

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Second Quarter Results
Period ended
30 June 2022

GE-SHEN CORPORATION BERHAD

Company No. 633814-X
(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months</u> <u>Ended</u> <u>30 Jun 2022</u> <u>RM'000</u>	<u>3 Months</u> <u>Ended</u> <u>30 Jun 2021</u> <u>RM'000</u>	<u>6 Months</u> <u>Ended</u> <u>30 Jun 2022</u> <u>RM'000</u>	<u>6 Months</u> <u>Ended</u> <u>30 Jun 2021</u> <u>RM'000</u>
Revenue		59,942	65,625	124,898	130,687
Other income		1,578	1,959	2,546	3,696
Share of results in associate		-	183	-	256
Changes in inventories of finished goods and work-in-progress		935	2,058	(1,483)	1,425
Raw materials used		(36,088)	(40,320)	(71,319)	(80,860)
Employee benefits		(14,441)	(13,872)	(27,524)	(26,673)
Depreciation and amortisation		(2,943)	(3,117)	(5,866)	(6,120)
Other operating expenses		(6,612)	(6,294)	(14,762)	(11,700)
Finance costs		(1,159)	(1,098)	(2,299)	(2,177)
Profit before tax		1,212	5,124	4,191	8,534
Tax (expenses)	B6	(912)	(1,270)	(1,544)	(1,822)
Profit for the period		300	3,854	2,647	6,712
Other Comprehensive Income:					
Exchange differences on translating foreign operations		541	29	592	519
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income for the period		841	3,883	3,239	7,231
Profit after tax attributable to:					
Owners of the Company		603	3,705	2,946	6,393
Non-Controlling Interest		(303)	149	(299)	319
		300	3,854	2,647	6,712
Total Comprehensive Income attributable to:					
Owners of the Company		841	3,734	3,235	6,912
Non-Controlling Interest		-	149	4	319
		841	3,883	3,239	7,231
Earnings per share (Sen)					
Basic	B14	0.55	3.38	2.68	5.83
Diluted	B14	0.55	3.38	2.68	5.83

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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(Incorporated in Malaysia)

**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2022**

	Notes	<u>Unaudited</u> As at 30 Jun 2022 RM'000	<u>Audited</u> As at 31 Dec 2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		107,719	103,143
Right-of-use assets		25,921	26,197
Goodwill on consolidation		31,264	31,195
		<u>164,904</u>	<u>160,535</u>
Current Assets			
Inventories		36,761	48,143
Trade receivables		41,246	48,429
Other receivables, deposits and prepayments		5,618	5,051
Current tax assets		1,682	1,712
Fixed deposits with licensed banks		5,719	4,341
Cash and bank balances		14,336	6,523
		<u>105,362</u>	<u>114,199</u>
Total Assets		<u><u>270,266</u></u>	<u><u>274,734</u></u>
EQUITY AND LIABILITIES			
Equity			
Share capital		61,855	61,855
Reserves		54,737	51,136
Total Equity Attributable to Owners of the Company		<u>116,592</u>	<u>112,991</u>
Non-controlling interests		5,213	5,512
		<u>121,805</u>	<u>118,503</u>
Non-Current Liabilities			
Long-term borrowings	B10	54,636	48,785
Deferred taxation		3,466	3,471
		<u>58,102</u>	<u>52,256</u>
Current Liabilities			
Trade payables		21,839	25,678
Other payables and accruals		15,685	22,181
Tax payables		1,346	209
Short-term borrowings	B10	38,849	45,717
Bank overdrafts		12,640	10,190
		<u>90,359</u>	<u>103,975</u>
Total Liabilities		<u>148,461</u>	<u>156,231</u>
Total Equity and Liabilities		<u><u>270,266</u></u>	<u><u>274,734</u></u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.06	1.03

