

**Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 12 months ended 31/12/2020**

	Note	Individual quarter ended		Cumulative period 12 months ended	
		31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
Revenue	A8	33,834	30,747	106,094	107,472
Cost of sales		(27,100)	(26,119)	(86,686)	(90,042)
<b>Gross profit</b>		<b>6,734</b>	<b>4,628</b>	<b>19,408</b>	<b>17,430</b>
<b>Other income</b>		<b>152</b>	<b>116</b>	<b>303</b>	<b>244</b>
Selling and distribution expenses		(716)	(851)	(2,293)	(3,087)
Administration expenses		(3,156)	(2,575)	(10,369)	(9,866)
Other expenses		(2,921)	(2,309)	(4,719)	(4,006)
<b>Profit/(Loss) from operations</b>		<b>93</b>	<b>(991)</b>	<b>2,330</b>	<b>715</b>
Finance costs		(363)	(362)	(1,359)	(1,647)
		(270)	(1,353)	971	(932)
Share of results of associate		157	125	241	168
<b>(Loss)/Profit before taxation</b>	B8	<b>(113)</b>	<b>(1,228)</b>	<b>1,212</b>	<b>(764)</b>
Income tax expense	B5	(1,397)	(1,049)	(1,963)	(1,172)
<b>Loss after taxation</b>		<b>(1,510)</b>	<b>(2,277)</b>	<b>(751)</b>	<b>(1,936)</b>
<b>Total Comprehensive loss for the period</b>		<b>(1,510)</b>	<b>(2,277)</b>	<b>(751)</b>	<b>(1,936)</b>
<b>Loss/(Income) Attributable To:</b>					
Owners of The Parent		(1,624)	(2,284)	(998)	(2,017)
Non-Controlling Interests		114	7	247	81
		(1,510)	(2,277)	(751)	(1,936)
<b>Total Comprehensive (loss)/income attributable to :</b>					
Owners of The Parent		(1,624)	(2,284)	(998)	(2,017)
Non-Controlling Interests		114	7	247	81
		(1,510)	(2,277)	(751)	(1,936)
<b>Weighted average number of ordinary shares in issue ('000)</b>					
	B11	96,370	96,000	96,370	96,000
<b>Earnings per share attributable to owners of the parent :</b>					
Basic (Sen)	B11	(1.69)	(2.38)	(1.04)	(2.10)
Diluted (Sen)	B11	(1.69)	(2.38)	(1.04)	(2.10)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)

**Condensed Consolidated Statement of Financial Position as at 31/12/2020**

	Note	Unaudited As at 31/12/2020 RM'000	Audited As at 31/12/2019 RM'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		12,666	12,742
Investment in an associate		4,989	4,747
Trade receivables		-	387
Deferred Tax Assets		86	686
		<b>17,741</b>	<b>18,562</b>
<b>Current assets:</b>			
Inventories		53,668	58,137
Trade and other receivables		52,170	37,695
Current tax assets		708	783
Deposits, Cash and bank balances		22,743	8,609
		<b>129,289</b>	<b>105,224</b>
<b>TOTAL ASSETS</b>		<b>147,030</b>	<b>123,786</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Current Liabilities:</b>			
Trade and other payables		26,981	18,324
Current tax liabilities		58	36
Borrowings	B7	35,353	24,102
		<b>62,392</b>	<b>42,462</b>
<b>Non-current liabilities</b>			
Borrowings	B7	1,856	2,533
Deferred tax liabilities		268	247
		<b>2,124</b>	<b>2,780</b>
<b>TOTAL LIABILITIES</b>		<b>64,516</b>	<b>45,242</b>
<b>Equity:</b>			
Share capital		53,126	48,515
Retained profits		27,846	28,844
<b>Equity attributable to owners of the Parent</b>		<b>80,972</b>	<b>77,359</b>
Non-controlling interest		1,542	1,295
<b>TOTAL EQUITY</b>		<b>82,514</b>	<b>78,654</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>147,030</b>	<b>123,896</b>
<b>Net assets per share attributable to owners of the Parent (RM)</b>		<b>0.84</b>	<b>0.80</b>

