

GE-SHEN CORPORATION BERHAD
(Incorporated in Malaysia)

Interim Financial Statements

Third Quarter Results
Period ended
30 September 2022

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 2022**

	Notes	<u>INDIVIDUAL QUARTER</u>		<u>CUMULATIVE QUARTER</u>	
		<u>3 Months Ended 30 Sep 2022 RM'000</u>	<u>3 Months Ended 30 Sep 2021 RM'000</u>	<u>9 Months Ended 30 Sep 2022 RM'000</u>	<u>9 Months Ended 30 Sep 2021 RM'000</u>
Revenue		62,162	51,221	187,060	181,908
Other income		1,855	1,130	4,401	4,826
Share of results in associate		-	167	-	423
Changes in inventories of finished goods and work-in-progress		1,200	301	(283)	1,726
Raw materials used		(35,703)	(27,824)	(107,022)	(108,684)
Employee benefits		(14,645)	(12,646)	(42,169)	(39,319)
Depreciation and amortisation		(2,966)	(3,056)	(8,832)	(9,176)
Other operating expenses		(6,309)	(6,444)	(21,071)	(18,144)
Finance costs		(1,252)	(1,146)	(3,551)	(3,323)
Profit before tax		4,342	1,703	8,533	10,237
Tax (expenses)	B6	(646)	(232)	(2,190)	(2,054)
Profit for the period		3,696	1,471	6,343	8,183
Other Comprehensive Income:					
Exchange differences on translating foreign operations		711	(189)	1,303	330
Share of other comprehensive income of associate		-	-	-	-
Total Comprehensive Income for the period		4,407	1,282	7,646	8,513
Profit after tax attributable to:					
Owners of the Company		3,867	1,302	6,813	7,695
Non-Controlling Interest		(171)	169	(470)	488
		3,696	1,471	6,343	8,183
Total Comprehensive Income attributable to:					
Owners of the Company		4,881	1,113	8,116	8,025
Non-Controlling Interest		(474)	169	(470)	488
		4,407	1,282	7,646	8,513
Earnings per share (Sen)					
Basic	B14	3.52	1.18	6.19	6.99
Diluted	B14	3.52	1.18	6.19	6.99

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 BERHADCompany No. 633814-X
(Incorporated in Malaysia)**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2022**

	Notes	<u>Unaudited</u> As at 30 Sep 2022 RM'000	<u>Audited</u> As at 31 Dec 2021 RM'000
ASSETS			
Non-Current Assets			
Property, plant and equipment		108,664	103,143
Right-of-use assets		24,901	26,197
Goodwill on consolidation		31,195	31,195
		<u>164,760</u>	<u>160,535</u>
Current Assets			
Inventories		39,851	48,143
Trade receivables		43,227	48,429
Other receivables, deposits and prepayments		5,982	5,051
Current tax assets		1,682	1,712
Fixed deposits with licensed banks		6,904	4,341
Cash and bank balances		12,792	6,523
		<u>110,438</u>	<u>114,199</u>
Total Assets		<u>275,198</u>	<u>274,734</u>
EQUITY AND LIABILITIES			
Equity			
Share capital		61,855	61,855
Treasury shares		(34)	-
Reserves		59,411	51,136
Total Equity Attributable to Owners of the Company		<u>121,232</u>	<u>112,991</u>
Non-controlling interests		5,041	5,512
		<u>126,273</u>	<u>118,503</u>
Non-Current Liabilities			
Long-term borrowings	B10	53,011	48,785
Deferred taxation		3,464	3,471
		<u>56,475</u>	<u>52,256</u>
Current Liabilities			
Trade payables		22,569	25,678
Other payables and accruals		17,418	22,181
Tax payables		1,167	209
Short-term borrowings	B10	38,139	45,717
Bank overdrafts		13,157	10,190
		<u>92,450</u>	<u>103,975</u>
Total Liabilities		<u>148,925</u>	<u>156,231</u>
Total Equity and Liabilities		<u>275,198</u>	<u>274,734</u>
Net Assets per Ordinary Share Attributable to Owners of the Company (RM)		1.10	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 THIRD QUARTER ENDED 30 SEPTEMBER 2022**

