

Unaudited Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income for the 6 months ended 30/06/2021

	Note	Individual quarter ended		Cumulative period 6 months ended	
		30/06/2021 RM'000	30/6/2020 RM'000	30/06/2021 RM'000	30/6/2020 RM'000
Revenue	A8	41,200	18,570	76,488	40,963
Cost of sales		(31,374)	(15,517)	(59,754)	(34,367)
Gross profit		9,826	3,053	16,734	6,596
Other income		236	44	556	53
Selling and distribution expenses		(788)	(564)	(1,562)	(1,153)
Administration expenses		(3,032)	(2,104)	(6,051)	(4,667)
Other expenses		(784)	(448)	(1,498)	(1,005)
Profit/(Loss) from operations		5,458	(19)	8,179	(176)
Finance income		1	-	2	-
Finance costs		(376)	(323)	(718)	(664)
		5,083	(342)	7,463	(840)
Share of results of associate		10	14	40	71
Profit/(Loss) before taxation	B8	5,093	(328)	7,503	(769)
Income tax expense	B5	(941)	(180)	(1,711)	(252)
Profit/(Loss) after taxation		4,152	(508)	5,792	(1,021)
Total Comprehensive income/(loss) for the period		4,152	(508)	5,792	(1,021)
Income/(Loss) Attributable To:					
Owners of The Parent		4,073	(569)	5,601	(1,114)
Non-Controlling Interests		79	61	191	93
		4,152	(508)	5,792	(1,021)
Total Comprehensive income/(loss) attributable to :					
Owners of The Parent		4,073	(569)	5,601	(1,114)
Non-Controlling Interests		79	61	191	93
		4,152	(508)	5,792	(1,021)
Weighted average number of ordinary shares in issue ('000)	B11	114,942	96,000	114,942	96,000
Earnings per share attributable to owners of the parent :					
Basic (Sen)	B11	3.54	(0.59)	4.87	(1.16)
Diluted (Sen)	B11	3.54	(0.59)	4.87	(1.16)

(The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.)

Condensed Consolidated Statement of Financial Position as at 30/06/2021

	Note	Unaudited As at 30/06/2021 RM'000	Audited As at 31/12/2020 RM'000
ASSETS			
Non-current assets:			
Property, plant and equipment		13,561	12,666
Investment in an associate		5,029	4,989
Deferred Tax Assets		86	86
		<u>18,676</u>	<u>17,741</u>
Current assets:			
Inventories		68,057	53,668
Trade and other receivables		59,853	46,803
Contract assets		2,023	1,885
Current tax assets		-	708
Deposits, Cash and bank balances		15,586	22,444
		<u>145,519</u>	<u>125,508</u>
TOTAL ASSETS		<u><u>164,195</u></u>	<u><u>143,249</u></u>
EQUITY AND LIABILITIES			
Current Liabilities:			
Trade and other payables		19,389	13,691
Contract liabilities		549	9,508
Current tax liabilities		449	58
Borrowings	B7	47,627	34,905
		<u>68,014</u>	<u>58,162</u>
Non-current liabilities			
Borrowings	B7	1,961	2,305
Deferred tax liabilities		268	268
		<u>2,229</u>	<u>2,573</u>
TOTAL LIABILITIES		<u>70,243</u>	<u>60,735</u>
Equity:			
Share capital		58,772	53,126
Retained profits		33,447	27,846
Equity attributable to owners of the Parent		<u>92,219</u>	<u>80,972</u>
Non-controlling interest		1,733	1,542
TOTAL EQUITY		<u>93,952</u>	<u>82,514</u>
TOTAL EQUITY AND LIABILITIES		<u><u>164,195</u></u>	<u><u>143,249</u></u>
Net assets per share attributable to owners of the Parent (RM)		0.80	0.70

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 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 6 months ended 30/06/2021