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

GE-SHEN CORPORATION BERHAD

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	6 Months Ended 30 Jun 2022 RM'000	6 Months Ended 30 Jun 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	4,191	8,534
Adjustments for:		
Depreciation of property, plant and equipment	4,651	4,809
Depreciation of right-of-use asset	1,215	1,311
Interest expense	340	2,177
Other interest expense	1,959	-
Gain on foreign exchange - unrealised	(1,324)	(1,019)
Share of results of an associate	-	(256)
Gain on disposal of property, plant and equipment	(8)	(146)
Gain on disposal of right-of-use asset	(78)	(63)
Loss on foreign exchange - unrealised	42	-
Interest income	(45)	(42)
Inventories written down	659	1,084
Operating profit before working capital changes	11,602	16,389
Net changes in inventories	10,723	(4,360)
Net changes in trade and other receivables	9,258	648
Net changes in trade and other payables	(12,316)	(3,921)
CASH FLOWS FROM OPERATIONS	19,267	8,756
Tax paid	(451)	(456)
Tax refunded	32	-
NET CASH FROM OPERATING ACTIVITIES	18,848	8,300
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	45	42
Decrease/ (Increase) in pledged of fixed deposits with licensed banks	(1,378)	221
Proceeds from disposal of property, plant and equipment	8	155
Proceeds from disposal of right-of-use asset	78	208
Purchase of property, plant and equipment	(7,824)	(7,655)
Purchase of right-of-use asset	(168)	(421)
Proceeds from sales of treasury shares	-	3,621
Subscription of shares in a subsidiary	(37)	-
NET CASH FOR INVESTING ACTIVITIES	(9,276)	(3,829)

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SECOND QUARTER ENDED 30 JUNE 2022 - CONTINUED**

	6 Months Ended 30 Jun 2022 RM'000	6 Months Ended 30 Jun 2021 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(2,299)	(2,177)
Net drawdown/ (repayment) of term loan	5,070	(5,243)
Net drawdown of multi currency trade loan	(420)	123
Net drawdown of invoice financing	(1,362)	1,771
Drawdown of bankers' acceptance	20,884	21,354
Repayment of bankers' acceptance	(23,062)	(18,205)
Net repayment of revolving credits	(611)	(1,588)
Repayment of lease liabilities	(2,350)	(2,764)
NET CASH FOR FINANCING ACTIVITIES	(4,150)	(6,729)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	5,422	(2,258)
Effect of changes in exchange rates	(59)	605
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	(3,667)	1,451
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	1,696	(202)

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

	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Fixed deposits with licensed banks	5,719	2,616
Cash and bank balances	14,336	9,846
Less: Bank overdrafts	(12,640)	(10,048)
Less: FD pledged to licensed banks	(5,719)	(2,616)
	1,696	(202)

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2021 and accompanying explanatory notes attached to the interim financial statements.

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022**

	← Non-Distributable					→ Distributable			
	Share Capital	Treasury Shares	Employee Share Option Reserve	Redeemable Convertible Preference Share ("RCPS")	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non-controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2022	61,855	-	2,450	-	2,006	46,680	112,991	5,512	118,503
Profit after tax for the financial year	-	-	-	-	-	2,946	2,946	(299)	2,647
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	592	-	592	-	592
Total comprehensive income for the financial year	-	-	-	-	592	2,946	3,538	(299)	3,239
Contributions by and distributions to owners of the Company:									
- Resale of treasury shares	-	-	-	-	-	-	-	-	-
- Subscription of subsidiary	-	-	-	-	-	63	63	-	63
As at 30 June 2022	61,855	-	2,450	-	2,598	49,689	116,592	5,213	121,805

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SECOND QUARTER ENDED 30 JUNE 2022 - CONTINUED**

	← Non-Distributable				Distributable →				
	Share Capital	Treasury Shares	Employee Share Option Reserve	Redeemable Convertible Preference Share ("RCPS")	Foreign Exchange Translation Reserve	Retained Profits	Attributable to Owners of the Company	Non- controlling Interests	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
As at 1 January 2021	59,381	(1,843)	2,450	-	1,830	33,528	95,346	4,696	100,042
Profit after tax for the financial year	-	-	-	-	-	6,393	6,393	319	6,712
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	519	-	519	-	519
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	519	6,393	6,912	319	7,231
Contributions by and distributions to owners of the Company:									
- Resale of treasury shares	2,040	1,581	-	-	-	-	3,621	-	3,621
As at 30 June 2021	61,421	(262)	2,450	-	2,349	39,921	105,879	5,015	110,894

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2021 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 2021. 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 2021.