*(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)*



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K. SENG SENG CORPORATION BERHAD

(Registration No. 198501000983 (133427 W))

(Incorporated in Malaysia)

**Unaudited Condensed Statement of Changes in Equity for the 12 months ended 31/12/2020**

**-- Attributable to Owners of the Parent --**

Note	Share Capital	Retained Profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at 01/01/2019</b>	48,515	31,156	<b>79,671</b>	1,214	<b>80,885</b>
Total comprehensive (loss)/income for the period	-	(2,017)	<b>(2,017)</b>	81	<b>(1,936)</b>
Dividends paid	-	(480)	<b>(480)</b>	-	<b>(480)</b>
Adjustment on the fair value of consideration of subsidiary	-	185	<b>185</b>	-	<b>185</b>
<b>Balance at 31/12/2019</b>	<b>48,515</b>	<b>28,844</b>	<b>77,359</b>	<b>1,295</b>	<b>78,654</b>
<b>Balance at 01/01/2020</b>	48,515	28,844	<b>77,359</b>	1,295	<b>78,654</b>
Issue of shares	4,611	-	<b>4,611</b>	-	<b>4,611</b>
Total comprehensive (loss)/income for the period	-	(998)	<b>(998)</b>	247	<b>(751)</b>
<b>Balance at 31/12/2020</b>	<b>53,126</b>	<b>27,846</b>	<b>80,972</b>	<b>1,542</b>	<b>82,514</b>

*(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)*

**Unaudited Condensed Statement of Cash Flows for the 12 months ended 31/12/2020**

	12 months ended	
	31/12/2020	31/12/2019
	RM'000	RM'000
<b>Cash Flows From Operating Activities:</b>		
<b>Profit/(Loss) before tax</b>	<b>1,212</b>	<b>(764)</b>
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	2,176	2,331
Written off on property, plant and equipment	86	5
Reversal of impairment loss on trade receivables	(35)	(22)
Bad debts written off	-	84
Impairment loss on trade receivables	787	1,522
Gain on disposal property, plant and equipment	(92)	(20)
Interest expense	1,359	1,648
Interest income	(28)	(202)
Unrealised gain on foreign exchange	-	(23)
Impairment loss on inventories	1,533	-
Inventories written down	502	-
Share of profits of an associate	(241)	(168)
<b>Operating profit before changes in working capital</b>	<b>7,259</b>	<b>4,391</b>
<b>Changes in Working Capital</b>		
Inventories	2,434	(5,736)
Trade and other receivables	(14,609)	1,857
Trade and other payables	8,426	8,378
	<b>(3,749)</b>	<b>4,499</b>
<b>Cash generated from operations</b>	<b>3,510</b>	<b>8,890</b>
Interest received	28	202
Income tax refunded	115	2,023
Income tax paid	114	(1,439)
	<b>257</b>	<b>786</b>
<b>Net Cash generated from Operating Activities</b>	<b>3,767</b>	<b>9,676</b>
<b>Cash Flows From Investing Activities:</b>		
Proceeds from sale of property, plant and equipment	92	32
Purchase of property, plant and equipment	(992)	(599)
Placement of deposits with a licensed bank	(41)	(1,042)
<b>Net cash used in Investing Activities</b>	<b>(941)</b>	<b>(1,609)</b>
<b>Cash Flows From Financing Activities:</b>		
Issue of ordinary shares	4,611	-
Net proceeds from/(repayment to) bankers' acceptances	10,883	(7,512)
Payment of lease liabilities	(1,503)	(1,059)
Interest paid	(1,359)	(1,616)
Dividend paid	-	(480)
<b>Net cash generated from/(used in) Financing Activities</b>	<b>12,632</b>	<b>(10,667)</b>
<b>Net changes in Cash and Cash Equivalents</b>	<b>15,458</b>	<b>(2,600)</b>
<b>Cash and Cash Equivalents at Beginning of The Period</b>	<b>7,131</b>	<b>9,731</b>
<b>Cash and Cash Equivalents at End of The Period</b>	<b>22,589</b>	<b>7,131</b>

**Unaudited Condensed Statement of Cash Flows for the 12 months ended 31/12/2020**

	<b>12 months ended</b>	
	<b>31/12/2020</b>	<b>31/12/2019</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Cash and bank balances	<b>22,743</b>	8,609
Less: Non-short term deposits placed with licensed banks	<b>(1,519)</b>	(1,478)
	<b><u>21,224</u></b>	<b><u>7,131</u></b>

*(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.)*

## Notes of the Interim Financial Report for the 12 months ended 31/12/2020

### 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), and Chapter 9.22 of the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad (Bursa Securities).

