

**GE-SHEN CORPORATION BERHAD**  
(Incorporated in Malaysia)

**Interim Financial Statements**

**Third Quarter Results**  
**Period ended**  
**30 September 2021**

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months Ended 30 Sep 2021 RM'000</u>	<u>3 Months Ended 30 Sep 2020 RM'000</u>	<u>9 Months Ended 30 Sep 2021 RM'000</u>	<u>9 Months Ended 30 Sep 2020 RM'000</u>
Revenue		51,221	57,345	181,908	125,328
Other income		1,130	604	4,826	1,329
Share of results in associate		167	(9)	423	(89)
Changes in inventories of finished goods and work-in-progress		301	(583)	1,726	(1,542)
Raw materials used		(27,824)	(30,493)	(108,684)	(65,092)
Employee benefits		(12,646)	(11,889)	(39,319)	(30,846)
Depreciation and amortisation		(3,056)	(2,932)	(9,176)	(8,779)
Other operating expenses		(6,444)	(8,412)	(18,144)	(19,106)
Finance costs		(1,146)	(1,152)	(3,323)	(3,773)
Profit / (Loss) before tax		1,703	2,479	10,237	(2,570)
Tax (expenses) / income	B6	(232)	(527)	(2,054)	(523)
Profit / (Loss) for the period		1,471	1,952	8,183	(3,093)
Other Comprehensive Income:					
Exchange differences on translating foreign operations		(189)	(125)	330	91
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income / (Loss) for the period		1,282	1,827	8,513	(3,002)
<b>Profit / (Loss) after tax attributable to:</b>					
Owners of the Company		1,302	2,189	7,695	(2,236)
Non-Controlling Interest		169	(237)	488	(857)
		1,471	1,952	8,183	(3,093)
<b>Total Comprehensive Income / (Loss) attributable to:</b>					
Owners of the Company		1,113	2,064	8,025	(2,145)
Non-Controlling Interest		169	(237)	488	(857)
		1,282	1,827	8,513	(3,002)
<b>Earnings / (Loss) per share (Sen)</b>					
Basic	B14	1.18	2.05	6.99	(2.09)
Diluted	B14	1.18	2.05	6.99	(2.08)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**Company No. 633814-X  
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
AS AT 30 SEPTEMBER 2021**

	Notes	<u>Unaudited</u> As at 30 Sep 2021 RM'000	<u>Audited</u> As at 31 Dec 2020 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Investment in an associate		1,460	1,038
Property, plant and equipment		101,180	95,908
Right-of-use assets		27,124	27,412
Goodwill on consolidation		31,195	31,195
		<u>160,959</u>	<u>155,553</u>
<b>Current Assets</b>			
Inventories		46,513	38,828
Trade receivables		36,972	39,700
Other receivables, deposits and prepayments		5,342	5,232
Current tax assets		1,221	1,703
Fixed deposits with licensed banks		2,698	2,834
Cash and bank balances		9,255	8,845
		<u>102,001</u>	<u>97,142</u>
<b>Total Assets</b>		<u>262,960</u>	<u>252,695</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		61,855	59,381
Treasury shares		-	(1,843)
Reserves		45,833	37,808
<b>Total Equity Attributable to Owners of the Company</b>		<u>107,688</u>	<u>95,346</u>
Non-controlling interests		5,184	4,696
		<u>112,872</u>	<u>100,042</u>
<b>Non-Current Liabilities</b>			
Long-term borrowings	B10	48,645	49,343
Deferred taxation		2,829	2,838
		<u>51,474</u>	<u>52,181</u>
<b>Current Liabilities</b>			
Trade payables		22,840	36,895
Other payables and accruals		23,544	19,651
Tax payables		944	-
Short-term borrowings	B10	41,185	36,532
Bank overdraft		10,101	7,394
		<u>98,614</u>	<u>100,472</u>
<b>Total Liabilities</b>		<u>150,088</u>	<u>152,653</u>
<b>Total Equity and Liabilities</b>		<u>262,960</u>	<u>252,695</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		0.98	0.89

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

Company No. 633814-X  
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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