-- 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
Balance at 01/01/2020	48,515	28,844	77,359	1,295	78,654
Total comprehensive loss for the period	-	(1,114)	(1,114)	93	(1,021)
Balance at 30/06/2020	48,515	27,730	76,245	1,388	77,633
Balance at 01/01/2021	53,126	27,846	80,972	1,542	82,514
Issue of shares	5,646	-	5,646	-	5,646
Total comprehensive income for the period	-	5,601	5,601	191	5,792
Balance at 30/06/2021	58,772	33,447	92,219	1,733	93,952

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Condensed Statement of Cash Flows for the 6 months ended 30/06/2021

	6 months ended	
	30/06/2021	30/6/2020
	RM'000	RM'000
Cash Flows From Operating Activities:		
Profit/(Loss) before tax	7,503	(769)
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	1,692	1,053
Reversal of impairment loss on trade receivables	(31)	-
Gain on disposal property, plant and equipment	(13)	(25)
Interest expense	718	682
Interest income	(2)	(28)
Share of profits of an associate	(40)	22
Operating profit before changes in working capital	9,827	935
Changes in Working Capital		
(Increase)/Decrease in Inventories	(14,388)	1,476
Decrease/(Increase) in Trade and other receivables	(13,020)	3,038
Increase/(Decrease) in Trade and other payables	5,696	(9,214)
Increase in Contract liabilities/(assets)	(9,097)	-
	(30,809)	(4,700)
Cash generated from operations	(20,982)	(3,765)
Interest received	2	28
Income tax paid	(611)	(531)
	(609)	(503)
Net Cash generated from Operating Activities	(21,591)	(4,268)
Cash Flows From Investing Activities:		
Proceeds from sale of property, plant and equipment	10	25
Purchase of property, plant and equipment	(2,865)	(327)
Placement of deposits with a licensed bank	(17)	-
Net cash used in Investing Activities	(2,872)	(302)
Cash Flows From Financing Activities:		
Issue of ordinary shares	5,646	-
Net proceeds from/(repayment to) bankers' acceptances	11,013	7,623
Proceeds from/(Payment of) lease liabilities	1,645	(567)
Interest paid	(718)	(682)
Net cash generated from/(used in) Financing Activities	17,586	6,374
Net changes in Cash and Cash Equivalents	(6,877)	1,804
Cash and Cash Equivalents at Beginning of The Period	20,942	8,609
Cash and Cash Equivalents at End of The Period	14,065	10,413
Cash and Cash Equivalents Comprise:		
Cash and bank balances	15,586	10,413
Less: Non-short term deposits placed with licensed banks	(1,521)	-
	14,065	10,413

(The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.)

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

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 31/12/2020. 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 31/12/2020.

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 31/12/2020 except for the adoption of the following Amendments/Improvement to MFRSs:-

Amendments/Improvements to MFRSs effective for annual periods beginning on or after 01/06/2020

MFRS 16 *Leases: Covid-19 Related Rent Concessions beyond 30/06/2021*

Amendments/Improvements to MFRSs effective for annual periods beginning on or after 01/01/2021

MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement*, MFRS 7 *Financial Instruments: Recognition*, MFRS 4 *Insurance Contracts* and MFRS 16 *Leases - Interest Rate Benchmark Reform - Phase 2*

The adoption of the above Amendments/Improvement to MFRSs did not have any material impact on the financial statements of the Group.

A2. Audit report qualification and status of matters raised

The audit report of the Group's annual financial statements for the year ended 31/12/2020 did not contain any qualifications.

A3. 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.

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 6 months period ended 30/06/2021.

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.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

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.

	Amount	No. of Shares
	RM'000	000
Issued and fully paid shares:		
At 01/01/2021	53,126	103,950
Private Placement @RM0.485 on 07/01/2021	3,613	7,450
Private Placement @RM0.535 on 11/01/2021	2,033	3,800
At 30/06/2021	<u>58,772</u>	<u>115,200</u>

A7. Dividends paid

There were no dividends paid by the Group during the current quarter ended 30/06/2021.

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 and metal related products segment is in the business of manufacture and sales of stainless steel tubes and pipes, and processing of stainless steel sheets products and trading of other metal related 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, 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.