The interim financial statements should be read in conjunction with the Audited Financial Statements of the Group for the financial year ended 31/12/2019. 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 31/12/2019.

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 31/12/2019 except for the adoption of the following Amendments/Improvement to MFRSs which are applicable to its financial statements and are relevant to its operations:-

#### Amendments/Improvements to MFRSs

MFRS 3	Business Combinations
MFRS 7	Financial Instrument Disclosures
MFRS 9	Financial Instruments
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

The following new MFRSs, amendments/improvements to MFRSs, new IC Int and amendments to IC Int that have been issued by MASB but not yet effective and have not been applied by the Group.

#### New MFRS

MFRS 17	Insurance Contracts ***
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#### Amendments/Improvements to MFRSs

MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards**/**
MFRS 3	Business Combinations **/**
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations***
MFRS 7	Financial Instruments: Disclosures ***
MFRS 9	Financial Instruments **/**
MFRS 10	Consolidated Financial Statements (1)
MFRS 15	Revenue from Contracts with Customers***
MFRS 16	Leases **
MFRS 101	Presentation of Financial Statements ***
MFRS 107	Statements of Cash Flows***

#### Amendments/Improvements to MFRSs (Continued)

MFRS 116	Property, Plant and Equipment**/**
MFRS 119	Employee Benefits ***
MFRS 128	Investments in Associates and Joint Ventures **/(1)
MFRS 132	Financial Instruments: Presentation***
MFRS 136	Impairment of Assets***
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets **/**
MFRS 138	Intangible Assets ***
MFRS 140	Investment Property***
MFRS 141	Agriculture **

\*\* Effective for the period beginning on or after 1 January 2022

\*\*\* Effective for the period beginning on or after 1 January 2023

(1) Deferred

## Notes of the Interim Financial Report for the 12 months ended 31/12/2020

### A1. Basis of preparation (Contd.)

The Group will adopt the above new MFRSs and Amendments/Improvements to MFRSs when it becomes effective in the respective financial periods. The adoption of the above mentioned amendments to MFRSs are not expected to have any material effect to the financial statements of the Group upon initial recognition.

### A2. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the year ended 31/12/2019 did not contain any qualification.

### A3. Seasonality or cyclicalit 114 247

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 cyclicalit in our business operations.

### A4. 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 12 months period ended 31/12/2020.

### A5. 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.

### A6. Issuances, repurchases and repayments of debts and equity instruments

Save as disclosed below, 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.

On 25 August 2020, the Company proposes to undertake a private placement of up to 19,200,000 new ordinary shares in the Company ("Placement Shares"), representing 20% of the total number of issued shares of the Company, to third-party investor(s) at an issue price to be determined later ("Private Placement").

On 7 September 2020, Bursa Securities had, vide its letter dated 7 September 2020, approved the listing of and quotation for up to 19,200,000 Placement Shares to be issued pursuant to the Private Placement.

On 4 Decemebr 2020, the Board of Directors of KSSC ("Board") has resolved to fix the issue price for the first tranche of the Private Placement at RM0.58 per Placement Share.

On 15 December 2020, the Board announced that 7,950,000 Placement Shares were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities on Tuesday, 15 December 2020 marking the completion of the first tranche of the Private Placement.

On 28 Decemebr 2020, the Board has resolved to fix the issue price for the second tranche of the Private Placement at RM0.485 per Placement Share.

On 30 Decemebr 2020, the Board has resolved to fix the issue price for the third tranche of the Private Placement at RM0.535 per Placement Share.

