

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the 9 months ended 30 September 2023**

	Note	Current quarter		Cumulative Quarter	
		9 months ended		9 months ended	
		30/09/2023	30/09/2022	30/09/2023	30/09/2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	<b>62,749</b>	58,362	<b>151,066</b>	153,501
Cost of sales		<b>(55,948)</b>	(52,841)	<b>(136,486)</b>	(129,839)
<b>Gross profit</b>		<b>6,801</b>	5,521	<b>14,580</b>	23,662
Other income		<b>100</b>	170	<b>852</b>	857
Fair value gain/(loss) on other investements		<b>(2,040)</b>	-	<b>2,206</b>	-
Selling and distribution expenses		<b>(684)</b>	(867)	<b>(1,980)</b>	(2,223)
Administration expenses		<b>(4,532)</b>	(2,748)	<b>(11,103)</b>	(12,062)
Other expenses		<b>(1,343)</b>	(1,222)	<b>(3,838)</b>	(3,240)
Loss on disposal of other investments		<b>(608)</b>	-	<b>(269)</b>	-
		<b>(7,167)</b>	(4,837)	<b>(17,190)</b>	(17,525)
<b>Operating (loss)/profit</b>		<b>(2,306)</b>	854	<b>448</b>	6,994
Finance income		<b>16</b>	7	<b>28</b>	54
Finance costs		<b>(1,335)</b>	(769)	<b>(3,283)</b>	(2,085)
Share of results of associate		<b>143</b>	29	<b>269</b>	262
<b>(Loss)/Profit before tax</b>	B8	<b>(3,482)</b>	121	<b>(2,538)</b>	5,225
Income tax expense	B5	<b>(384)</b>	127	<b>(502)</b>	(1,662)
<b>(Loss)/Profit after tax</b>		<b>(3,866)</b>	248	<b>(3,040)</b>	3,563
<b>Total Comprehensive (loss)/income for the period</b>		<b>(3,866)</b>	248	<b>(3,040)</b>	3,563
<b>(Loss)/Profit Attributable To:</b>					
Owners of the Parent		<b>(3,903)</b>	201	<b>(3,139)</b>	3,295
Non-controlling interests		<b>37</b>	47	<b>99</b>	268
		<b>(3,866)</b>	248	<b>(3,040)</b>	3,563
<b>Total comprehensive (loss)/income attributable to :</b>					
Owners of the Parent		<b>(3,903)</b>	201	<b>(3,139)</b>	3,295
Non-controlling interests		<b>37</b>	47	<b>99</b>	268
		<b>(3,866)</b>	248	<b>(3,040)</b>	3,563
<b>Weighted average number of ordinary shares in issue ('000)</b>	B11	<b>145,497</b>	128,974	<b>145,497</b>	119,842
<b>(Loss)/Earnings per share</b>					
Basic (Sen)	B11	<b>(2.68)</b>	0.16	<b>(2.16)</b>	2.75
Diluted (Sen)	B11	<b>(2.68)</b>	0.16	<b>(2.16)</b>	2.75

(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 30 September 2023**

	Note	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		38,186	19,605
Investment in an associate		-	5,316
Goodwill on consolidation		8,917	-
Deferred tax assets		328	580
<b>Total non-current assets</b>		<b>47,431</b>	<b>25,501</b>
<b>Current assets:</b>			
Inventories		85,329	80,971
Trade receivables		89,067	48,007
Other receivables, deposits and prepayments		6,218	4,178
Contract assets		18,710	1,935
Contract costs		16,506	16,360
Current tax assets		2,625	1,876
Other investments		23,560	-
Deposits, cash and bank balances		16,198	8,288
<b>Total current assets</b>		<b>258,213</b>	<b>161,615</b>
<b>TOTAL ASSETS</b>		<b>305,644</b>	<b>187,116</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		76,645	58,772
Retained profits		35,703	38,842
		<b>112,348</b>	97,614
Non-controlling interest		6,961	2,937
<b>TOTAL EQUITY</b>		<b>119,309</b>	100,551

**Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2023**  
**(Contd.)**

	Note	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
<b>EQUITY AND LIABILITIES (Contd.)</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	21,986	7,633
Deferred tax liabilities		289	609
<b>Total non-current liabilities</b>		<b>22,275</b>	<b>8,242</b>
<b>Current Liabilities:</b>			
Trade payables		26,850	5,701
Other payables and accruals		17,769	4,855
Contract liabilities		22,426	20,029
Borrowings	B7	93,099	47,351
Bank overdrafts	B7	3,916	387
<b>Total current liabilities</b>		<b>164,060</b>	<b>78,323</b>
<b>TOTAL LIABILITIES</b>		<b>186,335</b>	<b>86,565</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>305,644</b>	<b>187,116</b>
<b>Net assets per share (RM)</b>		<b>0.79</b>	<b>0.78</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 2022 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 2023**

<--- 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 01/01/2022</b>	58,772	37,361	<b>96,133</b>	1,896	<b>98,029</b>
Total comprehensive income for the period	-	1,481	<b>1,481</b>	273	<b>1,754</b>
Transactions with owners					
Changes in subsidiaries ownership interests	-	-	-	768	<b>768</b>
<b>Balance as at 31/12/2022</b>	<b>58,772</b>	<b>38,842</b>	<b>97,614</b>	<b>2,937</b>	<b>100,551</b>
<b>Balance as at 01/01/2023</b>	58,772	38,842	<b>97,614</b>	2,937	<b>100,551</b>
Conversion of warrants shares	4,093	-	<b>4,093</b>	-	<b>4,093</b>
Issuance of shares	13,780	-	<b>13,780</b>	-	<b>13,780</b>
Changes of ownership interest in a subsidiary	-	-	-	3,925	<b>3,925</b>
Total comprehensive income for the period	-	(3,139)	<b>(3,139)</b>	99	<b>(3,040)</b>
<b>Balance as at 30/09/2023</b>	<b>76,645</b>	<b>35,703</b>	<b>112,348</b>	<b>6,961</b>	<b>119,309</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 2022 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 2023**

	<b>9 months ended</b>	
	<b>30/09/2023</b>	<b>30/09/2022</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities:</b>		
(Loss)/Profit before tax	<b>(2,538)</b>	5,225
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	<b>2,326</b>	2,411
Property, plant and equipment written off	-	60
Reversal of impairment loss on trade receivables	<b>(135)</b>	-
Impairment loss on trade receivables	<b>99</b>	76
Gain on termination of leases	<b>(11)</b>	-
Loss/(Gain) on disposal property, plant and equipment	<b>185</b>	(23)
Interest expense	<b>3,283</b>	2,085
Interest income	<b>(28)</b>	(54)
Inventories written down	-	1,421
Reversal of impairment loss on slow moving inventories	<b>(26)</b>	-
Share of results of an associate	<b>(269)</b>	(262)
Fair value gain on other investments	<b>(2,206)</b>	-
<b>Operating profit before changes in working capital</b>	<b>680</b>	10,939
<u>Changes in Working Capital</u>		
Decrease/(Increase) in Inventories	<b>4,680</b>	(29,157)
(Increase)/Decrease in Trade and Other Receivables	<b>(27,640)</b>	9,639
Increase/(Decrease) in Trade and Other Payables	<b>11,534</b>	(7,801)
(Increase)/Decrease in Net Contract Assets/(Contract Liabilities)	<b>2,035</b>	5,260
	<b>(9,391)</b>	(22,059)
<b>Net Cash used in operations</b>	<b>(8,711)</b>	(11,120)
Interest received	<b>28</b>	54
Income tax refunded	<b>637</b>	-
Income tax paid	<b>(1,940)</b>	(3,281)
	<b>(1,275)</b>	(3,227)
<b>Net Cash used in Operating Activities</b>	<b>(9,986)</b>	(14,347)