	9 Months Ended 30 Sep 2022 RM'000	9 Months Ended 30 Sep 2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	8,533	10,237
Adjustments for:		
Depreciation of property, plant and equipment	6,998	7,865
Depreciation of right-of-use asset	1,834	1,311
Interest expense	493	3,323
Other interest expense	3,058	-
Gain on foreign exchange - unrealised	(1,420)	(1,137)
Share of results of an associate	-	(423)
Gain on disposal of property, plant and equipment	(31)	(156)
Gain on disposal of right-of-use asset	(78)	(63)
Loss on foreign exchange - unrealised	69	-
Interest income	(96)	(73)
Inventories written down	1,037	1,224
Operating profit before working capital changes	20,397	22,108
Net changes in inventories	7,256	(8,909)
Net changes in trade and other receivables	6,901	3,728
Net changes in trade and other payables	(10,194)	(10,920)
CASH FLOWS FROM OPERATIONS	24,360	6,007
Tax paid	(1,262)	(639)
Tax refunded	32	-
NET CASH FROM OPERATING ACTIVITIES	23,130	5,368
CASH FLOWS FOR INVESTING ACTIVITIES		
Interest received	96	73
Decrease/ (Increase) in pledged of fixed deposits with licensed banks	(2,563)	121
Proceeds from disposal of property, plant and equipment	31	165
Proceeds from disposal of right-of-use asset	78	208
Purchase of property, plant and equipment	(3,711)	(7,109)
Purchase of right-of-use asset	(10)	72
Proceeds from sales of treasury shares	-	4,317
Subscription of shares in a subsidiary	(37)	-
NET CASH FOR INVESTING ACTIVITIES	(6,116)	(2,153)

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

	9 Months Ended 30 Sep 2022 RM'000	9 Months Ended 30 Sep 2021 RM'000
CASH FLOWS FOR FINANCING ACTIVITIES		
Interest paid	(3,551)	(3,323)
Net repayment of term loan	(1,500)	(8,853)
Net repayment of multi currency trade loan	(865)	(272)
Net (repayment)/ drawdown of invoice financing	(583)	1,901
Drawdown of bankers' acceptance	31,327	35,393
Repayment of bankers' acceptance	(34,021)	(29,170)
Net (repayment)/ drawdown of revolving credits	(1,094)	2,364
Repayment of lease liabilities	(3,403)	(3,968)
Repurchase of treasury shares	(34)	-
NET CASH FOR FINANCING ACTIVITIES	(13,724)	(5,928)
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS	3,290	(2,713)
Effect of changes in exchange rates	12	416
CASH AND CASH EQUIVALENT AS AT BEGINNING OF PERIOD	(3,667)	1,451
CASH AND CASH EQUIVALENT AS AT END OF PERIOD	(365)	(846)

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

	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Fixed deposits with licensed banks	6,904	2,698
Cash and bank balances	12,792	9,255
Less: Bank overdrafts	(13,157)	(10,101)
Less: FD pledged to licensed banks	(6,904)	(2,698)
	(365)	(846)

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 THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	6,813	6,813	(471)	6,343
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	1,303	-	1,303	-	1,303
Total comprehensive income for the financial year	-	-	-	-	1,303	6,813	8,117	(471)	7,646
Contributions by and distributions to owners of the Company:									
- Share buy back	-	(34)	-	-	-	-	(34)	-	(34)
- Employees' share options exercised	-	-	95	-	-	-	95	-	95
- Subscription of subsidiary	-	-	-	-	-	63	63	-	63
As at 30 September 2022	61,855	(34)	2,545	-	3,309	53,556	121,231	5,041	126,273

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**UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 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	-	-	-	-	-	7,695	7,695	488	8,183
Other comprehensive income for the financial year									
- Foreign currency translation differences	-	-	-	-	330	-	330	-	330
- Share of an associate's other comprehensive income	-	-	-	-	-	-	-	-	-
Total comprehensive income for the financial year	-	-	-	-	330	7,695	8,025	488	8,513
Contributions by and distributions to owners of the Company:									
- Resale of treasury shares	2,474	1,843	-	-	-	-	4,317	-	4,317
As at 30 September 2021	61,855	-	2,450	-	2,160	41,223	107,688	5,184	112,872

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 Cyclical Factors

The Group's operations experience certain seasonality or cyclical factors 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 other than the following:-

On 20 May 2022, the shareholders of the Company renewed their approval for the Company's plan to repurchase its own ordinary shares. As at 30 September 2022, the Company holds 37,600 of its issued ordinary shares in open market for approximately RM0.9070 per share, total value of share buy back RM34,103.47. These shares are being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

