

**Unaudited Condensed Consolidated Statement of Comprehensive Income for the 12 months ended 31 December 2022**

	Note	Current quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31/12/2022	31/12/2021	31/12/2022	31/12/2021
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	39,220	44,360	192,721	151,932
Cost of sales		(35,149)	(31,511)	(164,988)	(114,713)
<b>Gross profit</b>		<b>4,071</b>	12,849	<b>27,733</b>	37,219
Other income		989	521	1,847	1,329
Selling and distribution expenses		(646)	(567)	(2,869)	(2,315)
Administration expenses		(4,098)	(4,802)	(16,159)	(15,720)
Net impairment losses on financial assets		-	149	-	149
Other expenses		(1,755)	(2,591)	(4,995)	(4,267)
		<b>(6,499)</b>	(7,811)	<b>(24,023)</b>	(22,153)
<b>Operating (loss)/profit</b>		<b>(1,439)</b>	5,559	<b>5,557</b>	16,395
Finance income		14	11	67	14
Finance costs		(698)	(449)	(2,783)	(1,595)
Share of results of associate		(143)	125	119	175
<b>(Loss)/Profit before tax</b>	B8	<b>(2,266)</b>	5,246	<b>2,960</b>	14,989
Income tax expense	B5	427	(1,557)	(1,235)	(3,881)
<b>(Loss)/Profit after tax</b>		<b>(1,839)</b>	3,689	<b>1,725</b>	11,108
<b>Total Comprehensive (loss)/income for the period</b>		<b>(1,839)</b>	3,689	<b>1,725</b>	11,108
<b>(Loss)/Profit Attributable To:</b>					
Owners of the Parent		(1,845)	3,549	1,451	10,754
Non-controlling interests		6	140	274	354
		<b>(1,839)</b>	3,689	<b>1,725</b>	11,108
<b>Total comprehensive (loss)/income attributable to :</b>					
Owners of the Parent		(1,845)	3,549	1,451	10,754
Non-controlling interests		6	140	274	354
		<b>(1,839)</b>	3,689	<b>1,725</b>	11,108
<b>Weighted average number of ordinary shares in issue ('000)</b>	B11	<b>129,287</b>	115,200	<b>122,301</b>	114,942
<b>(Loss)/Earnings per share</b>					
Basic (Sen)	B11	(1.43)	3.08	1.19	9.36
Diluted (Sen)	B11	(1.43)	3.08	1.19	9.36

(The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2022**

	Note	Unaudited As at 31/12/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>ASSETS</b>			
<b>Non-current assets:</b>			
Property, plant and equipment		19,604	13,756
Investment in an associate		5,283	5,164
Deferred tax assets		330	99
<b>Total non-current assets</b>		<b>25,217</b>	<b>19,019</b>
<b>Current assets:</b>			
Inventories		80,971	70,788
Trade receivables		48,007	60,887
Other receivables, deposits and prepayments		4,178	7,887
Contract assets		-	2,460
Current tax assets		1,876	457
Deposits, cash and bank balances		8,288	16,878
<b>Total current assets</b>		<b>143,320</b>	<b>159,357</b>
<b>TOTAL ASSETS</b>		<b>168,537</b>	<b>178,376</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		58,772	58,772
Retained profits		38,812	37,361
		<b>97,584</b>	96,133
Non-controlling interest		2,938	1,896
<b>TOTAL EQUITY</b>		<b>100,522</b>	<b>98,029</b>

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2022**  
**(Contd.)**

	Note	Unaudited As at 31/12/2022 RM'000	Audited As at 31/12/2021 RM'000
<b>EQUITY AND LIABILITIES (Contd.)</b>			
<b>Non-current liabilities</b>			
Borrowings	B7	7,633	2,844
Deferred tax liabilities		358	367
<b>Total non-current liabilities</b>		<b>7,991</b>	<b>3,211</b>
<b>Current Liabilities:</b>			
Trade payables		5,701	12,982
Other payables and accruals		4,851	6,627
Contract liabilities		1,734	2,003
Borrowings	B7	47,351	53,648
Bank overdraft	B7	387	496
Current tax liabilities		-	1,380
<b>Total current liabilities</b>		<b>60,024</b>	<b>77,136</b>
<b>TOTAL LIABILITIES</b>		<b>68,015</b>	<b>80,347</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>168,537</b>	<b>178,376</b>
<b>Net assets per share (RM)</b>		<b>0.75</b>	<b>0.83</b>

