



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Consolidated Statement of Comprehensive Income for the 6 months ended 30/06/2014

	Note	Individual quarter ended		Cumulative period 6 months ended	
		30/06/2014 RM'000	30/06/2013 RM'000	30/06/2014 RM'000	30/06/2013 RM'000
Revenue	A7	30,735	20,945	51,793	41,944
Cost of sales		(25,644)	(17,754)	(43,371)	(35,600)
Gross profit		5,091	3,191	8,422	6,344
Other income		107	31	252	71
Selling and distribution expenses		(656)	(583)	(1,228)	(1,101)
Administration expenses		(1,676)	(1,459)	(3,310)	(2,906)
Other expenses		(390)	(347)	(825)	(688)
Profit from operations		2,476	833	3,311	1,720
Finance costs		(433)	(330)	(820)	(660)
Share of results of associate		119	82	195	136
Profit before taxation	B8	2,162	585	2,686	1,196
Income tax expense	B5	(543)	(147)	(623)	(285)
Profit after taxation		1,619	438	2,063	911
Total Comprehensive income for the period		1,619	438	2,063	911
Profit Attributable To:					
Owners of The Parent		1,453	419	1,932	921
Non-Controlling Interests		166	19	131	(10)
Total Comprehensive income attributable to :		1,619	438	2,063	911
Total Comprehensive income attributable to :					
Owners of The Parent		1,453	419	1,932	921
Non-Controlling Interests		166	19	131	(10)
Total Comprehensive income attributable to :		1,619	438	2,063	911
Weighted average number of ordinary shares in issue ('000)	B11	96,000	96,000	96,000	96,000
Earnings per share attributable to owners of the parent :					
Basic (Sen)	B11	1.51	0.44	2.01	0.96
Diluted (Sen)	B11	1.51	0.44	2.01	0.96

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.)



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Condensed Consolidated Statement of Financial Position as at 30/06/2014

	Note	Unaudited As at 30/06/2014 RM'000	Audited As at 31/12/2013 RM'000
ASSETS			
Non-current assets:			
Property, plant and equipment		13,487	13,484
Investment in an associate		3,177	2,982
Goodwill on consolidation		140	140
Deferred Tax Assets		545	702
		<u>17,349</u>	<u>17,308</u>
Current assets:			
Inventories		45,224	39,545
Trade & other receivables		50,209	39,889
Tax recoverable		482	319
Cash and bank balances		7,249	22,790
		<u>103,164</u>	<u>102,543</u>
TOTAL ASSETS		<u>120,513</u>	<u>119,851</u>
EQUITY AND LIABILITIES			
Current Liabilities:			
Trade & Other payables		14,840	16,568
Provision for taxation		234	38
Hire purchase payable	B7	985	858
Loans and borrowings	B7	30,654	27,210
		<u>46,713</u>	<u>44,674</u>
Non-current liabilities			
Hire purchase payables	B7	2,021	1,699
Deferred tax liabilities		140	110
		<u>2,161</u>	<u>1,809</u>
TOTAL LIABILITIES		<u>48,874</u>	<u>46,483</u>
Equity:			
Share capital		48,000	48,000
Share premium		515	515
Retained profits		22,278	24,138
Equity attributable to owners of the parent		<u>70,793</u>	<u>72,653</u>
Non-controlling Interests		846	715
TOTAL EQUITY		<u>71,639</u>	<u>73,368</u>
TOTAL EQUITY AND LIABILITIES		<u>120,513</u>	<u>119,851</u>
Net assets per share attributable to owners of the parent (RM)		0.74	0.76

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.)



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Statement of Changes in Equity for the 6 months ended 30/06/2014

<----- Attributable to Owners of Parent ----->

Note	Share Capital RM'000	Share Premium RM'000	Retained Profits RM'000	Total RM'000	Non- Controlling Interests RM'000	Total Equity RM'000
Balance at 01/01/2013	48,000	515	11,930	60,445	616	61,061
Total comprehensive income for the period	-	-	921	921	(10)	911
Dividends paid	-	-	(960)	(960)	-	(960)
Balance at 30/06/2013	48,000	515	11,891	60,406	606	61,012
Balance at 01/01/2014	48,000	515	24,138	72,653	715	73,368
Total comprehensive income for the period	-	-	1,932	1,932	131	2,063
Dividends paid	-	-	(3,792)	(3,792)	-	(3,792)
Balance at 30/06/2014	48,000	515	22,278	70,793	846	71,639

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.)