On 7 January 2021, the Board announced that 7,450,000 Placement Shares were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities on Thursday, 7 January 2020 marking the completion of the second tranche of the Private Placement.

On 11 January 2021, the Board announced that 3,800,000 Placement Shares were issued pursuant to the Private Placement and were listed and quoted on the Main Market of Bursa Securities on Monday, 11 January 2021 marking the completion of the third and final tranche of the Private Placement.

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**A7. Dividends paid**

There were no dividends paid by the Group during the current quarter ended 31/12/2020.

**A8. Operating Segment Information**

For management purposes, the Group categories its 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 31/12/2020</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	11,827	8,037	11,275	2,695	<b>33,834</b>
Reportable segment gross profit/(loss)	2,165	1,643	2,942	(16)	<b>6,734</b>
<i>3 months ended 31/12/2019</i>					
Revenues from external customers	9,633	6,715	6,543	7,856	<b>30,747</b>
Reportable segment gross profit	1,228	1,583	1,524	293	<b>4,628</b>

	Stainless steel products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>12 months ended 31/12/2020</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	36,851	24,918	34,294	10,031	<b>106,094</b>
Reportable segment gross profit	4,117	5,075	8,583	1,633	<b>19,408</b>
<i>12 months ended 31/12/2019</i>					
Revenues from external customers	35,951	29,011	29,288	13,222	<b>107,472</b>
Reportable segment gross profit	3,986	6,707	6,141	596	<b>17,430</b>



**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**A9. Material events subsequent to the end of the interim period**

There were no material events subsequent to the current financial quarter ended 31/12/2020 up to the date of this interim financial report which may substantially affect the results of the operations of the Group.

**A10. 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 31/12/2020.

**A11. 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.

**A12. Capital commitment**

There were no capital commitments either contracted upon or otherwise that had affected the Group as at the current quarter ended 31/12/2020.

**A13. Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period to date ended 31/12/2020 are as follows:

	Individual quarter ended		Cumulative period 12 months ended	
	31/12/2020	31/12/2019	31/12/2020	31/12/2019
	RM'000	RM'000	RM'000	RM'000
<b><i>Subsidiary of an associate</i></b>				
Purchase from related parties	(2)	-	(2)	-
Sales of goods	-	-	-	3,361
Interest receivable	-	26	-	115

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

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

**B1. Review of performance**

	4th quarter ended			Cumulative period 12 months ended		
	31/12/2020 RM'000	31/12/2019 RM'000	Changes %	31/12/2020 RM'000	31/12/2019 RM'000	Changes %
Revenue	33,834	30,747	10.0	106,094	107,472	(1.3)
<b>Operating (Loss)/Profit</b>	<b>(59)</b>	<b>(1,107)</b>	<b>94.7</b>	<b>2,027</b>	<b>471</b>	<b>330.4</b>
Profit/(Loss) Before Interest and Tax	250	(866)	128.9	2,571	883	191.2
(Loss)/Profit Before Tax	(113)	(1,228)	90.8	1,212	(764)	258.6
<b>Loss After Tax</b>	<b>(1,510)</b>	<b>(2,277)</b>	<b>33.7</b>	<b>(751)</b>	<b>(1,936)</b>	<b>61.2</b>
Loss Attributable to owners of the Parent	(1,624)	(2,284)	28.9	(998)	(2,017)	50.5

The Group revenue for the 12 months cumulative period had decreased by 1.28% from RM107.47 million as reported in the corresponding preceding period in the prior financial year to RM106.09 million. The decrease in revenue mainly attributable by the decrease in revenue from the marine hardware & consumable and engineering works segments amounted to 17.25% or RM7.28 million.

The decrease was compensated by the increase in revenue from the stainless steel and other industrial hardware products segments. Both segments contributed an increase of RM5.9 million or 9.45%. The increase in revenue was mainly attributable by to the better cost management of procurement of raw materials in view of the increase in stainless steel products price.

Revenue from stainless steel products segment and other industrial hardware segment accounted for approximately 67.05% of the total revenue, as compared to 60.7% from prior year . Revenue from marine hardware & consumable segment and engineering works segment constituted approximately 23.5% and 9.45% respectively of current year's revenue, as compared to 27% and 12.3% respectively in the prior year.