(The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)

**Unaudited Condensed Consolidated Statement of Changes in Equity for the 12 months ended 31 December 2022**

<--- Attributable to owners of the Company --->

Note	Share Capital	Retained Profits	Total	Non-Controlling Interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>Balance at as at 01/01/2021</b>	53,126	27,846	<b>80,972</b>	1,542	<b>82,514</b>
Total comprehensive income for the period	-	10,667	<b>10,667</b>	354	<b>11,021</b>
Issue of shares	5,646	-	<b>5,646</b>	-	<b>5,646</b>
Dividends paid to equity holders of the Company	-	(1,152)	<b>(1,152)</b>	-	<b>(1,152)</b>
<b>Balance as at 31/12/2021</b>	<b>58,772</b>	<b>37,361</b>	<b>96,133</b>	<b>1,896</b>	<b>98,029</b>
<b>Balance as at 01/01/2022</b>	58,772	37,361	<b>96,133</b>	1,896	<b>98,029</b>
Subscription of shares by non-controlling interest	-	-	-	768	<b>768</b>
Total comprehensive income for the period	-	1,451	<b>1,451</b>	274	<b>1,725</b>
<b>Balance as at 31/12/2022</b>	<b>58,772</b>	<b>38,812</b>	<b>97,584</b>	<b>2,938</b>	<b>100,522</b>

*(The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

**Unaudited Condensed Consolidated Statement of Cash Flows for the 12 months ended 31 December 2022**

	<b>12 months ended</b>	
	<b>31/12/2022</b>	<b>31/12/2021</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash Flows From Operating Activities:</b>		
Profit before tax	<b>2,960</b>	14,989
<i>Adjustments for :</i>		
Depreciation of property, plant and equipment	<b>3,292</b>	2,669
Property, plant and equipment written off	<b>60</b>	-
Reversal of impairment loss on trade receivables	-	(1,231)
Impairment loss on trade receivables	<b>391</b>	1,082
Gain on disposal property, plant and equipment	<b>(58)</b>	(108)
Interest expense	<b>2,783</b>	1,532
Interest income	<b>(67)</b>	(14)
Impairment loss on slow moving inventories	<b>943</b>	1,323
Inventories written down	<b>1,421</b>	605
Share of results of an associate	<b>(119)</b>	(175)
<b>Operating profit before changes in working capital</b>	<b>11,606</b>	20,672
<u>Changes in Working Capital</u>		
Increase in Inventories	<b>(12,548)</b>	(19,047)
Decrease/(Increase) in Trade and Other Receivables	<b>16,199</b>	(21,824)
(Decrease)/Increase in Trade and Other Payables	<b>(9,056)</b>	5,918
Decrease/(Increase) in Net Contract Assets/(Liabilities)	<b>2,191</b>	(8,080)
	<b>(3,214)</b>	(43,033)
<b>Net Cash generated from/(used in) operations</b>	<b>8,392</b>	(22,361)
Interest received	<b>67</b>	14
Income tax paid	<b>(4,273)</b>	(2,201)
	<b>(4,206)</b>	(2,187)
<b>Net Cash generated from/(used in) Operating Activities</b>	<b>4,186</b>	(24,548)

