and market confidence and appropriate fiscal measures introduced by the government and Bank Negara Malaysia.

The latter's decision to maintain interest rates will support greater impetus for domestic investments and consumption, particularly among the private sector. The resumption of key infrastructure projects and the continued growth in manufacturing, oil and gas, construction and various other sectors will drive demand for stainless steel and other materials. This, barring any unforeseen circumstances should augur well for Group going forward.

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.

In accelerating growth, the Group remains in acquisition mode, looking to purchase companies or assets that will serve as catalysts for business and operational growth. Expansion will facilitate an enlarged production capacity to capitalise on increasing product demand, while also enabling improved economies of scale, that will support cost and operational efficiency.

The Company had on 22/02/2023 entered into a term sheet with Low Kim Yoong to acquire 51% equity interest each in Metalmach Micro Technology Sdn Bhd, Tong Soon Micron Sdn Bhd, Senshin Seimitsu Sdn Bhd and BLU Resources Sdn Bhd ("Proposed Acquisitions") for a total cash purchase consideration of RM19.12 million. The Proposed Acquisitions provide an opportunity for the Group to grow its business and expand into the production of high value-added products in the metal-related industry.

Accordingly, the Group is cautious about the outlook for 2023. The Board will continue to review the Group's operations and financial performance and maintain a healthy cash flow position.

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	
	31/03/2023 RM'000	31/03/2022 RM'000	31/03/2023 RM'000	31/03/2022 RM'000
Current income tax				
- for the financial period	(125)	722	(125)	722
- under provision in prior financial period	-	21	-	21
	(125)	743	(125)	743

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 3 months ended 31 March 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 announced the following corporate proposals on 22/02/2023:-

(i) The Company proposes to undertake a private placement of up to 17,279,900 new KSSC Shares ("Placement Share(s)") representing not more than 10% of the issued ordinary shares of the Company.

(ii) The Company had entered into a term sheet with Low Kim Yoong for the Proposed Acquisitions.

The details of the corporate exercise as per the announcement dated 22/02/2023.

Save as disclosed, there were no other corporate proposals undertaken as at the date of this report.

(b) Utilisation of proceeds

The Private Placement was completed on 11/01/2021 and RM10,257,250 were received.

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.

The status of the utilisation of the Private Placement Proceeds are as follows:-

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 31/03/2023 are as follows:-

	As at	
	31/03/2023	31/12/2022
	RM'000	RM'000
Secured		
Non-current:		
Term loans	17,774	4,843
Lease liabilities	1,966	2,790
Borrowings - Non-Current	19,740	7,633
Current:		
Term loans	587	333
Bills and other trade financing liabilities	55,882	45,168
Lease liabilities	1,677	1,850
Borrowings - Current	58,146	47,351
Bank overdraft	397	387
Borrowings - Current	58,543	47,738
Total Borrowings	78,283	55,371

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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	
	31/03/2023	31/03/2022	31/03/2023	31/03/2022
	RM'000	RM'000	RM'000	RM'000
1) <i>Other operating income:</i>				
Gain on disposal of property, plant and equipment	(18)	(4)	(18)	(4)
2) <i>Administration expenses & Cost of sales:</i>				
Depreciation of properties, plant & equipment	792	832	792	832
Employee benefit expenses	4,096	4,564	4,096	4,564
3) <i>Other (gains)/expenses:</i>				
Inventories written down	-	21	-	21
Reversal of impairment loss on trade receivables	(20)	-	(20)	-
Realised on foreign exchange loss	31	-	31	-
4) <i>Finance costs/(income):</i>				
Interest income	-	(25)	-	(25)
Bank overdrafts	14	8	14	8
Bankers acceptance	633	605	633	605
Lease liabilities	48	72	48	72
Term Loan	113	-	113	-

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.