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 2021.
- (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:

MFRSs and Interpretations	Effective for financial periods beginning on or after
MFRS 17: Insurance Contracts	1 January 2023
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
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

During the quarter, 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, there were no issuance and repayment of debts and equity securities, share buy-backs, shares cancellation, shares held as treasury shares and resale of treasury shares for the quarter under review.

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**Current Quarter**

	Malaysia & Singapore	Vietnam	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000
As at 30 June 2022				
Revenue				
- sales to external parties	52,601	7,341	-	59,942
- inter-segment sales	2	-	(2)	-
Total revenue	52,603	7,341	(2)	59,942
Segment results	2,152	338	(119)	2,371
Finance costs				(1,159)
Profit before taxation				1,212

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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**

	Malaysia & Singapore RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 31 March 2022				
Revenue				
- sales to external parties	58,042	6,914	-	64,956
- inter-segment sales	64	-	(64)	-
Total revenue	58,106	6,914	(64)	64,956
Segment results	3,018	1,115	(14)	4,119
Finance costs				(1,140)
Profit before taxation				2,979

Preceding Year Corresponding Quarter

	Malaysia RM'000	Vietnam RM'000	Elimination RM'000	Consolidated RM'000
As at 30 June 2021				
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

(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 June 2022.

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 Jun 2022 RM'000	<u>Audited</u> 31 Dec 2021 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	3,662	3,858

A12. Related Party Transactions

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

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2022 RM'000	30 Jun 2021 RM'000	30 Jun 2022 RM'000	30 Jun 2021 RM'000
Transaction with related parties:				
Purchase of components	436	863	801	1,326
Rental of hostels	-	7	-	14
Rental of premises	38	45	76	90
Research and development	-	-	-	73
Sales of goods	695	1,191	1,430	1,719

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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 June 2022**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 30 Jun 2022 RM'000	3 Months Ended 30 Jun 2021 RM'000	Changes %	6 Months Ended 30 Jun 2022 RM'000	6 Months Ended 30 Jun 2021 RM'000	Changes %
Revenue	59,942	65,625	(8.7)	124,898	130,687	(4.4)
Operating Profit	2,371	6,039	(60.7)	6,490	10,455	(37.9)
Profit Before Interest and Tax	2,371	6,222	(61.9)	6,490	10,711	(39.4)
Profit Before Tax	1,212	5,124	(76.3)	4,191	8,534	(50.9)
Profit After Tax	300	3,854	(92.2)	2,647	6,712	(60.6)
Profit Attributable to Owners of the Company	603	3,705	(83.7)	2,946	6,393	(53.9)
EBITDAF	4,870	8,809	(44.7)	11,604	15,305	(24.2)

i. Quarter Ended 30 June 2022 compared to Quarter Ended 30 June 2021

The second quarter for 2022 was pretty much a continuation from the first quarter with uncertainties over cost inflation and also the progress of the Russian Ukraine conflict dominating over the operating environment that the Group is facing up to. In general, orders from customers have not been quite as certain and fluctuating as the disruption caused by the supply of critical components as well as the hike in minimum wage is slowly digested within the manufacturing sector in Malaysia and its various supporting industries. Notwithstanding, the disruption of critical components as well as logistic issues continues to be a feature of the difficult operating environment. The hike in minimum wage has a temporary dampening effect on demand as all relevant parties are affected and was trying to manage the situation and discussions were held with customers on mitigation measures. Meanwhile on the issue of foreign workers, we hope that it has been resolved as the Malaysian plants have all obtained a certain number of permits for the entry of foreign workers and they will be called in batches to provide us with a more stable environment for manpower availability. There is however a cost to this as the upfront cost of the levy as well as handling charges have been taken as an expense and this have a negative impact on the reported profits of the Group. As a result of the above factors, the revenue recorded by the Group for the second quarter was close to RM60 million which represents a drop of 8.7% or RM5.68 million from that of the comparable quarter of a year ago. As a result of the decreased revenue coupled with the higher costs of labour, the one-off of the workers' recruitment costs and general inflationary situation with other input costs, the drop in profitability was steeper as the second quarter came in at RM0.30 million compared to the RM3.85 million of the same period of last year. Notwithstanding the steep drop in profits the Group continued to register a reasonable operating cashflow from operations as the EBITDAF figure showed a lesser drop and even more so if we are to strip out the one-off impact of the workers' recruitment costs.