**Unaudited Condensed Consolidated Statement of Cash Flows for the 12 months ended 31 December 2022 (Contd.)**

	12 months ended	
	31/12/2022	31/12/2021
	RM'000	RM'000
<b>Cash Flows From Investing Activities:</b>		
Proceeds from disposal of property, plant and equipment	59	151
Purchase of property, plant and equipment	(870)	(2,076)
Acquisition of subsidiary, net of cash and cash equivalents acquired	17	-
Net deposits with a licensed bank	2,958	(3,027)
<b>Net cash generated from/(used in) Investing Activities</b>	<b>2,164</b>	<b>(4,952)</b>
<b>Cash Flows From Financing Activities:</b>		
Proceeds from issuance of ordinary shares	-	5,646
Proceed from issuance of shares to non-controlling interest by a subsidiary	750	-
Net repayment from bankers' acceptances	(11,783)	18,118
Net repayment from lease liabilities	(3,234)	(671)
Net drawdown from term loan	5,176	-
Interest paid	(2,783)	(1,532)
Dividend paid	-	(1,152)
<b>Net cash (used in)/generated from Financing Activities</b>	<b>(11,874)</b>	<b>20,409</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(5,524)</b>	<b>(9,091)</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>11,853</b>	<b>20,942</b>
<b>Cash and cash equivalents at end of the period</b>	<b>6,329</b>	<b>11,851</b>
<b>Cash and Cash Equivalents Comprise:</b>		
Deposits, cash and bank balances	8,288	16,392
Less: Bank overdraft	(387)	(11)
Less: Non-short term deposits placed with licensed banks	(1,572)	(4,530)
	<b>6,329</b>	<b>11,851</b>

*(The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2021 and the accompanying explanatory notes attached to this interim financial report.)*

## Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022

### Notes to the interim financial report

#### Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting

##### 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 31/12/2021. 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 31/12/2021.

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 31/12/2021 except for the adoption of the following Amendments/Improvement to MFRSs:-

<b>Amendments/Improvements to MFRSs</b>	<b>Effective Date</b>
MFRS 1 First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022
MFRS 3 Business Combinations	1 January 2022
MFRS 9 Financial Instruments	1 January 2022
MFRS 16 Leases	1 January 2022
MFRS 116 Property, Plant and Equipment	1 January 2022
MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	1 January 2022

The above amendments/improvements accounting standards are expected to have no material impact on the financial statements of the Group and the Company.

#### **New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective**

##### **New MFRS and amendments/improvements to MFRSs**

MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 1: First-time Adoption of Malaysian Financial Reporting Standards	1 January 2023
Amendments to MFRS 3: Business Combinations	1 January 2023
Amendments to MFRS 5: Non-Current Assets Held for Sale and Discontinued Operations	1 January 2023
Amendments to MFRS 7: Financial Instruments: Disclosures	1 January 2023
Amendments to MFRS 9: Financial Instruments	1 January 2023
Amendments to MFRS 15: Revenue from Contracts with Customers	1 January 2023
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2023
Amendments to MFRS 107: Statements of Cash Flows	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
Amendments to MFRS 112: Income Taxes	1 January 2023
Amendments to MFRS 116: Property, Plant and Equipment	1 January 2023
Amendments to MFRS 119: Employee Benefits	1 January 2023
Amendments to MFRS 132: Financial Instruments: Presentation	1 January 2023
Amendments to MFRS 136: Impairment of Assets	1 January 2023
Amendments to MFRS 137: Provision, Contingent Liabilities and Contingent Assets	1 January 2023
Amendments to MFRS 138: Intangible Assets	1 January 2023
Amendments to MFRS 10: Consolidated Financial Statements	Deferred
Amendments to MFRS 128: Investments in Associates and Joint Ventures	Deferred

The above new amendments/improvements standards, the Group and the Company have not prepared for early adoption. Accordingly, they have no material impact on the financial statements of the Group and the Company.

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

The audit report of the Group's annual financial statements for the year ended 31/12/2021 did not contain any qualifications.

##### A3. Seasonality or Cyclical Factors

The Group's performance is not materially affected by any seasonal or cyclical factors.

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Notes to the interim financial report (Cont'd)**

**Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting (Cont'd)**

**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 quarter ended 31/12/2022.

**A5. Material Changes in estimates**

There were no changes in estimates that have had materially affected the Group during the current quarter and cumulative quarter under review.

**A6. 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 and cumulative quarter under review, save and except otherwise disclosed under note B6.