On 13/02/2023, 08/03/2023 and 30/03/2023, the Company announced that the parties are in the midst of exploring a settlement. The Court has therefore adjourned the matter to 02/05/2023. In the event no settlement is reached between parties before the next date, the Court will deliver the decision for Enclosure 5, 10 and case management date for Enclosure 1 and Enclosure 16 on 02/05/2023.

On 02/05/2023, the Company announced that the Kuala Lumpur High Court has granted Summary Judgement in the sum of RMB2,992,083.82 with costs of RM5,000.00 against KSSM. Enclosure 5 (Defendant's application for further & better particulars of the statement of claim) and Enclosure 16 (Defendant's application for security for costs) were stuck off by the High Court with no order as to costs. KSSM has 30 days from the decision date, i.e. by 01/06/2023 to file its Notice of Appeal to the Court of Appeal.

On 05/05/2023, the Company had filed Notice to Appeal of the Court of Appeal in respect of Decision at High Court for Plaintiff's application for summary judgement which was allowed and Defendant's application for further and better particulars of the statement of claim which was dismissed. Both Appeals are now fixed for case management on 03/08/2023.

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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)

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 Company has announced the following:-

On 15/11/2022, a decision on Enclosure 5 (Plaintiff's O.14 Application) is fixed on 14/02/2023. Directions on Enclosure 7 (Defendant's Further & Better Particulars Application) and Enclosure 10 (Defendant's Security for Costs Application) will be given after the disposal of Enclosure 5.

On 05/12/2022, the court has adjourned the matter for case management (Enclosure 1) from 09/12/2022 to 12/12/2022.

On 28/12/2022, during the case management on 12/12/2022, the Court has maintained the filing directions for Enclosure 5 (Plaintiff's O.14 Application for summary judgement). The Plaintiff has requested for an extension of time in respect of Enclosure 5 which was allowed by the Court. The latest directions given by the Court are as follows:-

- (a) Plaintiff to file its Affidavit in Reply on or before 10/01/2023;
- (b) Plaintiff to file Written Submissions on or before 30/01/2023;
- (c) Defendant to file Written Submissions on or before 16/02/2023;
- (d) Plaintiff to file Submissions in Reply on or before 02/03/2023; and
- (e) The new Decision date for Enclosure 5 is fixed on 14/03/2023.

On 14/03/2023, the Kuala Lumpur Sessions Court has granted Summary Judgement in the sum of RMB866,363.42 with costs of RM1,500.00 against KSGE. Enclosure 7 (Defendant's Further & Better Particulars Application) and Enclosure 10 (Defendant's Security for Costs Application) were struck off with no order as to costs. KSGE has 14 days from the decision date, i.e. by 28/03/2023 to file its Notice of Appeal to the High Court.

KSGE had on 20/03/2023 filed a Notice of Appeal to appeal against the whole decision of the Kuala Lumpur Sessions Court whereby the first case management date for the appeal is fixed on 12/04/2023. On 27/03/2023, KSGE received the Plaintiff's solicitors letter dated 27/03/2023, whereby the Plaintiff demands KSGE to pay the judgement sum of RMB866,363.42 together with interests and costs to the Plaintiff within 14 days from 27/03/2023. KSGE may file an application to stay the execution of the summary judgement pending the disposal of the appeal at the High Court.

On 12/04/2023, the Company announced that the latest directions from High Court are as follows:-

- (a) Parties to file Written Submissions simultaneously on 04/07/2023;
- (b) Parties to file Submissions in Reply on 18/07/2023;
- (c) The appeal hearing date is fixed on 26/07/2023 via Zoom.

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 31/03/2023.

B10. Proposed Dividends

The Directors do not recommend any dividends for the current quarter ended 31/03/2023.

Unaudited Report on Consolidated Results for the 3 months ended 31 March 2023 (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)

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 31/03/2023 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>630</u>	<u>630</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 31/03/2023 are as follows:

	Current Quarter '000	Cumulative Quarter '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	129,984	129,984
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>129,984</u>	<u>129,984</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 24/05/2023.