**Unaudited Condensed Consolidated Statement of Cash Flows for the 9 months ended 30 September 2023 (Contd.)**

	9 months ended	
	30/09/2023	30/09/2022
	RM'000	RM'000
<b>Cash Flows From Investing Activities:</b>		
Proceeds from disposal of property, plant and equipment	1,730	24
Purchase of property, plant and equipment	(17,012)	(1,153)
Acquisition of other investments	(21,295)	-
Acquisition of financial assets	(13,900)	17
Additional cost of investment in subsidiary, net of cash and cash equivalents acquired	1,729	-
Net deposits with a licensed bank	-	1,945
<b>Net cash (used in)/generated from Investing Activities</b>	<b>(48,748)</b>	<b>833</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from issuance of ordinary shares	17,873	-
Proceed from issuance of shares to non-controlling interest by a subsidiary	-	500
Net proceed from bankers' acceptances	38,708	9,551
Net repayment from lease liabilities	(2,280)	(2,196)
Net drawdown from term loan	12,097	5,262
Interest paid	(3,283)	(2,085)
<b>Net cash generated from Financing Activities</b>	<b>63,115</b>	<b>11,032</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>4,381</b>	<b>(2,482)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>6,342</b>	<b>11,853</b>
<b>Cash and cash equivalents at end of the period</b>	<b>10,723</b>	<b>9,371</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Deposits, cash and bank balances	16,198	12,249
Less: Bank overdrafts	(3,916)	(293)
Less: Non-short term deposits placed with licensed banks	(1,559)	(2,585)
	<b>10,723</b>	<b>9,371</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 2022 and the accompanying explanatory notes attached to this interim financial report.)*

## Unaudited Report on Consolidated Results for the 9 months ended 30 September 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:-

<b><u>New MFRS and amendments/improvements to MFRSs</u></b>	<b><u>Effective Date</u></b>
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 9 months ended 30 September 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 30/09/2023.

**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 under review.

- Issuance of 7,031,750 new ordinary shares from the exercise of Warrants at the exercise price of RM0.54 per warrant amounting to RM3,797,145.00.

- Issuance of 13,000,000 new ordinary shares from the private placement at the issue price of RM1.06 per share amounting to RM13,780,000.00.

**A7. Dividends paid**

There were no dividends paid during the current quarter ended 30/09/2023.

**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, engineering, fabricating, supplying and installation of glove dipping lines, aluminium, glass and aluminium related products for the retail and project businesses.

**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><u>30/09/2023</u></b>						
Revenues from external customers	20,704	5,979	22,888	12,571	607	<b>62,749</b>
Reportable segment gross profit	2,813	1,409	846	1,126	607	<b>6,801</b>
<b><u>30/09/2022</u></b>						
Revenues from external customers	34,734	6,117	1,040	16,463	8	58,362
Reportable segment gross profit	3,131	1,377	447	558	8	5,521



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

**Results for 9 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>
<b><u>30/09/2023</u></b>	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	71,165	16,909	49,930	12,440	622	<b>151,066</b>
Reportable segment gross profit	7,933	3,763	1,444	818	622	<b>14,580</b>
<b><u>30/09/2022</u></b>						
Revenues from external customers	107,109	17,969	4,575	23,826	22	153,501
Reportable segment gross profit/(loss)	18,990	3,913	2,108	(1,371)	22	23,662

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

There were no material events subsequent to the current quarter ended 30/09/2023 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**

On 09/08/2023, the Company acquired a subsidiary, SA Aluminium & Glass Sdn Bhd (Formerly known as Kemensah Kiara Sdn Bhd) ("SAAG") for RM1 with 1 new ordinary share and on 13/09/2023, the Company subscribed additional of 13,999,999 ordinary shares for a total consideration of RM14,000,000. SAAG is principally involved in supplying and installing aluminium, glass, and aluminium-related products for the retail and project businesses.