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Statement of Cash Flows for the 6 months ended 30/06/2014

	6 months ended	
	30/06/2014	30/06/2013
	RM'000	RM'000
Cash Flows From Operating Activities:		
Profit before tax	2,686	1,196
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	925	713
Gain on disposal property, plant and equipment	(112)	(15)
Interest expense	813	653
Interest income	(252)	(71)
Share of profits of Associate	(195)	(136)
Operating profit before changes in working capital	3,865	2,340
Working Capital Changes		
(Increase)/decrease in trade and other receivables	(10,580)	2,614
Increase in inventories	(2,999)	(2,973)
Increase in trade and other payables	(3,938)	(679)
Increase in Short term Trade Banker Acceptance	3,234	(2,608)
	(14,283)	(3,646)
Cash Used In Operations	(10,418)	(1,306)
Interest income	252	71
Interest expense	(813)	(653)
Income tax refunded	-	866
Income tax paid	(404)	(579)
	(965)	(295)
Net Cash used in Operating Activities	(11,383)	(1,601)
Cash Flows From Investing Activities:		
Proceeds from sale of property, plant and equipment	235	19
Purchases of property, plant and equipment	(55)	(241)
Net cash generated from/(used in) Investing Activities	180	(222)
Cash Flows From Financing Activities:		
Dividends paid on shares	(3,792)	(960)
Repayment of bank borrowings	-	(19)
Payment for hire purchase obligations	(546)	(406)
Net cash flow generated from/(used in) Financing Activities	(4,338)	(1,385)



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Unaudited Condensed Statement of Cash Flows for the 6 months ended 30/06/2014

	6 months ended	
	30/06/2014	30/06/2013
	RM'000	RM'000
Net changes in Cash and Cash Equivalents	(15,541)	(3,208)
Cash and Cash Equivalents at Beginning of The Period	22,790	8,910
Cash and Cash Equivalents at End of The Period	7,249	5,702
Cash and Cash Equivalents Comprise:		
Cash and bank balances	7,634	5,987
Bank overdrafts	(385)	(285)
	7,249	5,702

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report.)



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

A. Compliance with Malaysian Financial Reporting Standard (MFRS) 134, Interim Financial Reporting and Bursa Listing Requirements

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in compliance with Malaysian Financial Reporting Standards (MFRS) 134: Interim Financial Reporting, issued by the Malaysian Accounting Standards Board (MASB), International Accounting Standard (IAS) 34: Interim Financial Reporting, issued by the International Accounting Standard Board (IASB) and Chapter 9 Part K of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities). The figures for the cumulative period 6 months ended 30/06/2014 have not been audited.

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31/12/2013, which were prepared in accordance with Malaysian Financial Reporting Standards (MFRSs) and International Financial Reporting Standards (IFRSs). The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31/12/2013.

The significant accounting policies and methods of computation applied in the unaudited condensed interim financial statements are consistent with those adopted in the most recent annual financial statements for the year ended 31/12/2013 except for the adoption of the following MFRSs and Amendments to MFRSs, which are applicable to its financial statements and are relevant to its operations:-

Effective for annual periods beginning on or after 1 January 2014

- MFRS 10, Consolidated Financial Statements
- MFRS 12, Disclosure of Interests in Other Entities
- MFRS 13, Fair Value Measurement
- MFRS 119, Employee Benefits (as amended in June 2011)
- MFRS 127, Separate Financial Statements (as amended by IASB in May 2011)
- Amendments to MFRS 7, Financial Instruments: Disclosures - Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 10, Consolidated Financial Statements
- Amendments to MFRS 12, Disclosure of Interest in Other Entities: Transition Guidance
- Amendments to MFRSs and IC Interpretations contained in the documents entitles "Annual Improvements 2009-2011 Cycle"

The adoption of the above MFRSs and amendments to MFRSs did not have any financial impacts on the Group's financial results.

