

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

A1 Accounting Policies and Method of Computation

The quarterly financial report is unaudited and has been prepared in accordance with MFRS 134, "Interim Financial Reporting" issued by the Malaysian Accounting Standard Board and part A of Appendix 9B of the Bursa Malaysia Securities Berhad Listing Requirements and should be read in conjunction with the audited financial statements for the year ended 31 December 2021.

The Group's financial statements have been prepared under the historical cost convention other than as disclosed in the notes to the quarterly report and in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia.

The accompanying financial statements have been prepared assuming that the Group will continue as going concern which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The significant accounting policies adopted by the Group in this report are consistent with those used in the Audited Financial Statements of the Group for the financial year ended 31 December 2021.

(a) Standards issued and effective

On 1 January 2022, the Group has adopted the following accounting standards, amendments and interpretations which are mandatory for annual financial periods beginning on or after 1 January 2022.

Description	Effective for annual periods beginning on or after
• Amendments to MFRS 3 <i>Business Combinations</i> : Reference to the Conceptual Framework	1 January 2022
• Amendments to MFRS 116 Property, Plant and Equipment: Property, Plant and Equipment – Proceeds before Intended Use	1 January 2022
• Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
• Annual improvements to MFRSs 2018 – 2020 cycle	
- Amendments to MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
- Amendments to MFRS 9 Financial Instruments	1 January 2022
- Amendments to MFRS 16 Leases	1 January 2022
- Amendments to MFRS 141 Agriculture	1 January 2022

The Directors expect that the adoption of the new and amended MFRS above will have no material impact on the financial statements of the Group.

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

A1 Accounting Policies and Method of Computation (contd.)

(b) Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:-

Description	Effective for annual periods beginning on or after
• MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 17, <i>Insurance Contracts</i>	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023
• Amendments to MFRS 101, <i>Presentation of Financial Statements: Disclosure of Accounting Policies</i>	1 January 2023
• Amendments to MFRS 108, <i>Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Accounting Estimates</i>	1 January 2023
• Amendments to MFRS 112, <i>Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
• Amendments to MFRS 10, <i>Consolidated Financial Statements</i> and MFRS 128, <i>Investment in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Deferred

The initial application of the above-mentioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Group.

A2 Audit Report

The auditors' report of the Group's preceding annual financial statements was not qualified.

A3 Seasonal or Cyclical Factors

The business operations of the Group during the financial quarter under review were not materially affected by any seasonal or cyclical factors.

A4 Exceptional/Extraordinary Items

There were no exceptional/extraordinary items for the financial period under review.

A5 Changes in Estimates

There was no material change in estimates of amounts reported in the prior quarters of the current financial year or changes in estimates of amounts reported in prior financial years that have a material effect in the current quarter.

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

A6 Debts and Equity Securities

During the current quarter under review, the Group sold 502,000 treasury shares for a consideration of RM1,390,454.

A7 Dividend Paid

There was no dividend paid during the quarter ended 30 June 2022.

A8 Segment Information

There was no segmental reporting as the Group is currently involved primarily in a single line product.

A9 Revaluation of Property, Plant and Equipment

There was no revaluation of property, plant and equipment during the quarter.

A10 Material Events Subsequent to the end of the Reporting Period

There was no material event subsequent to the end of the reporting period.

A11 Changes in the Composition of the Company

There have been no changes in the composition of the Group since the financial year ended 31 December 2021.

A12 Contingent Liabilities

No contingent liabilities have been recorded as at the end of the reporting period.

A13 Capital Commitments

Capital commitments for property, plant and equipment and other assets not provided for in the financial statements as at 30 June 2022 are as follows:

	<u>RM '000</u>
Approved and contracted for	10,867

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

A14 Fair Value of Financial Instruments

In respect of the financial instrument classified under current assets and current liabilities, the carrying amount approximate fair value due to the relatively short-term nature of these financial instruments.