	<b>9 Months Ended 30 Sep 2021 RM'000</b>	<b>9 Months Ended 30 Sep 2020 RM'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before tax	10,237	(2,570)
Adjustments for:		
Depreciation and amortisation	7,865	6,369
Property, plant and equipment written off	-	129
Amortisation of right-of-use asset	1,311	2,410
Interest expense	3,323	3,773
(Gain) on foreign exchange - unrealised	(1,137)	(328)
Share of results of an associate	(423)	89
(Gain) on disposal of property, plant and equipment	(156)	(16)
(Gain) on disposal of right-of-use asset	(63)	-
Interest income	(73)	(74)
Inventories written down	1,224	-
Operating profit before working capital changes	22,108	9,782
Net changes in inventories	(8,909)	(5,757)
Net changes in trade and other receivables	3,728	(4,799)
Net changes in trade and other payables	(10,920)	13,062
<b>CASH FLOWS FROM OPERATIONS</b>	<b>6,007</b>	<b>12,288</b>
Tax paid	(639)	(293)
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>5,368</b>	<b>11,995</b>
<b>CASH FLOWS FOR INVESTING ACTIVITIES</b>		
Interest received	73	74
Decrease in pledged of fixed deposits with licensed bank	121	924
Proceeds from disposal of property, plant and equipment	165	57
Proceeds from disposal of right-of-use asset	208	-
Purchase of property, plant and equipment	(7,109)	(3,384)
Purchase of right-of-use asset	72	(3,631)
Proceeds from sales of treasury shares	4,317	-
<b>NET CASH FOR INVESTING ACTIVITIES</b>	<b>(2,153)</b>	<b>(5,960)</b>

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 - CONTINUED**

	<b>9 Months Ended 30 Sep 2021 RM'000</b>	<b>9 Months Ended 30 Sep 2020 RM'000</b>
<b>CASH FLOWS FOR FINANCING ACTIVITIES</b>		
Interest paid	(3,323)	(3,761)
Net repayment of term loan	(8,853)	(716)
Net drawdown of multi currency trade loan	(272)	3,609
Net drawdown of invoice financing	1,901	-
Drawdown of bankers' acceptance	35,393	15,303
Repayment of bankers' acceptance	(29,170)	(17,068)
Net repayment of revolving credit	2,364	(1,824)
Repayment of lease liabilities	(3,968)	(2,410)
<b>NET CASH FOR FINANCING ACTIVITIES</b>	<b>(5,928)</b>	<b>(6,867)</b>
<b>NET (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,713)</b>	<b>(832)</b>
Effect of changes in exchange rates	416	144
<b>CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD</b>	<b>1,451</b>	<b>(1,594)</b>
<b>CASH AND CASH EQUIVALENT AS AT END OF PERIOD</b>	<b>(846)</b>	<b>(2,282)</b>

Cash and cash equivalents included in the cash flows statement comprise of the followings:

	<b>30 Sep 2021 RM'000</b>	<b>30 Sep 2020 RM'000</b>
Fixed deposits with licensed banks	2,698	2,437
Cash and bank balances	9,255	8,372
Less: Bank overdrafts	(10,101)	(10,654)
Less: FD pledged to licensed banks	(2,698)	(2,437)
	<b>(846)</b>	<b>(2,282)</b>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

**GE-SHEN CORPORATION BERHAD**

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021**

	←		Non-Distributable			→		Total Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital RM'000	Treasury Shares RM'000	Shares Option Reserve RM'000	Redeemable Convertible Preference Shares ("RCPS") RM'000	Foreign Exchange Translation Reserve RM'000	Retained Earnings RM'000	Distributable RM'000			
<b>As at 1 January 2021</b>	59,381	(1,843)	2,450	-	1,830	33,528	95,346	4,696	100,042	
<b>Profit for the period</b>	-	-	-	-	-	<b>7,695</b>	<b>7,695</b>	<b>488</b>	<b>8,183</b>	
<b>Other comprehensive income:</b>										
- Foreign currency translation - differences	-	-	-	-	330	-	330	-	330	
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-	
<b>Contributions by and distributions to owners of the Company:</b>										
- Issuance of shares under the ESOS	-	-	-	-	-	-	-	-	-	
- Conversion of treasury share to share capital	-	-	-	-	-	-	-	-	-	
- Share options to employees	-	-	-	-	-	-	-	-	-	
- Dividends to non-controlling interest	-	-	-	-	-	-	-	-	-	
- Employee' share options reserve	-	-	-	-	-	-	-	-	-	
- Resale of treasury shares	2,474	1,843	-	-	-	-	4,317	-	4,317	
<b>As at 30 September 2021</b>	<b>61,855</b>	<b>-</b>	<b>2,450</b>	<b>-</b>	<b>2,160</b>	<b>41,223</b>	<b>107,688</b>	<b>5,184</b>	<b>112,872</b>	