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 September 2022				
Revenue				
- sales to external parties	53,201	8,961	-	62,162
- inter-segment sales	30	-	(30)	-
Total revenue	53,231	8,961	(30)	62,162
Segment results	4,595	1,068	(69)	5,594
Finance costs				(1,252)
Profit before taxation				4,342

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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 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

Preceding Year Corresponding Quarter

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

(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 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 Sep 2022 RM'000	<u>Audited</u> 31 Dec 2021 RM'000
Approved and contracted for:		
Purchase of property, plant and equipment	2,816	3,858

A12. Related Party Transactions

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

	Individual Quarter ended		Cumulative Quarter ended	
	30 Sep 2022 RM'000	30 Sep 2021 RM'000	30 Sep 2022 RM'000	30 Sep 2021 RM'000
Transaction with related parties:				
Purchase of components	155	862	956	2,188
Rental of hostels	-	7	-	22
Rental of premises	38	40	114	130
Research and development	-	-	-	73
Sales of goods	1,068	1,090	2,498	2,809

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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 2022**

	INDIVIDUAL QUARTER			CUMULATIVE QUARTER		
	3 Months Ended 30 Sep 2022 RM'000	3 Months Ended 30 Sep 2021 RM'000	Changes %	9 Months Ended 30 Sep 2022 RM'000	9 Months Ended 30 Sep 2021 RM'000	Changes %
Revenue	62,162	51,221	21.4	187,060	181,908	2.8
Operating Profit	5,594	2,682	108.6	12,084	13,137	(8.0)
Profit Before Interest and Tax	5,594	2,849	96.3	12,084	13,560	(10.9)
Profit Before Tax	4,342	1,703	155.0	8,533	10,237	(16.6)
Profit After Tax	3,696	1,471	151.3	6,343	8,183	(22.5)
Profit Attributable to Owners of the Company	3,867	1,302	197.0	6,813	7,695	(11.5)
EBITDAF	8,796	5,579	57.7	20,400	20,884	(2.3)

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

From the Group perspective, the third quarter seemed to have seen a more stable operational environment as there wasn't very large disruptive elements that have plagued the manufacturing landscape of the previous few quarters. However, it is a simplistic assumption to be making as notwithstanding the more stable operational environment, there were also quite a few undercurrents which was developing which meant that the operations are still rather challenging particularly going forward. In terms of immediate issue is the rise in operating costs which is caused by the increase in minimum wages as well as generally the global environment has been gripped with a rather challenging situation with respect to cost inflation. This resulted in an elevated costing structure which needs a higher run rate in order to achieve the same level of profitability. Moreover, in response to the high global inflationary environment, global central banks have taken to raising interest rates rather aggressively and this has hurt consumer confidence resulting in a diminution in consumer demand. In terms of operational experience of the subsidiaries within the Group, the Penang plant was affected by the shortage of components for their key customer which resulted in a lower revenue that would have been otherwise achieved, the Management have successfully moved part of the operations from a rented facility over to one which is owned by the Group, therefore shielding the plant from some of the rather precipitous rise in rental rates in the Penang area. Amongst the Johor based facilities, the sheet metal facility was facing a rather steep falloff in their sales, the slowdown was across the board as customer demand was weak. Particularly was the industrial segment which is more capital goods in nature as generally investment was slowing down in response to the high inflation and the steep rise in global interest rates. The Johor plastics plant did have a better quarter as revenue rose as the facility was catching up on backlogged orders and similarly the Vietnam facility also had a reasonably buoyant quarter with stronger shipments.

Nevertheless, despite the rather differentiated performance of the individual subsidiaries, there was an appreciable improvement in the financial results of the Group in the third quarter of 2022 compared to the third quarter of the previous year which was quite severely affected by the Covid-19 situation. In the quarter ended 30 September 2021, the situation was most acute with high infection rates, restricted ability to operate during to missing workers and supply chain issues. Therefore, despite the challenges for the third quarter as described in the previous paragraph, in comparison it was a relatively calmer environment for the Group as we managed to record a turnover of RM62.16 million which is a 21% improvement over the similar quarter of last year. With the higher revenue, the Group was able to increase the net profit after tax by 151% to RM3.70 million operational cashflow improved by over 50% to RM8.80 million. The profit attributable to shareholders number however saw an even larger jump of 197% to RM3.87 million from RM1.30 million of 2021. The plants are all operating at a point where an increase in revenue above a certain breakeven point will yield disproportionate returns in terms of bottom line and this motivates the Group Management to push hard for sales.