The aggregate fair value and the carrying amounts of the financial assets and financial liabilities carried on the reporting date are as below:

The aggregate fair value and the carrying amounts of the financial assets and financial liabilities carried on the reporting date are as below:

	As at 30 June 2022		As at 31 December 2021	
	Carrying value RM '000	Fair value RM '000	Carrying value RM '000	Fair value RM '000
<u>Financial asset measured through other comprehensive income</u>				
Other investments	6,186	6,186	4,016	4,016
<u>Financial liability measured at amortised cost</u>				
Lease liabilities	16	16	27	27

The fair value of other investments is equivalent to its carrying value.

A15 Disclosure of Derivatives

The Group does not have any outstanding derivatives as at the end of the reporting quarter.

A16 Gain/(Loss) Arising from Fair Value Changes of Financial Liabilities

There is no gain/(loss) arising from fair value changes of financial liabilities for the quarter ended 30 June 2022.

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

B1 Review of Performance

The Group reported a higher turnover of approximately RM7.96 million for the quarter ended 30 June 2022 in comparison to the turnover of RM6.88 million for the preceding quarter and RM5.87 million for the preceding year's corresponding quarter. The Group has continued to be active in its business development efforts to further grow and expand the turnover and customer base of the Group.

The Group reported a profit after tax of approximately RM0.029 million for the quarter under review, in comparison to the loss after tax of RM0.26 million for the previous quarter and a profit of RM0.013 million for the preceding year's corresponding quarter. The profit after tax was largely driven by the turnover growth and operational efficiency, but largely offset by the significant increase in raw material costs and shipping/transportation fees - mainly attributable to inflation from the on-going geo-political uncertainty and the strict COVID-19 pandemic measures impacting the People's Republic of China (and relevant supply chains) - and the one-off costs incurred in relation to the corporate exercises.

Below is the key financial information of the Group presented in a tabular format:

Table 1: *The current quarter compared to the preceding quarter:*

	Quarter ended		Changes in	
	30 June 2022 RM '000 (Unaudited)	31 March 2022 RM '000 (Unaudited)	RM '000	%
Revenue	7,964	6,878	1,086	16
Operating profit (EBITDA)	354	137	217	>100
Profit/(loss) before tax	29	(263)	292	(>100)
Profit/(loss) after tax	29	(263)	292	(>100)
Profit/(loss) attributable to owners of the parent	18	(250)	267	(>100)

Table 2: *The current quarter compared to the preceding year's corresponding quarter*

	Quarter ended		Changes in	
	30 June 2022 RM '000 (Unaudited)	30 June 2021 RM '000 (Unaudited)	RM '000	%
Revenue	7,964	5,869	2,095	36
Operating profit (EBITDA)	354	395	(41)	(10)
Profit before tax	29	23	6	26
Profit after tax	29	13	16	>100
Profit attributable to owners of the parent	18	13	5	37

Table 3: *The financial year-to-date compared to the preceding year's financial year-to-date:*

	Year-to-date		Changes in	
	30 June 2022 RM '000 (Unaudited)	30 June 2021 RM '000 (Unaudited)	RM '000	%
Revenue	14,842	11,892	2,950	25
Operating profit (EBITDA)	510	953	(443)	(47)
(Loss)/profit before tax	(236)	214	(450)	(>100)
(Loss)/profit after tax	(236)	183	(419)	(>100)
(Loss)/profit attributable to owners of the parent	(233)	183	(416)	(>100)

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

B2 Material Changes in the Quarterly Results Compared to the Results of the Preceding Quarter

Kindly refer to the information disclosed within Note B1 of this report.

B3 Prospects for the Current Financial Year

The on-going geopolitical conflicts between the United States of America ("USA") and China, the on-going military conflict in Ukraine, and the impact of the on-going COVID-19 pandemic have had a disruptive effect on the growth and stability of the global economy (and resulting impact on supply chains). Such disruption has continued to have a material impact on the prices of raw materials and shipping, which have been increasing year-on-year. Therefore, should such disruption prevail throughout the financial year, these factors are expected to have a negative impact on the performance of the Company.

The Company has achieved relatively consistent growth despite such challenges and management has not deviated from the continuous improvements of its production facilities and machinery over the past financial year and period.