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2021 - CONTINUED**

	←		Non-Distributable			→		Total Attributable to Owners of the Company	Non- Controlling Interests	Total Equity
	Share Capital	Treasury Shares	Option Reserve	Redeemable Convertible Shares ("RCPS")	Foreign Exchange Translation Reserve	Retained Earnings				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>As at 1 January 2020</b>	45,643	(1,843)	2,450	13,738	1,982	31,397	93,367	5,506	98,873	
<b>Loss for the period</b>	-	-	-	-	-	(2,236)	(2,236)	(857)	(3,093)	
<b>Other comprehensive income:</b>										
- Foreign currency translation - differences	-	-	-	-	91	-	91	-	91	
<b>Contributions by and distributions to owners of the Company:</b>										
- Conversion of treasury share to share capital	15,000	-	-	(13,738)	-	(1,262)	-	-	-	
<b>As at 30 September 2020</b>	<b>60,643</b>	<b>(1,843)</b>	<b>2,450</b>	<b>-</b>	<b>2,073</b>	<b>27,899</b>	<b>91,222</b>	<b>4,649</b>	<b>95,871</b>	

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2020 and accompanying explanatory notes attached to the interim financial statements.

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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134****A1. Basis of Preparation****Statement of compliance**

The interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020. These 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 December 2020.

**Significant accounting policies**

- (a) The significant accounting policies and methods of computation adopted by the Group in these interim financial statements are consistent with those adopted in the preparation of the financial statements of the Group for the financial year ended 31 December 2020.
- (b) The Group has not applied in advance the following accounting standards and interpretations (including the consequential amendments) that have been issued by the Malaysian Accounting Standards Board (MASB) but are not yet effective for the current financial period:

<b>MFRSs and Interpretations</b>	<b>Effective for financial periods beginning on or after</b>
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds Before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvement to MFRS Standards 2018-2020	1 January 2022

**A2. Seasonality or Cyclicity Factors**

The Group's operations experience certain seasonality or cyclicity that is common in the industry of which the Group operates in.

**A3. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

Besides the Covid-19 situation as elaborated in the Additional Information section, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence.



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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****A4. Change in Estimates**

There were no significant changes in estimates that have a material effect on the results for the quarter.

**A5. Issuance, Cancellations, Repurchases, Resale and Repayments of Debt and Equity Securities**

During the quarter, the Group increased its issued and paid up share capital (excluding share premium) from RM 59,380,836 as at 31 December 2020 to RM 61,855,026 as at 30 September 2021 through the resale of 3,092,000 treasury shares.

**A6. Dividend Paid**

There was no dividend paid during the quarter under review.

**A7. Segmental Reporting**

The Group is organised into the two main geographical segments and operating in manufacturing of plastic moulded products, metal stamping products and components. The segmental information has been presented as follows:-

**(a) By Geographical Segment**

<b>Current Quarter</b>	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 September 2021</b>				
Revenue				
- sales to external parties	44,468	6,753	-	51,221
- inter-segment sales	161	-	(161)	-
Total revenue	44,629	6,753	(161)	51,221
Segment results	2,093	770	(14)	2,849
Finance costs				(1,146)
Profit before taxation				1,703

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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****A7. Segmental Reporting - continued****(a) By Geographical Segment - continued****Preceding Quarter**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 June 2021</b>				
Revenue				
- sales to external parties	58,615	7,010	-	65,625
- inter-segment sales	387	-	(387)	-
Total revenue	59,002	7,010	(387)	65,625
Segment results	6,038	199	(15)	6,222
Finance costs				(1,098)
Profit before taxation				5,124