During the quarter under review, the management has reassessed the classification of the reportable segments and determined that it would be more reflective on the group performance to reclassify the trading of other metal related products initially included in the other industrial hardware segment to the stainless steel segment. Accordingly the comparative information have been reclassified.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

A8. Operating Segment Information (Contd.)

	Stainless steel and metal related products	Marine hardware & consumable	Other industrial hardware	Engineering works	Total
<i>3 months ended 30/06/2021</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	21,824	5,702	3,120	10,547	41,193
Reportable segment gross profit/(loss)	5,258	1,262	1,209	1,880	9,609
<i>3 months ended 30/06/2020</i>					
Revenues from external customers	9,181	5,197	2,017	2,175	18,570
Reportable segment gross profit/(loss)	1,660	1,202	535	(126)	3,271

	Stainless steel and metal related products	Marine hardware & consumable	Other industrial hardware	Engineering Works	Total
<i>6 months ended 30/06/2021</i>	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	44,545	12,182	5,280	14,466	76,473
Reportable segment gross profit	9,518	2,729	2,031	2,023	16,301
<i>6 months ended 30/06/2020</i>					
Revenues from external customers	20,322	12,053	4,650	3,938	40,963
Reportable segment gross profit/(loss)	2,876	2,774	1,324	(160)	6,814

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

There were no material events subsequent to the current financial quarter ended 30/06/2021 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 30/06/2021.

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 30/06/2021.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

A13. Related party transactions

The Group's related party transactions in the current quarter and the cumulative period to date ended 30/06/2021 are as follows:

	Individual quarter ended		Cumulative period 12 months ended	
	30/06/2021	30/6/2020	30/06/2021	30/6/2020
	RM'000	RM'000	RM'000	RM'000
<i>Subsidiary of an associate</i>				
Purchase from related parties	-	-	1	3
Interest receivable	-	-	-	4
<i>Transactions with directors</i>				
Legal retainer fees paid to a legal firm	15	-	30	-

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

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

B1. Review of performance

	2nd quarter ended			Cumulative period 6 months ended		
	30/6/2021 RM'000	30/6/2020 RM'000	Changes %	30/6/2021 RM'000	30/6/2020 RM'000	Changes %
Revenue	41,200	18,570	121.9	76,488	40,963	86.7
Operating Profit/(Loss)	5,458	(63)	*NM	8,179	(229)	*NM
Profit/(Loss) Before Interest and Tax	5,468	(5)	*NM	8,219	(105)	*NM
Profit/(Loss) Before Tax	5,093	(328)	*NM	7,503	(769)	*NM
Profit/(Loss) After Tax	4,152	(508)	*NM	5,792	(1,021)	*NM
Profit/(Loss) Attributable to owners of the Parent	4,073	(569)	*NM	5,601	(1,114)	*NM

The Group recorded revenue of RM76.49 million for the 6-months cumulative quarter ended 30.06.2021, which grew by RM35.53 million or 86.7% compared to revenue of RM40.96 million for the corresponding preceding period in the previous financial year.

The Group recorded revenue of RM41.20 million for the current quarter ended 30.06.2021, which grew by RM22.63 million or 121.9% compared to revenue of RM18.57 million for the corresponding preceding period in the previous financial year. The stronger performance was contributed by the stainless steel and metal related products and engineering works segments.

The Group's profit before taxation soared to RM7.50 million for the 6-months cumulative period as compared to a loss before tax of RM0.77 million in the corresponding preceding period. And the current quarter attained RM5.09 million profit before tax as compared to a loss before tax of RM0.33 million, mainly due to heightened average selling prices boosting the profit margins.

Stainless Steel and Metal Related Products Segment:

Stainless steel and metal related products segment remained to be the core business segment of the Group, comprising 58% to the Group's revenue for the 6-months cumulative quarter ended 30.06.2021. The current quarter revenue swelled 137.71% to RM21.82 million from RM9.18 million in the corresponding preceding quarter. Gross profit has improved to RM5.26 million from RM1.66 million, representing an increase of RM3.6 million or 216.75%. This was attributed to the surge in average selling prices caused by growing demand results in lower availability in the market, this naturally causes prices to rise. Furthermore, the freight shortages has caused the cost of shipment to rise and this extra cost has been added on to the basic price of stainless steel materials. In addition, a new branch which commences operating during the current quarter also contributed to the improve in revenue.