Therefore, management remains bullish on the growth aspects of the Company and are cautiously optimistic with respect to the performance of the Company for the current financial year.

B4 Variance of Actual Profit from Forecast Profit

This is not applicable.

B5 Taxation

As a net loss was recorded for the cumulative quarter, no tax effects have been recorded accordingly.

B6 Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There were no disposals of unquoted investments and/or properties for the financial quarter under review.

B7 Purchases or Disposals of Quoted Securities

The Group purchased foreign and local quoted securities amounting to a net of RM0.18 million through a private investment account for the financial period under review.

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

B8 Status of Corporate Proposals

As of 19 August 2022 (being a date not earlier than seven days from the date of these financial statements), there were no corporate proposals announced but not completed as at end of the reporting period, save and except for the acquisition of the property bearing the postal address of 162, Jalan Maarof, Taman Bandaraya, 59100 Kuala Lumpur (which was completed on 21 January 2022) and the proposed share split and proposed internal reorganization (collectively referred to as "The Proposals") which were announced on 29 March 2022. The Proposals have been approved by the shareholders at the Court Convened Meeting ("CCM") and Extraordinary General Meeting ("EGM") held on 29 June 2022.

B9 Borrowings and Debt Securities

The Group's borrowings as at 30 June 2022 is as below:

	Quarter ended 30 June 2022 RM '000 (Unaudited)	Quarter ended 30 June 2021 RM '000 (Unaudited)
Non-current Loan payable	4,982	-
Current Loan payable	69	-

B10 Off Balance Sheet Financial Instruments

The Group does not have any financial instruments with off balance sheet risk as at the date of issue of this quarterly report.

B11 Material Litigation

There has been no material litigation since the last annual audited financial statements up to the date of this report.

B12 Dividend

No dividend was declared during the period under review.

B13 Earnings/(loss) per Share

The basic earnings/(loss) per share is calculated by dividing the Group's profit/(loss) after tax attributable to ordinary shareholders for the current quarter and cumulative quarter to 30 June 2022 by the weighted average number of shares in issue of the Group at the end of the quarter.

	Quarter ended 30 June 2022 (Unaudited)	Year-to-date 30 June 2022 (Unaudited)
Earnings/(loss) for the period ('000)	29	(236)
Weighted average number of ordinary shares in issue ('000)	19,729	19,729
Basic earnings/(loss) per share (sen)	0.15	(1.20)

Quarterly Report on Results for the Second Quarter Ended 30 June 2022

NOTES

B14 Other Income/Expenses

Other income mainly comprises of investment income, sales of scrapped materials and sales of cylinders. The decrease in other income by approximately RM0.2 million in comparison to the previous quarter was primarily due to lower investment income earned.

Other expenses mainly comprise of administrative, selling and distribution expenses and other factory overheads incurred during period. A decrease is seen as compared to the previous quarter mainly due to additional costs incurred to perform upkeep and maintenance of machinery and equipment as well as additional secretarial and corporate expenses to facilitate the ongoing restructuring of the Group in the previous quarter.

B15 Foreign Exchange Exposure/Hedging Policy

The Group carries out foreign exchange hedging as and when required.

B16 Trade receivables

The Group's normal credit term ranges from thirty (30) days to ninety (90) days. Other credit terms are assessed and approved on a case-to-case basis. A significant portion of the trade receivables are regular customers that have been transacting with the Group. None of the trade receivables are considered related parties to the Group. The Group uses ageing analysis to monitor the credit quality of the trade receivables and a significant amount of the trade receivable that were past due and over ninety (90) days have been collected as at the reporting date.

Ageing analysis of trade receivables:

	Amount not due/due but less than ninety (90) days RM '000	Amount due and over ninety (90) days RM '000
Trade receivables	7,057	1,303

B17 Material Impairment of assets

There was no material impairment of assets during the quarter except for the normal depreciation on straight line method and impairment of inventory.

By Order of the Board  
Leong Shiak Wan  
Company Secretary  
Dated: 26<sup>th</sup> August 2022