The following MFRSs, IC Interpretations and Amendments to MFRSs have been issued by the MASB but are not yet effective, and have yet to be adopted by the Group:

Effective for annual periods beginning on or after 1 January 2014

- Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment Entities
- Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities
- Amendments to MFRS 136, Recoverable Amount Disclosures from Non-Financial Assets
- Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting
- IC Interpretation 21, Levies

Effective for annual periods beginning on or after 1 January 2015

- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in November 2009)
- MFRS 9, Financial Instruments (IFRS 9 issued by IASB in October 2010)
- Amendments to MFRS 7, Financial Instruments: Disclosures - Mandatory Date of MFRS9 and Transition Disclosure

A2. Seasonality or cyclicity of interim operations

Other than lower demand for our products during the festive period particularly in the first quarter of the year, our Group does not experience any material seasonality or cyclicity in our business operations.

A3. Unusual Items affecting assets, liabilities, equity, net income or cash flows

There were no unusual items of nature, size or incidence that affect the assets, liabilities, equity, net income or cash flows of the Group during the current quarter and cumulative 6 months period ended 30/06/2014.



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

A4. Material Changes in estimates

There were no changes in estimates that had materially affected the Group during the current quarter under review and financial year to date.

A5. Issuances, repurchases and repayments of debts and equity instruments

There were no issuance and repayment of debts and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review and financial year to date.

A6. Dividends paid

The total dividend paid out of shareholders equity for the ordinary shares during the current quarter ended 30/06/2014 was as follows:

	Current Quarter RM'000	Year-to-Date RM'000
Dividend paid on ordinary shares: Financial year ended 31/12/2013		
First and final dividend of 3.95 sen per share single tier paid on 24/06/2014	<u>3,792</u>	<u>3,792</u>

A7. Operating Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

a) The stainless steel products segment is in the business of manufacture and sales of stainless steel tubes and pipes, and processing of stainless steel sheets products;

b) The marine hardware & consumable segment is in the business of trading of marine hardware includes, amongst others, PP and PE ropes, stainless steel bars, stainless steel fasteners, GI wire, wire ropes and wire netting, nylon trammel and PE nets, copper tubes, chain, brass stern gland and propellers, square boat and shank spikes, packing and asbestos sheets, stainless steel electrode and rigging hardware such as zincked block, pulley, pin shaft, hooks and chain block;

c) The other industrial hardware segment is in the business of trading of industrial hardware including, amongst others, bronze shaft, brass tubes, other steel industrial fasteners such as HT, MS and GI bolts and nuts, screws, washers and shackles, ductile iron pipe and fittings such as flange, valves, tapers, hose clips and clamps, industrial hoses such as spring hose, PVC hose, black rubber suction and water hose and PVC reinforced air hose, alloy chain, stainless steel wire mesh, colour cotton rag, rubber conveyor belt, industrial wipes, safety absorbent and fibre ceramic blanket.

d) The engineering works segment is in the business of manufacturing and installation of Double or Single former on-line chlorination nitrile glove dipping lines and Double or Single former rubber glove dipping lines, trading of dipping lines parts and consumable including, amongst others, conveyor chain and conveyor chain parts, former holder set, worm gear and motor, and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.

	Stainless steel products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>3 months ended 30/06/2014</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	9,328	8,014	2,054	11,339	30,735
Reportable segment gross profit	961	1,859	486	1,785	5,091
<i>3 months ended 30/06/2013</i>					
Revenues from external customers	8,347	6,313	2,280	4,005	20,945
Reportable segment gross profit	739	1,346	382	724	3,191



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

	Stainless steel products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>6 months ended 30/06/2014</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	16,715	14,909	4,222	15,947	51,793
Reportable segment gross profit	1,622	3,373	949	2,478	8,422
<i>6 months ended 30/06/2013</i>					
Revenues from external customers	17,452	13,050	4,747	6,695	41,944
Reportable segment gross profit	1,637	2,837	750	1,120	6,344

A8. Material events subsequent to the end of the interim period

There were no material events subsequent to the current financial quarter ended 30/06/2014 up to the date of this interim financial report which may substantially affect the results of the operations of the Group.