On 28/08/2023, SAAG incorporated a subsidiary, SA Metalworks Sdn Bhd ("SAMW") for RM1 with 1 new original share and on 13/09/2023, subscribed additional 799,999 shares for a total consideration of RM778,293.00. SAMW is principally involved in manufacturing, construction, processing, fabricating, and supplying steel-related products.

On 01/09/2023, the Company acquired an additional 10% equity interest in EIE Asian Holding Sdn Bhd ("EIE") for a total consideration of RM961,146.00. EIE is principally involved in the business of retailers and dealers in hardware used in industries, quarries and mines. Eventually EIE became a 60% owned subsidiary.

On 13/09/2023, SAAG acquired 100% equity interests in Signature Design & Technology Sdn Bhd ("SDT") for a total consideration of RM1,073,582.00. SDT is principally involved in the business of manufacturing, supplying, fabricating and installation of aluminium-related products.

**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 30/09/2023.

**A13. Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/09/2023 are as follows:

<b>Current Quarter</b>		<b>Cumulative Quarter</b>	
<b>9 months ended</b>		<b>9 months ended</b>	
<b>30/09/2023</b>	<b>30/09/2022</b>	<b>30/09/2023</b>	<b>30/09/2022</b>
<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>3</b>	<b>3</b>	<b>9</b>	<b>9</b>

**Transactions with company associate to a director**

Rental received from a company in which a director has interest

**3**                      **3**                      **9**                      **9**

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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		
	30/09/2023 RM'000	30/09/2022 RM'000	Changes %	30/09/2023 RM'000	30/09/2022 RM'000	Changes %
Revenue	<b>62,749</b>	58,362	7.5	<b>151,066</b>	153,501	(1.6)
<b>Operating (Loss)/Profit</b>	<b>(2,306)</b>	854	(370.0)	<b>448</b>	6,994	(93.6)
(Loss)/Profit Before Interest and Tax	<b>(2,163)</b>	883	(345.0)	<b>717</b>	7,256	(90.1)
(Loss)/Profit Before Tax	<b>(3,482)</b>	121	(2,977.7)	<b>(2,538)</b>	5,225	(148.6)
<b>(Loss)/Profit After Tax</b>	<b>(3,866)</b>	248	(1,658.9)	<b>(3,040)</b>	3,563	(185.3)
(Loss)/Profit Attributable to owners of the Company	<b>(3,903)</b>	201	(2,041.8)	<b>(3,139)</b>	3,295	(195.3)

The Group recorded a revenue of RM62.75 million for the current quarter ended 30/09/2023, an increase of RM4.39 million or 7.52% compared to the revenue of RM58.36 million for the corresponding period in the previous financial year. The revenue increase resulted from other industrial hardware segment during the current quarter.

The Group reported a loss before tax of RM3.48 million for the current quarter ended 30/09/2023, compared to a profit before tax of RM0.12 million in the corresponding period in the previous financial year. The decline in profit by RM3.60 million was mainly due to the loss on disposal of other investments and fair value loss on other investments 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 RM20.70 million in the current quarter under review. However, it represented a decrease of RM14.03 million or 40.39% from RM34.73 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has declined to RM2.81 million from RM3.13 million, representing a reduction of RM0.32 million or 10.16%. The decrease was due to the fluctuating cost of raw materials and recorded a higher cost of sales in the current quarter.

**Marine Hardware and Consumable Segment:**

The marine hardware and consumables segment contributed revenue of RM5.98 million in the current quarter under review. It represented a decrease of RM0.14 million or 2.26% from RM6.11 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit improved slightly from RM1.38 million to RM1.41 million, representing an increase of RM0.03 million or 2.32%.