Operations wise, the facilities in Penang and Vietnam had managed to maintain their revenue in comparison with the previous year notwithstanding the uncertain operating environment. Revenues could have been better if not for the supply chain disruptions and worker availability. However, the two Johor facilities were more impacted as the demand decline affected the facilities in the southern part of Malaysia more. It might be due to the customer mix and the final products that they are catering to. The Group has continued to persevere in its efforts of business development, and we are pleased to report that shipment have started for some of the new customers but none in any significant quantity to overturn the negative variance in the revenue numbers for the quarter that just passed.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)**ii. Six Months Ended 30 June 2022 compared to Six Months Ended 30 June 2021

The six months that ended has been a rather disrupted period with issues of workers availability and also supply chain disruptions with the first quarter showing better performance than the second quarter. The comparison to the year ago period is pretty much dominated by the operating environment where the previous year, the economy was reopening after the lockdowns and there was a chase for goods from our customers while the recent six months were hit by slower sales and higher costs. Revenue wise the Group revenue was RM124.90 million compared to the RM130.69 million recorded last year a drop of 4.4% but there was a larger impact on profitability as profit after tax came in at RM2.65 million a drop of 60.6% as compared to the RM6.71 million recorded in the first six months of the past year. As described earlier, the disruption was primarily from the costs side as shortage of labour meant that higher employment cost were paid to attract workers. We have also seen higher input costs across the board being a factor in this profit set back.

Nevertheless, the cashflow from operations is showing a slightly more encouraging picture with EBITDAF coming in at RM11.60 million a drop of 24.2% from the earlier six month period of RM15.31 million. The cashflow from operations is more than able to cover the debt service requirement of the Group and the gearing ratio continues to be at a comfortable level of 0.87 there was also better inventory management and generally the short term liability side of the balance sheet is well managed. There wasn't significant addition to fixed assets other than the purchase of a property with a building for the Penang facility. This is another strategic purchase as the subject property is located across the road from the main plant in Penang. This new property doesn't add new production space to the Penang facility as the current Plant 2 which is a rented facility will be returned. This will allow for a significant cost savings for the Penang plant as rental rates are seen to be escalating in the Penang area.

B2. Variation of Results Against Preceding Quarter

	INDIVIDUAL QUARTER		Changes %
	3 Months Ended 30 Jun 2022 RM'000	3 Months Ended 31 Mar 2022 RM'000	
Revenue	59,942	64,956	(7.7)
Operating Profit	2,371	4,119	(42.4)
Profit Before Interest and Tax	2,371	4,119	(42.4)
Profit Before Tax	1,212	2,979	(59.3)
Profit After Tax	300	2,347	(87.2)
Profit Attributable to Owners of the Company	603	2,343	(74.3)
EBITDAF	4,870	6,734	(27.7)

The biggest variance between the second quarter and the first quarter have been the increased costs suffered by the operating units in relationship to manpower costs as well as other costs. This has also been exacerbated by the one-off payments in relation to the recruitment costs for foreign workers. This has resulted in a large percentage drop in profit after tax as compared to the drop in revenues. The drop in revenue was RM5.01 million ie. RM59.94 million from RM64.96 million a fall of 7.7% but the fall in profits after tax have declined more substantially dropping by RM2.0 million or a fall of 87.2% from RM2.35 million in the first quarter to RM0.30 million in the second quarter. The fall off in revenue is partly seasonal in nature as typically second quarters have been a weaker quarter however events of recent years may have rendered this relationship a bit off tangent as other factors such as labour shortages in other parts of the supply chain have also affected demand. Disruptions in shipping and logistics, supply of critical components and China Covid-19 lock down is also an issue.

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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 is torn between the short term issues of a general slowdown in the global demand conditions as central banks around the world hike interest rate to ward off the threat of higher inflation rates. The energy and food costs inflation have been most noticeable as the disruption from the Russian Ukraine conflict continues to upend the normal operations of the global supply chain. Labour shortages globally, including in Vietnam and Malaysia is also pushing up direct and indirect manpower cost significantly.