**Preceding Year Corresponding Quarter**

	<b>Malaysia RM'000</b>	<b>Vietnam RM'000</b>	<b>Elimination RM'000</b>	<b>Consolidated RM'000</b>
<b>As at 30 September 2020</b>				
Revenue				
- sales to external parties	50,871	6,474	-	57,345
- inter-segment sales	161	-	(161)	-
Total revenue	51,032	6,474	(161)	57,345
Segment results	3,960	(315)	(14)	3,631
Finance costs				(1,152)
Profit before taxation				2,479

**(b) By Industry Segment**

Industrial segmental information is not applicable.

**A8. Material Events Subsequent to the End of the Quarter Under Review**

There was no material event subsequent to the end of the quarter that require disclosure or adjustments to the unaudited interim financial statements.

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**PART A - EXPLANATORY NOTES IN ACCORDANCE WITH MFRS 134 (CONTINUED)****A9. Changes in the Composition of the Group**

There are no material changes in the composition of the Group for the current financial period ended 30 September 2021.

**A10. Changes in Contingent Liabilities or Contingent Assets**

There were no changes in the contingent liabilities or contingent assets of the Group during the quarter.

**A11. Capital Commitments**

The amount of capital commitments not provided for in the interim financial statements are as follows:

	<u>Unaudited</u> 30 Sep 2021 RM'000	<u>Audited</u> 31 Dec 2020 RM'000
<b>Approved and contracted for:</b>		
Purchase of property, plant and equipment	7,234	7,081

**A12. Related Party Transactions**

Significant transactions between the Company and related parties are as follows:

	Individual Quarter ended		Cumulative Quarter ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
Transaction with related parties:				
Purchase of components	862	308	2,188	775
Rental of hostels	7	5	22	17
Rental of premises	40	31	130	70
Research and development	-	110	73	285
Sales of goods	1,090	377	2,809	961
Technical fee	-	34	-	80

**GE-SHEN CORPORATION BERHAD**

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS****B1. Review of Group's Results for the Quarter Ended 30 September 2021**

	<b>INDIVIDUAL QUARTER</b>			<b>CUMULATIVE QUARTER</b>		
	<b>3 Months Ended 30 Sep 2021 RM'000</b>	<b>3 Months Ended 30 Sep 2020 RM'000</b>	<b>Changes %</b>	<b>9 Months Ended 30 Sep 2021 RM'000</b>	<b>9 Months Ended 30 Sep 2020 RM'000</b>	<b>Changes %</b>
Revenue	51,221	57,345	(10.7)	181,908	125,328	45.1
Operating Profit / (Loss)	2,682	3,640	(26.3)	13,137	1,292	916.8
Profit / (Loss) Before Interest and Tax	2,849	3,631	(21.5)	13,560	1,203	1,027.2
Profit / (Loss) Before Tax	1,703	2,479	(31.3)	10,237	(2,570)	498.3
Profit / (Loss) After Tax	1,471	1,952	(24.6)	8,183	(3,093)	364.6
Profit / (Loss) Attributable to Owners of the Company	1,302	2,189	(40.5)	7,695	(2,236)	444.1
EBITDAF	5,579	6,660	(16.2)	20,884	9,782	113.5

i. Quarter Ended 30 September 2021 compared to Quarter Ended 30 September 2020

Operationally the third quarter was one of the most challenging quarters in the recent history of the Group as the constantly changing environment meant that the Management is having to manage in an era of unprecedented uncertainty with not much guidance from previous experiences. First up was the rapid spread of the Covid-19 positive cases in the country as well as locally the community and more particularly our own factory environment. The quick spread of positive cases in the country necessitated the nationwide lockdown which was disruptive but daily operations were still able to proceed due to clearer Standard Operating Procedure (SOP) being implemented for factories, but then the greater disruption came later as the Covid-19 cases started to come into our factories and our workforce was similarly infected. Infection in factory meant that quarantine and isolation procedures have to be instituted and this severely disrupted the manpower availability in our factories and hence the ability to manufacture and fulfil customer's orders. In the extreme situation, the Group have to institute several days of factory shutdown in each of the individual plants on top of the government mandated reduced headcount. The situation persisted with most of the quarter and only gradually improved with the increased vaccination rate towards the end of the third quarter and now our factories are all 100% vaccinated, which allows the Group to be operating at full capacity.