A9. Effects of changes in the composition of the Group and financial year-to-date

There were no changes in composition of the Group during the current quarter ended 30/06/2014 and financial year to date.

A10. Changes in contingent liabilities & assets since the last annual financial statements date

There were no changes in the contingent liabilities and assets of the Group since the last audited date of the financial statements.

A11. Capital commitment

Authorised capital commitments not recognised in the interim financial statements as at 30/06/2014 are as follows:

	RM'000
Approved and contracted for	371
Approved but not contracted for	-
	<u>371</u>
Analysed as follows:	
For purchase of plant and equipment	<u>371</u>

A12. Related party transactions

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/06/2014 are as follows:

Nature of Relationship	Sales of goods	Purchases of goods	Overdue Charges	Total for nature of relationship
	RM'000	RM'000	RM'000	RM'000
<i>Current quarter:</i>				
Associate	-	30	14	44
Total for type of transaction	<u>-</u>	<u>30</u>	<u>14</u>	<u>44</u>
<i>Cumulative 6 months Period:</i>				
Associate	-	157	42	199
Total for type of transaction	<u>-</u>	<u>157</u>	<u>42</u>	<u>199</u>

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

B. Explanatory Notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Bhd

B1. Review of performance

The Group revenue for the 6 months cumulative period had increased by 23.48% from RM41.94 million as reported in the corresponding preceding period in the prior financial year to RM51.79 million. The increase in our revenue was principally attributable to the following:

(a) completion of the manufacturing and installation of Double Former glove dipping lines, and increase in purchase orders from the Engineering Works segment, contributed to a significant increase in revenue of approximately RM9.25 million, representing an increase of 138.19% as compared to corresponding preceding period in the prior financial year; and

(b) our sales and marketing team secured more orders from our Marine hardware & consumable segment, which contributed an increase in revenue of approximately RM1.86 million, representing 14.25% increase in revenue of Marine hardware & consumable segment.

The Group profit before tax for the 6 months cumulative period had increased from RM1.2 million achieved in the previous financial year to RM2.69 million, represents an increase of 124.58% in profit before tax, this was attributed primarily to an increase in our overall revenue as disclosed in (a) and (b) above.

B2. Comparison with immediate preceding quarter's results

The Group profit before tax of RM2.16 million for the current quarter under review was 310.25% higher compared with the profit before tax amounting to RM0.53 million of the immediate preceding quarter. This was mainly due to completion of the manufacturing and installation hand glove dipping lines as explained in Note B1 (a).

B3. Commentary on prospects

The Board will continue to enhance the Group marketing strategy through expansion of the Engineering Segment and increase the Group products offering to increase revenue. Barring the economic uncertainty, we expect the Group performance to remain satisfactory.

B4. Profit forecast or profit guarantee

Not applicable as the Group has not issued any profit forecast or profit guarantee in a public document.

B5. Breakdown of tax changes

Tax charges comprise:	Current Quarter RM'000	Current Year-to-Date RM'000
Malaysian taxation based on profit for the period:		
Current tax expense	320	436
Deferred tax expense	223	187
Net tax charge	<u>543</u>	<u>623</u>



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

Reconciliation of Effective Tax Rate:

	Current Year-to-Date	
	RM'000	%
Accounting Profit before tax	2,686	-
Statutory tax amount / rate	672	25.0%
<i>Tax Effects of Expenses Disallowed:</i>		
Depreciation of non-qualifying property, plant & equipment	(34)	-1.3%
Other Expenses not deductible for tax purposes	18	0.7%
Other professional fee	25	0.9%
Share of results of an associate	(49)	-1.8%
Deferred tax assets not recognised on:		
Over provision of deferred tax in prior years	(9)	0.0%
Effective tax amount / rate	623	23.2%

B6. Status of corporate proposals and utilisation of proceeds

(a) Corporate proposals

There were no corporate proposals not completed as at the date of this report.