**Other Industrial Hardware Segment:**

Other industrial hardware segments contributed revenue of RM22.89 million in the current quarter under review. It represented an increase of RM21.85 million or 2100.77% from RM1.04 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit increased to RM0.85 million from RM0.48 million, representing an increase of RM0.37 million or 77.08%. The improvement in gross profit was due to higher trading revenue registered in the current quarter.

**Engineering Works Segment:**

The engineering work segment reported revenue of RM12.57 million in the current quarter under review. It represented a decrease of RM3.89 million or 23.64% from RM16.46 million for the corresponding quarter in the previous financial year. The current quarter's segmental gross profit improved to RM1.13 million from RM0.56 million. The better performance was due to the aluminium projects undertaken in the current quarter.

**Unaudited Report on Consolidated Results for the 9 months ended 30 September 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
	30/09/2023 RM'000	30/06/2023 RM'000	(%)
Revenue	62,749	46,295	35.5
<b>Operating (Loss)/Profit</b>	<b>(2,306)</b>	1,219	(289.2)
(Loss)/Profit Before Interest and Tax	<b>(2,163)</b>	1,282	(268.7)
(Loss)/Profit Before Tax	<b>(3,482)</b>	154	(2,361.0)
<b>(Loss)/Profit After Tax</b>	<b>(3,866)</b>	162	(2,486.4)
(Loss)/Profit Attributable to owners of the Company	<b>(3,903)</b>	136	(2,969.9)

Revenue in the current quarter recorded an increase of RM16.45 million or 35.54% compared to the previous quarter. The improvement in revenue is mainly due to increase in revenue from other industrial segment. The Group registered a loss before tax of RM3.48 million compared to a profit before tax of RM0.15 million in the last quarter. The losses incurred mainly from the loss on disposal of other investments and fair value loss on other investments in the current 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 the 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 its customer orders. In addition, the Group's business strategies and expansions plan include growing its market share and expanding its 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 14/06/2023 entered into a conditional share sale agreement for the acquisition of 1,407,600 ordinary shares in Metalmach Micro Technology Sdn Bhd ("Metalmach"), representing 51.0% equity interest in Metalmach ("Proposed Acquisition") for a total cash consideration of RM19,120,000. It will 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. On 20/10/2023, the Company announced that pursuant to the Proposed Acquisition, the Company will be diversifying the existing business of the Group to include the manufacturing of intermediate metal products.

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.

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

**B5. Taxation**

	Current Quarter		Cumulative Quarter	
	30/09/2023	30/09/2022	30/09/2023	30/09/2022
	RM'000	RM'000	RM'000	RM'000
Current income tax				
- for the financial period	435	162	553	1,930
- over provision in prior financial period	(7)	(289)	(7)	(268)
	<b>428</b>	<b>(127)</b>	<b>546</b>	<b>1,662</b>
Current deferred tax				
- for the financial period	(45)	-	(45)	-
- over provision in prior financial period	1		1	
	<b>384</b>	<b>(127)</b>	<b>502</b>	<b>1,662</b>

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.

**B6. Status of corporate proposals**

**Corporate proposals**

The following are the corporate proposal that have been announced by the Company which have not yet completed as at the date of issue of this quarterly report.

(i) The Company had entered into a conditional share sale agreement for the acquisition of 1,407,600 ordinary shares in Metalmach Micro Technology Sdn Bhd ("Metalmach"), representing 51.0% equity interest in Metalmach ("Proposed Acquisition") for a total cash consideration of RM19,120,000.

(ii) The Company proposed to undertake a private placement of up to 20% of its issued ordinary shares ("Proposed Private Placement").

(iii) The Proposed Acquisition, the Company will be diversifying the existing business of the Group to include the manufacturing of intermediate metal products.

The details of the corporate exercise as per the announcement dated 20/10/2023.