Globally the effect of Covid-19 is felt differently in each region and country but the one common thread which is being felt in all economies is the disruption brought on to the supply chain and in the case of the Group, it is felt most directly in terms of material prices rising and also lead times being stretched longer into the horizon. However, the supply chain disruption is felt most acutely in customers orders as our customers were affected by short supply of critical parts and components which means that orders were scaled down and often with little notice. Besides component shortages, the logistics side is also massively disrupted with high shipping charges and also the lack of domestic transportation fulfilment capacities in the customers home country also leading to reduce orders for the Group. Locally, in our factories, the shortage of workers is also a constant feature as foreign workers returned to their home countries and the increased risk aversion of the local workers have meant that the factories are constantly in a disrupted working pattern.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)**

The extremely challenging operating environment meant that the Group revenue number of RM51.22 million represented a drop of 10% in comparison to the RM57.35 million recorded for the third quarter of 2020. This revenue drop meant that profits was also impacted and the third quarter's net profit before tax came in at RM1.70 million which translated into a net profit after tax of RM1.47 million respectively a drop of 31% and 25% when compared with the third quarter of 2020. Within the quarter, the greatest disruption came from the Penang facility with several of their main customer cutting back on their orders due to the lack of critical component and also shipping disruptions. Covid-19 disruptions with increased sanitisation, worker availability, plant shutdowns and also increased raw material costs all feed into a higher cost of production leading to reduced profitability for the quarter. Cashflow wise the Group recorded EBITDAF of RM5.58 million a drop of 16% when compared to the similar period of last year. Unlike the previous lockdown, the Group managed to generate positive cashflow and did not seek any moratorium from any financial institutions and the gearing ratio remained within below 1 and debt service ratio at a comfortable level of 1.9 times.

ii. Nine Months Ended 30 September 2021 compared to Nine Months Ended 30 September 2020

The nine months comparison was a bit flattering to the Group as the revenue figures of RM181.91 million shows a gain of over 45% over the similar period of the past year. Profitability wise the magnitude of gain was even more flattering with a RM10.24 million profit before tax versus a loss of RM2.57 million and a profit after tax figure of RM8.18 million against a loss of RM3.09 million over the similar period for the previous year.

The main reason for the difference was that the first six months of the past year was severely affected by the initial stages of the Covid-19 disruptions, as the initial response from Covid-19 was rather uncertain. By comparison the first six months of 2021 saw rather strong sales as the Group was able to capitalise on the stronger orders from customers as they chased the increased sales from a stronger global recovery in particular goods that enjoyed increased demand from consumers working and staying at home. It was only in the third quarter that the comparison started to drop off as the third quarter of last year was the quarter of normalisation and as explained in the earlier paragraph the third quarter for 2021 was a quarter of disruption.

**B2. Variation of Results Against Preceding Quarter**

	<b>INDIVIDUAL QUARTER</b>		<b>Changes %</b>
	<b>3 Months Ended 30 Sep 2021 RM'000</b>	<b>3 Months Ended 30 Jun 2021 RM'000</b>	
Revenue	51,221	65,625	(21.9)
Operating Profit	2,682	6,039	(55.6)
Profit Before Interest and Tax	2,849	6,222	(54.2)
Profit Before Tax	1,703	5,124	(66.8)
Profit After Tax	1,471	3,854	(61.8)
Profit Attributable to Owners of the Company	1,302	3,705	(64.9)
EBITDAF	5,579	8,809	(36.7)