(b) Utilisation of proceeds

The total gross proceeds raised from the public issue of RM11.47 million based on the issue price of RM0.57 will be utilised in the following manner:

Purpose	Proposed utilisation RM'000	Actual utilisation RM'000	Non-utilisation RM'000	Intended timeframe for utilisation (Listed on 19/01/2011)
(i) Business Expansion and capital expenditures	3,310	251	3,059	Extended to 19/01/2015
(ii) Working Capital	6,260	6,260	-	
(iii) Listing Expenses	1,900	1,900	-	
	11,470	8,411	3,059	

B7. Details of Group borrowings and debts securities

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/06/2014 are as follows:

	Total RM'000	Secured RM'000
Long-term:		
Hire purchase liabilities	2,021	2,021
	2,021	2,021
Short-term:		
Bills and other trade financing liabilities	30,654	30,654
Hire purchase liabilities	985	985
Bank overdrafts	385	385
	32,024	32,024



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

B8. Profit before taxation

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

	Individual quarter ended		Cumulative period 6 months ended	
	30/06/2014	30/06/2013	30/06/2014	30/06/2013
	RM'000	RM'000	RM'000	RM'000
<i>1) Other operating income:</i>				
Interest income	(94)	(20)	(210)	(44)
Other income	(14)	(11)	(42)	(26)
Gain on disposal of property, plant and equipment	(112)	(1)	(112)	(15)
<i>2) Administration expenses & Cost of sales:</i>				
Depreciation of properties, plant & equipment	479	363	925	713
Employee benefit expenses	2,252	1,844	4,453	3,654
<i>3) Other expenses:</i>				
Realised Forex (gains)/losses	(8)	(9)	(23)	(17)
<i>4) Finance costs:</i>				
Bank overdrafts	6	4	10	9
Bankers acceptance	373	285	699	574
Hire Purchase	50	36	104	72
Term Loan	-	-	-	(1)

Save as disclosed above, the other items as required under Appendix 9B Part A(16) of the Main Market Listing Requirements of Bursa Securities are not applicable.

B9. Changes in Material Litigations

The Group is not engaged in any material litigation either as plaintiff or defendant and the directors do not have any knowledge of any proceedings pending which might materially and adversely affect the financial position or business of the Group.

B10. Dividends

The Directors do not recommend any dividend for the current quarter ended 30/06/2014.

B11. Earnings per share

(a) The earnings used as the numerator in calculating Basic and Diluted earnings per share (EPS) for the current quarter ended 30/06/2014 are as follows:

	Current Quarter RM'000	Current Year-to-Date RM'000
Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>1,453</u>	<u>1,932</u>

(b) The weighted average number of ordinary shares used in the denominator in calculating Basic and Diluted earnings per share for the current quarter and cumulative period ended 30/06/2014 are as follows:



誠成集團

K. SENG SENG CORPORATION BERHAD

(Company No.: 133427-W)

(Incorporated in Malaysia under the Companies Act, 1965)

Notes of the Interim Financial Report for the 6 months ended 30/06/2014

	Current Quarter '000	Current Year-to-Date '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	<u>96,000</u>	<u>96,000</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>96,000</u>	<u>96,000</u>

Diluted earnings per share is equivalent to Basic EPS as the Group does not have any dilutive potential ordinary shares in issue during the financial quarter under review and financial year to date.

B12. Realised and unrealised profits

	30/06/2014 RM'000
Total retained profits of the Company and its subsidiaries:	
- Realised	19,147
- Unrealised	405
	<u>19,552</u>
Total share of retained profits from associate:	
- Realised	1,980
- Unrealised	377
	<u>21,909</u>
Consolidation adjustments	369
Total Group retained profits as per consolidated financial statements	<u><u>22,278</u></u>

B13. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the year ended 31/12/2013 did not contain any qualification.

B14. Authorisation for issue

The interim financial report was duly reviewed by Audit Committee and approved by the Board of Directors on 25/08/2014.