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

It is somewhat surprising despite much turmoil and disruptions the revenue recorded for the nine months period till 30 September 2022, is just marginally higher than that for the similar period of 2021 (RM187.06 million vs RM181.91 million). It is somewhat surprising because in 2021, Covid-19 was a persistent overbearing factor that affected the operating environment, but then upon closer reflection, 2022 saw supply chain issues as well as labour shortages affecting the manufacturing companies to a rather large extent. The overall cost of manufacturing in 2022 experienced strong upward pressures and therefore despite the marginally higher revenues for 2022, the profitability was not as good as the previous year. Profit After Tax came in at RM6.34 million against the RM8.18 million of the past year a drop of approximately 22%. One of the largest factors in accounting for the drop in profitability is the increase in employment costs which went up quite substantially, recording a negative variance of RM2.85 million which was more than the absolute drop in the level of profit after tax. This reflects the tough environment that manufacturing companies been having to operate under with the shortage of labour and subsequently the raising of the minimum wage. However, the cashflow from operations has a slightly better comparison as the EBITDAF for the nine months period of 2022 came in at RM20.40 million only a drop of 2% in comparison to the similar period of 2021.

B2. Variation of Results Against Preceding Quarter

	INDIVIDUAL QUARTER		Changes %
	3 Months Ended 30 Sep 2022 RM'000	3 Months Ended 30 Jun 2022 RM'000	
Revenue	62,162	59,942	3.7
Operating Profit	5,594	2,371	135.9
Profit Before Interest and Tax	5,594	2,371	135.9
Profit Before Tax	4,342	1,212	258.3
Profit After Tax	3,696	300	1,132.0
Profit Attributable to Owners of the Company	3,867	603	541.3
EBITDAF	8,796	4,870	80.6

There was only a slight difference in the revenue figure between the third quarter and the second quarter, as revenue for the third quarter was marginally higher by 3.7% to RM62.16 million. However, the profitability showed a larger improvement with profit after tax coming in at RM3.70 million against the previous quarter's RM0.30 million, an improvement of over ten fold. There were certain one-off costs such as foreign workers' levy and other employments costs that was absorbed in the second quarter allowing the third quarter to be freer of such encumbrances and a better operational margin. Overall, the manufacturing costs were also higher in the second quarter due to the transition in the global economies into a gradual reopening from Covid-19 restrictions. The third quarter was generally a more stable operating environment for the Group's operations as orders were stable except for Penang where supply chain issues on some critical components was the main culprit, there was also an element of catch up in terms of fulfilling customers' demands.

In terms of balance sheet, the Management have been working diligently to shrink the working capital requirements as inventories were brought down significantly from RM48.1 million to RM39.85 million, and this resulted in short term borrowings (mainly trade financing) being brought down from RM45.7 million to RM38.1 million. However, there has been an increase in long term debt for the Group and that is due to the debt taken on for the purchase of the new factory space in Penang, which as discussed earlier is a prudent measure to insulate the business from the threat of rising rental rates in the Penang area. In terms of Group gearing ratio, it has dropped from nearly one time about two years ago to just around the 0.83 currently. And more importantly the debt service ratio is well covered and is safely above that is required for the bank covenants. Management will continue to keep a tight focus on the overall shape of the balance sheet in trying to drive the gearing even lower in times of these economic uncertainties.

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

Once again, the prospect for the Group forward is defined by the general slowdown in the global economy as the world reacts to the trend of rising interest rates. There have been a significant drop off in orders in recent months as the back log orders got shipped out to generally full warehouses. The final demand by consumers have been reduced as consumers have to absorb higher energy costs and higher interest rates. The full warehouses have led to orders for manufacturing companies to be pushed out and/or postponed. Meanwhile the input costs of running manufacturing operations have been increasing with higher wage rates as well as higher energy rates as well. So, the challenge in the immediate months is for the Management to manage down the costs of doing business and manufacture with increased all round productivity. In terms of short term mitigation, the investment into solar generation is expected to be completed with the commissioning of the PV system in the two Johor based manufacturing facilities. With the commissioning of these PV systems the Group is demonstrating a commitment to ESG considerations in being more responsible manufacturers and at the same generating some costs savings in our daily operations. With the commissioning of the systems in the Johor based plants, the Group's investment in solar power generation is complete with a total power generation capacity of approximately more than 1,000kWh per day with additional revenue from feed in tariff during the factory's non-operational days.