We have also been renegotiating manufacturing rates with our customers to reflect the much higher cost of doing business today. In instances where we see that with the customers' pricing, we are unable to meet our profit expectations, we will also be in discussion with these customers to cease production for the specific products. This may result in lower revenues in the short term but ensure a longer term sustainability and business continuity, as we free up capacity to serve new customers.

In the longer term, the Management is optimistic that the global trend is very much in our favour as we progress up the value adding curve. There has been an increase in customer engagement because the ability to travel globally have been almost fully restored with mutual visits possible, both ways. This allows for greater business development opportunities and hopefully more exciting business opportunities coming to fruition. In recent months, the Group have won a few new customers and a few new models from existing customers. Some of these can be attributed to the strong commitment by the Management to position the Group as a manufacturing solution provider with principals and product owners. However, the global geopolitical tensions between the East and West are also a contributory factor in forcing a diversification of suppliers away from China. Moreover, in the short term the frequent lockdowns associated with China's zero Covid-19 strategy is also giving manufacturers in Southeast Asia an opportunity to show their capability. As always, the impact from new models and new customers will not show up until a few months later because of the time needed for development. Nevertheless, one such product made its maiden shipment out of the Vietnam facility in the month of July and we are hopeful that the customer will be a significant contributor to sales and profitability of the Vietnam facility in years to come.

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 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	914	1,274	1,549	1,829
Deferred tax	(2)	(4)	(5)	(7)
Tax expenses	<u>912</u>	<u>1,270</u>	<u>1,544</u>	<u>1,822</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> 30 Jun 2022 RM'000	<u>Audited</u> 31 Dec 2021 RM'000
Short term borrowings:		
Bankers' acceptance	11,960	14,138
Term loans	4,127	5,812
Revolving credits	8,992	9,604
Multi currency trade loan	7,280	7,700
Invoice Financing	2,515	3,877
	<u>34,874</u>	<u>41,131</u>
Long term borrowings:		
Term loans	48,142	41,387
	<u>48,142</u>	<u>41,387</u>
Lease liabilities:		
Current liabilities	3,975	4,586
Non-Current Liabilities	6,494	7,398
	<u>10,469</u>	<u>11,984</u>
	<u>93,485</u>	<u>94,502</u>

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 material 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 June 2022.

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**PART B - ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES LISTING REQUIREMENTS
(CONTINUED)**
B14. Earnings per share (Sen)**Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
Profit attributable to ordinary shareholders (RM'000)	603	3,705	2,946	6,393
	<u>603</u>	<u>3,705</u>	<u>2,946</u>	<u>6,393</u>
Weighted average number of shares in issue ('000)*	110,019	109,579	110,019	109,579
	<u>110,019</u>	<u>109,579</u>	<u>110,019</u>	<u>109,579</u>
Basic EPS (Sen)	<u>0.55</u>	<u>3.38</u>	<u>2.68</u>	<u>5.83</u>

Diluted earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>	<u>30 Jun 2022</u>	<u>30 Jun 2021</u>
Profit attributable to ordinary shareholders (RM'000)	603	3,705	2,946	6,393
	<u>603</u>	<u>3,705</u>	<u>2,946</u>	<u>6,393</u>
Weighted average number of shares in issue ('000)*	110,019	109,579	110,019	109,579
	<u>110,019</u>	<u>109,579</u>	<u>110,019</u>	<u>109,579</u>
Diluted EPS (Sen)	<u>0.55</u>	<u>3.38</u>	<u>2.68</u>	<u>5.83</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 2021 was not subject to any qualification.

B16. Notes to the Statement of Comprehensive Income

	Individual Quarter ended		Cumulative Quarter ended	
	30 Jun 2022	30 Jun 2021	30 Jun 2022	30 Jun 2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(21)	(25)	(45)	(42)
Gain on foreign exchange				
- realised	(641)	-	(805)	-
- unrealised	(841)	-	(1,323)	-
Gain on disposal of property, plant and equipment	-	-	(8)	(146)
Gain on disposal of right-of-use asset	-	(63)	(78)	(63)
and after charging:				
Depreciation and amortisation	2,943	3,117	5,866	6,120
Interest expenses	1,159	1,098	2,299	2,177
Loss on foreign exchange				
- realised	366	1,251	793	1,458
- unrealised	-	935	42	2,051
Inventories written down	416	941	659	1,084

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.