Engineering Works Segment:

Engineering works segment contributed 19% of the total revenue for the 6-month cumulative quarter, as compared to 9.6% in the 6-month corresponding preceding period. Current quarter revenue improved by RM8.37 million from RM2.17 million to RM10.55 million as compared to the corresponding preceding period. Gross profit has improved to RM1.88 million from a loss of RM0.13 million, representing an increase of RM2.01 million. The stronger performance was mainly due to the completion of glove dipping lines and continued demand in the glove industry related activities.

Marine Hardware and Consumable Segment:

Marine hardware and consumable segment contributed 16% of the total revenue for the 6-month cumulative quarter, as compared to 11% in the 6-month corresponding preceding period. Current quarter revenue improved by RM0.50 million from RM5.20 million to RM5.70 million as compared to the corresponding preceding period. Gross profit has improved to RM1.26 million from RM1.20 million, representing an increase of RM0.06 million or 5%.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

B1. Review of performance (Continued)

Other Industrial Hardware Segment:

Other industrial hardware segment contributed 6.9% of the total revenue for the 6-month cumulative quarter, as compared to 11.35% in the 6-month corresponding preceding period. Current quarter revenue improved by RM0.67 million from RM2.02 million to RM3.12 million as compared to the corresponding preceding period. Gross profit has improved to RM1.21 million from RM0.54 million, representing an increase of RM0.67 million or 126%.

B2. Comparison with immediate preceding quarter's results

	Individual quarter ended		
	30/6/2021 RM'000	31/3/2021 RM'000	Changes %
Revenue	41,200	35,288	16.8
Operating Profit/(Loss)	5,222	2,401	117.5
Profit Before Interest and Tax	5,468	2,751	98.8
Profit/(Loss) Before Tax	5,093	2,410	111.3
Profit/(Loss) After Tax	4,152	1,640	153.2
Profit/(Loss) Attributable to owners of the Parent	4,073	1,528	166.6

Current quarter revenue improved by RM5.91 million or 16.8% as compared to previous quarter, mainly attributable to the heightened average selling prices strengthening the profit margins. In tandem with the upward revenue trend and stronger margins, the Group recorded a profit before taxation of RM5.09 million in the current quarter as compared to RM2.41 million in the immediate preceding quarter.

B3. Commentary on prospects

The Malaysia economy remains on a recovery path in 2021 despite challenging. Nevertheless, Bank Negara Malaysia ("BNM") after considering the resurgence of COVID-19 cases and the re-imposition of nationwide containment measures, has revised its full-year gross domestic growth forecast to between 3% to 4% (*Source: BNM Q2 2021 Economic and Financial Development Report*). As the nation's vaccination programme gathers pace, the economic sectors are expected to gradually reopen and lift business sentiments. As such, Malaysia's growth recovery is expected to broadly resume in the later part of second half 2021. The operating environment is expected to remain challenging due to the COVID-19 pandemic. COVID-19 pandemic remains a threat despite availability of vaccines worldwide. Uncertainty persists about the future course of pandemic and its further economic and social consequences arising thereafter. The steel and some other commodities prices are on the upward trajectory and the shortage of raw materials have affected the price equilibrium in the sector. This situation is expected to persist until the return of normalcy in the supply chain.

The Group will continue to be focused on its core business activities, continuing to its efforts to improve operational efficiencies and better cost management measures in order to fulfil our customer orders and drive value for our shareholders. Business strategies and expansions plan inclusive but not limited to opening up of new branches for its other stainless steel and metal related products segment throughout Malaysia, and also to put more attention on B2B and/or B2C e-commerce marketing.

During the current quarter, a new branch was setup and commence operations during the current quarter under review. As at to-date, the Group has in total 3 branches operating nationwide covering the west coast of Peninsular Malaysia.