However, there are also strands of optimism in the outlook as the Group have been able to capitalise on a few opportunities to win some orders for the new product cycle. Some of these new customers can have a rather significant impact over the longer term as the relationship starts to develop and the group wins more models from these customers. The level of enquiries has also been high as more principals are looking at disengaging from China with a supply chain strategy that is pivoting into other parts of South East Asia. We are hopeful that this will start to allow the Group to develop a deeper relationship and a more synergistic relationship with a newer set of key customers. The Management is confident that these more focused relationship with these new key customers will be deepened and will provide a great platform for the Group to grow in the coming years. The reduction in gearing levels for the Group has allowed some degree of protection against the higher level of interest rates that is seen in recent months. There is nevertheless a need for continuous vigilance on the operating subsidiaries as we must ensure that the operating cashflow for each subsidiary is optimised. The level of cash reserves will have to be increased for future volatility to be absorbed safely. Ultimately there is no forward-looking prism that will allow us to forecast when global demand for manufactured goods will be coming back. There is the hope and expectation that this downturn is primarily an inventory adjustment downturn and that once inflation and interest rate peaks, manufacturing orders will start to come back and the Group will start to benefit from this resurgence. But before that, dark clouds are still on the horizon and our vigilance and diligence is at the highest levels.

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 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
In respect of the current period :				
Income tax	649	235	2,198	2,064
Deferred tax	(3)	(3)	(8)	(10)
Tax expenses	<u>646</u>	<u>232</u>	<u>2,190</u>	<u>2,054</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

The 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 Sep 2022 RM'000	<u>Audited</u> 31 Dec 2021 RM'000
Short term borrowings:		
Bankers' acceptance	11,443	14,138
Term loans	4,345	5,812
Revolving credits	8,509	9,604
Multi currency trade loan	6,835	7,700
Invoice Financing	3,294	3,877
	<u>34,426</u>	<u>41,131</u>
Long term borrowings:		
Term loans	47,155	41,387
	<u>47,155</u>	<u>41,387</u>
Lease liabilities:		
Current liabilities	3,713	4,586
Non-Current Liabilities	5,856	7,398
	<u>9,569</u>	<u>11,984</u>
	<u>91,150</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 September 2022.

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(CONTINUED)****B14. Earnings per share (Sen)****Basic earnings per share**

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Profit attributable to ordinary shareholders (RM'000)	3,867	1,302	6,813	7,695
	<u>3,867</u>	<u>1,302</u>	<u>6,813</u>	<u>7,695</u>
Weighted average number of shares in issue ('000)*	110,012	110,019	110,017	110,019
	<u>110,012</u>	<u>110,019</u>	<u>110,017</u>	<u>110,019</u>
Basic EPS (Sen)	<u>3.52</u>	<u>1.18</u>	<u>6.19</u>	<u>6.99</u>

Diluted earnings earnings per share

	<u>Individual Quarter ended</u>		<u>Cumulative Quarter ended</u>	
	30 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
Profit attributable to ordinary shareholders (RM'000)	3,867	1,302	6,813	7,695
	<u>3,867</u>	<u>1,302</u>	<u>6,813</u>	<u>7,695</u>
Weighted average number of shares in issue ('000)*	110,012	110,019	110,017	110,019
	<u>110,012</u>	<u>110,019</u>	<u>110,017</u>	<u>110,019</u>
Diluted EPS (Sen)	<u>3.52</u>	<u>1.18</u>	<u>6.19</u>	<u>6.99</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 Sep 2022	30 Sep 2021	30 Sep 2022	30 Sep 2021
	RM'000	RM'000	RM'000	RM'000
Profit before taxation is arrived at after crediting:				
Interest income	(51)	(31)	(96)	(73)
Gain on foreign exchange				
- realised	(1,152)	(230)	(1,957)	(817)
- unrealised	(94)	(152)	(1,417)	(1,687)
Gain on disposal of property, plant and equipment	(23)	(10)	(31)	(156)
Gain on disposal of right-of-use asset	-	-	(78)	(63)
and after charging:				
Depreciation and amortisation	2,966	3,056	8,832	9,176
Interest expenses	1,252	1,146	3,551	3,323
Loss on foreign exchange				
- realised	149	213	942	1,084
- unrealised	28	34	70	550
Inventories written down	378	140	1,037	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.