In terms of commentary for the quarter to quarter comparison, it is immediately obvious that the third quarter was a more challenging quarter as revenue was lower by 22% to RM51.22 million from RM65.63 million, and profit before tax dropping 67% from RM5.12 million to RM1.70 million and profit after tax dropping by a similar percentage of 62% from RM3.85 million to RM1.47 million. As described earlier the Covid-19 disruptions was the main driver of this drop in terms of revenue and with it the increased cost and lesser absorption of overheads over a reduced revenue figure reduced the profitability of the Group severely. Within the overall numbers however the drop in revenue can be largely explained by the drop in revenue in the Penang facility as their main customers were seen to be most disrupted by the supply chain disruption. The lower sales have the resulting effect of lowering the profitability of the Penang facility substantially and thereby affecting the profitability for the whole Group as well. Elsewhere both the Johor Bharu plants have seen more or less flat revenue on a quarter to quarter comparison and slight drop in profitability due primarily to the Covid-19 related costs. In Vietnam, Management's effort in cost containment have started to yield results and despite a slightly lower sales revenue, the profit achieved a slight improvement from the previous quarter.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B3. Prospects of the Group**

The prospect for the Group for the rest of the year and perhaps a bit more of the immediate months of the coming year is really driven by Covid-19 and supply disruptions. Chiefly the question of disruption is not just in Malaysia but increasingly we are affected by global factors. Being in the export oriented and externally facing sector, the Group have to contend with the extent in which the global supply chain disruption will continue as customer's demand for our product is highly correlated with their ability to overcome critical bottlenecks in their own quest to bring satisfaction to their customers demands. What is quite obvious right now is that consumers are demanding more products but the ability to fulfil this demand is constrained by the supply of semiconductors, supply of logistics solutions and even workers at the warehouses in the western economies. There seemed to be a high degree of unsatisfied demand out there in the global marketplace. Prices of raw materials are also on the rise and the short supply have also created longer lead times and currently more raw materials and finished goods are sitting in our warehouses awaiting customers to pull in or awaiting confirmed purchased orders to start production. By product, semiconductor appears to be the greatest critical component and next comes logistics solutions, while geographically China remains the critical unknown as it strives to operate in a zero Covid-19 environment and every time China locks down or even parts of China locks down the rest of the world feels it shivers.

Domestically within our operating environment the supply of workers is a constant source of anxiety for the Management which up to the time of writing of this report a resolution is still not in sight. As a result, the Management have to be a bit more nimble in managing the production as well as cost controls as we try to wrestle back a few percentage points of margins lost here and there. Constant engagement with our customers is key here as if we have a better visibility to the demand side, we can plan the manufacturing process a bit clearer and better. Notwithstanding the challenging environment, there have also been a few new projects won which may have a material impact on the Group revenues when these projects are in full swing. The Management is continuously working to deliver more of the new projects into approval stage and be ready for mass production whenever the world is back in a non-disrupted mode of operation. In terms of the financial matrix, the Group continues to have strong financials and the gearing ratios and debt servicing ratios are continuing to be under control.

**B4. Profit Forecast**

The Group did not publish any profit forecast during the quarter.

**B5. Explanation Note on Profit Forecast**

Not Applicable.

**B6. Tax Expense**

Tax expense comprises of the followings:

	Individual Quarter ended		Cumulative Quarter ended	
	30 Sep 2021	30 Sep 2020	30 Sep 2021	30 Sep 2020
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	235	529	2,064	529
Deferred tax	(3)	(2)	(10)	(6)
Tax expenses / (income)	<u>232</u>	<u>527</u>	<u>2,054</u>	<u>523</u>

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B7. Sale of Unquoted Investments, or Properties**

There was no disposal of unquoted investments, or properties during the quarter.

**B8. Purchase or Disposal of Quoted and Marketable Securities**

There was no purchase or disposal of quoted and marketable securities during the quarter.

**B9. Corporate Proposals**

There were no corporate proposals during the quarter.