The Board will continue to monitor the status and progress of COVID-19 and will regularly review the performance and progress of the Group's operations and financial performance as well as introduce measures to improve operating efficiencies, where necessary. The Board expects that the Group's prospects for the financial year ending 31/12/2021 to be challenging but satisfactory.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

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:

Malaysian taxation based on profit for the period:

	Current Quarter RM'000	Current Year-to-Date RM'000
Current tax expense	1,711	1,711
Deferred tax expense	-	-
Net tax charge	1,711	1,711

Reconciliation of Effective Tax Rate:

Accounting Profit before tax

Statutory tax amount / rate

Tax Effects of Expenses Disallowed:

	Current Year-to-Date RM'000	Year-to-Date %
Accounting Profit before tax	7,503	-
Statutory tax amount / rate	1,801	24.0%
Non deductible expenses	84	1.1%
Utilisation of previously unrecognised tax losses and capital allowances	(164)	-2.2%
Share of results of an associate	(10)	-0.1%
Effective tax amount / rate	1,711	22.8%

B6. Status of corporate proposals

(a) Corporate proposals

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

(b) Utilisation of proceeds

On 25/08/2020, the Company announced 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) ("Private Placement"). The Private Placement has been completed on 11/01/2021 with a total share subscribed of 19,200,000 Placement Shares and a total gross proceeds received of RM10.26 million.

Following is the status of the utilisation of the Private Placement as at 30/06/2021:-

Purpose	Timeframe for utilisation	Approved utilisation RM'000	Private Placement received RM'000	Actual utilisation 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	100	-
	-	9,600	10,257	5,257	5,000

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

B7. Details of Group borrowings and debts securities

The Group's borrowings securities denominated in Malaysian Ringgit as at 30/06/2021 are as follows:

	As at	
	30/6/2021 RM'000	31/12/2020 RM'000
Secured		
Non-current:		
Lease liabilities	1,961	2,305
	<u>1,961</u>	<u>2,305</u>
Current:		
Bills and other trade financing liabilities	44,484	33,471
Lease liabilities	3,143	1,434
	<u>47,627</u>	<u>34,905</u>

B8. Profit/(Loss) before taxation

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

	Individual quarter ended		Cumulative period 6 months ended	
	30/06/2021 RM'000	30/6/2020 RM'000	30/06/2021 RM'000	30/6/2020 RM'000
<i>1) Other operating income:</i>				
Gain on disposal of property, plant and equipment	(3)	(24)	(13)	(25)
<i>2) Administration expenses & Cost of sales:</i>				
Depreciation of properties, plant & equipment	938	532	1,692	1,053
Employee benefit expenses	3,638	2,717	7,305	6,026
Bad debts written off				
<i>3) Other expenses/(Reversal):</i>				
Realised foreign exchange losses/(gains)	10	16	39	45
<i>4) Finance costs/(income):</i>				
Interest income	(1)	(20)	(2)	(28)
Bank overdrafts	3	13	7	18
Bankers acceptance	317	285	610	559
Lease liabilities/Finance lease liabilities	55	50	101	105

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.

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 and subsequently rescheduled to 26/04/2021. Upon hearing on 26/04/2021, the Court has fixed the matter for case management on 11/06/2021 and later rescheduled to 1/07/2021 and to proceed with the full trial which is fixed on 2-3/08/2021.

The Company has received a notice of discontinuance date 6/07/2021 whereby the Plaintiff has discontinued the legal suits against KSG Engineering Sdn Bhd, with no liberty to file afresh.

Notes of the Interim Financial Report for the 6 months ended 30/06/2021

B10. Proposed Dividends

The Directors recommend the payment of an interim dividend of 1 sen per ordinary share totalling RM1,152,000 in respect of the financial year ending 31 December 2021. The interim dividend will be paid on 24 September 2021 to shareholders registered on the Company's Register of Members at the close of business on 10 September 2021.

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 30/06/2021 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>4,073</u>	<u>5,601</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 30/06/2021 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>114,942</u>	<u>114,942</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>114,942</u>	<u>114,942</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. Authorisation for issue

The interim unaudited financial report was duly reviewed by Audit and Risk Management Committee and approved by the Board of Directors on 25/08/2021.