During the quarter under review, the Group recorded a revenue of RM33.83 million. Revenue improved by 10.0% over the corresponding preceding quarter, mainly attributable to the improved revenue from the stainless steel products and other industrial hardware products segments .

The Group's results for the 12-months cumulative period had improved from a loss before tax of RM0.76 million to profit before tax of RM1.21 million representing a increase of 258.6% . The overall increased in profit were mainly due to improve in gross profit margin from the other industrial hardware products and engineering works segments during the year. The increase in profit was mainly attributable by to the better cost management of procurement of raw materials in view of the increase in stainless steel products price.

During the quarter under review, the Group suffered a loss before tax of RM0.11 million as compared to a loss before tax of RM1.23 million in the corresponding preceding period. The loss incurred during the period mainly attributable to the impairment of trade receivables and slow-moving inventories amounting to RM0.79 million and RM1.53 million respectively.

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**B2. Comparison with immediate preceding quarter's results**

	Individual quarter ended		
	31/12/2020 RM'000	30/9/2020 RM'000	Changes %
Revenue	33,834	31,297	8.1
<b>Operating (Loss)/Profit</b>	<b>(59)</b>	<b>2,333</b>	<b>*N/M</b>
Profit Before Interest and Tax	250	2,444	(89.8)
(Loss)/Profit Before Tax	(113)	2,112	*N/M
<b>(Loss)/Profit After Tax</b>	<b>(1,510)</b>	<b>1,798</b>	<b>*N/M</b>
(Loss)/Profit Attributable to owners of the Parent	(1,624)	1,757	*N/M

Current quarter revenue improved by RM2.54 million or 8.1% as compared to previous quarter, mainly attributable to the improved revenue from the stainless steel products, other industrial hardware products and marine hardware segments. However, revenue from engineering segment decreased significantly from RM7.86 million to RM2.7 million from the previous quarter mainly due to no major projects completed during the current quarter.

Current quarter incurred a loss before tax of RM0.11 million as compared to profit before tax of RM2.11 million in the previous quarter mainly due to impairment on trade receivables and slow-moving inventories amounting to RM0.79 million and RM1.53 million respectively.

Current quarter loss after tax of RM1.51 million as compared to profit before tax of RM1.80 million in the previous quarter mainly due to de-recognition of deferred tax assets and additional provision of income tax expenses amounting to RM0.71 million and RM0.68 million respectively.

\* *not meaningful*

**B3. Commentary on prospects**

The operating environment is expected to remain challenging due to the COVID-19 pandemic that has adversely affected the global economic climate and unprecedented impact of the stringent containment measures to control the COVID-19 pandemic globally and domestically.

The Group will continue to be focused on its core business activities, continuing its efforts to improve operational efficiencies and better cost management measures in order to fulfil our customer needs and drive value for our shareholders.

The Management will continue to put in efforts to sustain customer interests in our products through increased engagement interactions with our customers, delivering quality sales and after-sales service.

**B4. Profit forecast or profit guarantee**

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

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**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	684	1,232
Deferred tax expense	713	731
Net tax charge	<b>1,397</b>	<b>1,963</b>
Reconciliation of Effective Tax Rate:	Current RM'000	Year-to-Date %
<b>Accounting Profit before tax</b>	<b>1,212</b>	-
Statutory tax amount / rate	291	24.0%
<i>Tax Effects of Expenses Disallowed:</i>		
Reversal of deferred tax assets recognised in prior years	751	62.0%
Other Expenses not deductible for tax purposes	904	74.6%
Share of results of an associate	58	4.8%
Deferred tax assets not recognised on:		
Deferred tax assets not recognised	(2)	-0.2%
Over provision of income tax in prior years	(19)	-1.6%
Over provision of deferred tax in prior years	(20)	-2.0%
<b>Effective tax amount / rate</b>	<b>1,963</b>	<b>162.0%</b>

**B6. Status of corporate proposals**

Saved as disclosed below, there were no corporate proposals undertaken but not completed as at the date of this report.