**(b) Utilisation of proceeds**

The summary of the utilisation of proceeds from Private Placement as follow:-

(i) The 1st 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	-	-	-
	<b>10,257</b>	<b>5,257</b>	<b>5,000</b>		

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

(ii) The 2nd Private Placement which was announced on 23/08/2023 had been completed on 29/08/2023 with total of 13,000,000 Placement Shares issued at issue price of RM1.06 per share and a total gross proceeds received of RM13,780,000.00. The Private Placement Proceeds was fully utilised for the purchase of machineries, equipment, raw materials and semi-finished products for the aluminium business.

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

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

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/09/2023 are as follows:-

	As at	
	30/09/2023 RM'000	31/12/2022 RM'000
<b>Secured</b>		
Non-current:		
Term loans	19,980	4,843
Lease liabilities	2,006	2,790
<b>Borrowings - Non-Current</b>	<b>21,986</b>	<b>7,633</b>
Current:		
Term loans	892	333
Bills and other trade financing liabilities	90,970	45,168
Lease liabilities	1,237	1,850
	<b>93,099</b>	<b>47,351</b>
Bank overdrafts	3,916	387
<b>Borrowings - Current</b>	<b>97,015</b>	<b>47,738</b>
<b>Total Borrowings</b>	<b>119,001</b>	<b>55,371</b>

**B8. Profit before taxation**

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

	Current Quarter		Cumulative Quarter	
	30/09/2023 RM'000	30/09/2022 RM'000	30/09/2023 RM'000	30/09/2022 RM'000
1) Other income				
Realised gain/(loss) on foreign exchange	(30)	(107)	91	(229)
2) Administration expenses & Cost of sales:				
Depreciation of properties, plant & equipment	759	885	2,326	2,411
Property, Plant & Equipment written off	-	-	-	60
Employee benefit expenses	4,414	2,259	11,683	11,728
3) Other (gains)/expenses:				
Inventories written down	-	-	-	1,421
Impairment loss on trade receivables	99	76	99	76
Reversal of impairment loss on slow moving inventories	-	-	(26)	-
Reversal of impairment loss on trade receivables	-	-	(135)	-
Loss/(gain) on disposal of property, plant and equipment	-	(19)	185	(23)
Gain on termination of leases	-	-	(11)	-
Loss on disposal of other investments	609	-	269	-
Fair value loss/(gain) on other investments	2,040	-	(2,206)	-
4) Finance costs/(income):				
Interest income	(16)	(7)	(28)	(54)
Bank overdrafts	51	6	82	22
Bankers acceptance	962	629	2,452	1,787
Lease liabilities	36	66	123	195
Term loan	226	68	552	81
Other interests	60	-	74	-

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.

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

**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 of 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.

On 11/07/2023, the Company announced that the Court had granted KSSM's request to adjourn the 1st case management date from 03/08/2023 to 04/10/2023, whilst pending the completion of the global settlement arrangement.

On 11/10/2023, the Company announced that the KSSM has filled the Notice of Discontinuance on 06/10/2023 to withdraw its appeals (Appeal No. 758 and 759) with no order as to costs, and no liberty to file afresh. The next case management date on 23/10/2023 is now vacated.

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.

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

**B9. Changes in Material Litigations (Cont'd)**

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.

On 28/06/2023 the Company announced that KSGE is requesting to vacate date for party to file Written Submissions, Submissions in Reply and Hearing.

On 06/10/2023 the Company announced that KSGE has reached a global settlement with the Plaintiff/Respondent (Shanghai JBS Bearing Co. Ltd.). With that, the High Court struck out KSGE's appeal with no order as to costs.

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 30/09/2023.

**B10. Proposed Dividends**

The Directors do not recommend any dividends for the current quarter ended 30/09/2023.

**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 30/09/2023 are as follows:

	<b>Current Quarter RM'000</b>	<b>Cumulative Quarter RM'000</b>
(Loss)/Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>(3,903)</u>	<u>(3,139)</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 30/09/2023 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)	145,497	145,497
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>145,497</u>	<u>145,497</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 22/11/2023.