**B10. Borrowings (Secured)**

The Group's borrowings, all are repayable in Ringgit Malaysia, United States Dollar and Vietnamese Dong secured, as of the end of the quarter are as follows:

	<u>Unaudited</u> <u>30 Sep 2021</u> <u>RM'000</u>	<u>Audited</u> <u>31 Dec 2020</u> <u>RM'000</u>
<b>Short term borrowings:</b>		
Bankers' acceptance	16,358	8,709
Term loans	5,804	11,165
Revolving credit	7,657	5,220
Multi currency trade loan	1,710	3,408
Invoice Financing	5,315	3,414
	<u>36,844</u>	<u>31,916</u>
<b>Long term borrowings:</b>		
Term loans	40,100	40,152
	<u>40,100</u>	<u>40,152</u>
<b>Lease liabilities</b>		
Current liabilities	4,341	4,616
Non-Current Liabilities	8,545	9,191
	<u>12,886</u>	<u>13,807</u>
	<u>89,830</u>	<u>85,875</u>

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B11. Off Balance Sheet Financial Instrument**

There were no off balance sheet financial instruments as at the date of this report.

**B12. Material Litigation**

The directors do not have any knowledge of any proceedings pending or threatened against the Group as the date of this report.

**B13. Dividend Proposed**

There was no dividend declared or proposed by the company for the current quarter ended 30 September 2021.

**B14. Earnings / (Loss) per share (Sen)****Basic (loss) / earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sep 2021</u>	<u>30 Sep 2020</u>	<u>30 Sep 2021</u>	<u>30 Sep 2020</u>
Profit / (Loss) attributable to ordinary shareholders (RM'000)	1,302	2,189	7,695	(2,236)
	<u>1,302</u>	<u>2,189</u>	<u>7,695</u>	<u>(2,236)</u>
Weighted average number of shares in issue ('000)*	110,019	106,927	110,019	106,927
Basic EPS (Sen)	<u>1.18</u>	<u>2.05</u>	<u>6.99</u>	<u>(2.09)</u>

**Diluted earnings / (loss) earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Sep 2021</u>	<u>30 Sep 2020</u>	<u>30 Sep 2021</u>	<u>30 Sep 2020</u>
Profit / (Loss) attributable to ordinary shareholders (RM'000)	1,302	2,189	7,695	(2,236)
Interests on RCPS (RM'000)	-	-	-	9
	<u>1,302</u>	<u>2,189</u>	<u>7,695</u>	<u>(2,227)</u>
Weighted average number of shares in issue ('000)*	110,019	106,927	110,019	106,927
Weighted average number of new ordinary shares, assumption on conversion of the remaining:-				
- RCPS ('000)	-	-	-	-
	<u>110,019</u>	<u>106,927</u>	<u>110,019</u>	<u>106,927</u>
Diluted EPS (Sen)	<u>1.18</u>	<u>2.05</u>	<u>6.99</u>	<u>(2.08)</u>

\* The potential conversion of ESOS are anti-dilutive as the exercise price is higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of ESOS has been ignored in the calculation of dilutive EPS.



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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS  
(CONTINUED)****B15. Audit Report**

The auditors' report of the company for the financial year ended 31 December 2020 was not subject to any qualification.

**B16. Notes to the Statement of Comprehensive Income**

	Individual Quarter ended		Cumulative Quarter ended	
	30 Sep 2021 RM'000	30 Sep 2020 RM'000	30 Sep 2021 RM'000	30 Sep 2020 RM'000
Profit / (Loss) before taxation is arrived at after crediting:				
Interest income	(31)	(24)	(73)	(74)
(Gain) / Loss on foreign exchange				
- realised	(230)	(306)	(817)	(713)
- unrealised	(152)	(222)	(1,687)	(291)
Gain on disposal of property, plant and equipment	(10)	(13)	(156)	(16)
Gain on disposal of right-of-use asset	-	-	(63)	-
and after charging:				
Depreciation and amortisation	3,056	2,932	9,176	8,779
Interest expenses	1,146	1,152	3,323	3,773
(Gain) / Loss on foreign exchange				
- realised	213	870	1,084	1,254
- unrealised	34	347	550	(37)
Property, plant and equipment written off	-	-	-	129
Inventories written down	140	-	1,224	-

Save as disclosed in the above, there were no gain/(loss) on disposal of quoted/unquoted investments, exceptional items, and other items required to be disclosed under the additional disclosure requirement for public listed companies that are listed on Main or Ace Markets of the Bursa Malaysia Securities Berhad.