The Company had on the following dates issued new ordinary shares pursuant to the Private Placement:-

- 15 December 2020, 7,950,000 Placement Shares issued at an issue price of RM0.58 per share;
- 7 January 2021, 7,450,000 Placement Shares issued at an issue price of RM.485 per share; and
- 11 January 2021, 3,800,000 Placement Shares issued at an issue price of RM0.535 per share.

The Private Placement has been completed on 11 January 2021 with a total proceeds of RM4,611,000, RM3,613,250 and RM2,033,000 were received respectively.

Following is the status of the utilisation of the Private Placement as at 31 December 2020:-

Purpose	Timeframe for utilisation	Approved utilisation RM'000	Private Placement received RM'000	Actual utilisation as at 31/12/2020 RM'000	Balance to be utilised RM'000
(i) Business Expansion	18 months	5,000	5,000	-	5,000
(ii) Working Capital	12 months	4,500	5,157	-	5,157
(iii) Defray estimated expenses	Immediate	100	100	79	21
	-	9,600	10,257	79	10,178

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**B7. Details of Group borrowings and debts securities**

The Group's borrowings securities denominated in Malaysian Ringgit as at 31/12/2020 are as follows:

	As at	
	31/12/2020 RM'000	31/12/2019 RM'000
<b>Secured</b>		
Long-term:		
Lease liabilities	1,856	2,533
	<u>1,856</u>	<u>2,533</u>
Short-term:		
Bills and other trade financing liabilities	33,471	22,588
Lease liabilities	1,882	1,514
	<u>36,102</u>	<u>24,102</u>

**B8. Profit/(Loss) before taxation**

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

	Individual quarter ended		Cumulative period 12 months ended	
	31/12/2020 RM'000	31/12/2019 RM'000	31/12/2020 RM'000	31/12/2019 RM'000
<i>1) Other operating income:</i>				
Interest income	-	(71)	(28)	(202)
Gain on disposal of property, plant and equipment	(40)	(3)	(92)	(20)
<i>2) Administration expenses &amp; Cost of sales:</i>				
Depreciation of properties, plant & equipment	371	984	2,176	2,331
Property, plant and equipment written off	86	-	86	5
Employee benefit expenses	3,528	3,639	12,890	13,040
Bad debts written off				
Impairment loss on trade receivables	787	1,584	787	1,522
Reversal of impairment loss on trade receivables	(35)	-	(35)	(22)
Impairment loss on slow-moving inventories	1,533	-	1,533	-
Inventories written down	-	-	502	-
<i>3) Other expenses/(Reversal):</i>				
Realised foreign exchange losses/(gains)	5	(35)	58	31
<i>4) Finance costs:</i>				
Bank overdrafts	5	9	28	36
Bankers acceptance	282	285	1,104	1,377
Lease liabilities/Finance lease liabilities	76	89	227	234

Save as disclosed above, the other disclosure items pursuant to Paragraph 16, Part A of Appendix 9B of the Main Market Listing Requirements of Bursa Securities are not applicable.

**Notes of the Interim Financial Report for the 12 months ended 31/12/2020**

**B9. Changes in Material Litigations**

The Company had on 23/09/2020 announced that its wholly-owned subsidiary, KSG Engineering Sdn Bhd had been served with a sealed Amended Writ of Summons No. WA-22NCC-391-08/2020 on 18/09/2020 by WRP Asia Pacific Sdn Bhd.

The Court has fixed the matter for hearing on 2/03/2021. The Company will make the necessary announcement on further development on the matter as and when required.

**B10. Proposed Dividends**

The Directors do not recommend any dividends for the current quarter ended 31/12/2020.

**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 31/12/2020 are as follows:

	Current Quarter RM'000	Current Year-to-Date RM'000
Loss for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>(1,624)</u>	<u>(998)</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 31/12/2020 are as follows:

	Current Quarter '000	Current Year-to-Date '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	<u>96,370</u>	<u>96,370</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>96,370</u>	<u>96,370</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.

**B3. Authorisation for issue**

The interim unaudited financial report was duly reviewed by Audit Committee and approved by the Board of Directors on 24/02/2021.