**A7. Dividends paid**

There were no dividends paid during the current quarter ended 31/12/2022.

**A8. Operating Segment Information**

For management purposes, the Company is engaged in investment holding related activities. 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;
- c) The other industrial hardware segment is in the business of trading of industrial hardware; and
- d) The engineering works segment is in the business of manufacturing and installation of single and double former on-line chlorination nitrile glove dipping lines and single and double former rubber glove dipping lines, trading of dipping lines parts and consumable and engineering services including machining, cutting, dismantle and cleaning of conveyor chain.

**Results for 3 months ended**

	<b>Stainless steel and metal-related products</b>	<b>Marine hardware &amp; consumable</b>	<b>Other industrial hardware</b>	<b>Engineering works</b>	<b>Investment holding</b>	<b>Total</b>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b><u>31/12/2022</u></b>						
Revenues from external customers	35,998	4,718	1,183	(2,687)	8	<b>39,220</b>
Reportable segment gross profit/(loss)	3,203	1,005	77	(222)	8	<b>4,071</b>
<b><u>31/12/2021</u></b>						
Revenues from external customers	33,240	6,888	1,931	2,293	8	44,360
Reportable segment gross profit/(loss)	11,629	1,613	873	(1,274)	8	12,849





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K. SENG SENG CORPORATION BERHAD

(Registration No. 198501000983 (133427 W))

(Incorporated in Malaysia)

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Notes to the interim financial report (Cont'd)**

**Part A: Explanatory Notes Pursuant to the Financial Reporting Standard ("MFRS") 134: Interim Financial Reporting (Cont'd)**

**Results for 12 months ended**

	Stainless steel and metal-related products	Marine hardware & consumable	Other industrial hardware	Engineering works	Investment holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>31/12/2022</b>						
Revenues from external customers	143,106	22,688	5,758	21,139	30	<b>192,721</b>
Reportable segment gross profit/(loss)	22,193	4,918	2,185	(1,593)	30	<b>27,733</b>
<b>31/12/2021</b>						
Revenues from external customers	100,392	24,000	8,919	18,591	30	151,932
Reportable segment gross profit	27,683	5,429	3,788	289	30	37,219

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

There were no material events subsequent to the current quarter ended 31/12/2022 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 31/12/2022.

**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 31/12/2022 other than disclosed below:-

Approved and contracted for: Purchase of property	RM'000
	<u>14,700</u>

**A13. Related party transactions**

The Group's related party transactions in the current quarter and the cumulative period to date ended 31/12/2022 are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended	3 months ended	12 months ended	12 months ended
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	RM'000	RM'000	RM'000	RM'000
<u>Subsidiary of an associate</u>				
Purchase from related parties	-	-	-	1
Interest payables	<b>12</b>	-	<b>12</b>	-
<u>Transactions with companies associate to directors</u>				
Legal retainer fees paid to a legal firm	-	15	-	60
Rental received from a company in which a director and a key senior management have interests	<b>3</b>	3	<b>12</b>	12

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad**

**B1. Review of performance**

	Current Quarter			Cumulative Quarter		
	31/12/2022 RM'000	31/12/2021 RM'000	Changes %	31/12/2022 RM'000	31/12/2021 RM'000	Changes %
Revenue	<b>39,220</b>	44,360	(11.6)	<b>192,721</b>	151,932	26.8
<b>Operating (Loss)/Profit</b>	<b>(1,439)</b>	5,559	(125.9)	<b>5,557</b>	16,395	(66.1)
(Loss)/Profit Before Interest and Tax	<b>(1,582)</b>	5,684	(127.8)	<b>5,676</b>	16,570	(65.7)
(Loss)/Profit Before Tax	<b>(2,266)</b>	5,246	(143.2)	<b>2,960</b>	14,989	(80.3)
<b>(Loss)/Profit After Tax</b>	<b>(1,839)</b>	3,689	(149.9)	<b>1,725</b>	11,108	(84.5)
(Loss)/Profit Attributable to owners of the Company	<b>(1,845)</b>	3,549	(152.0)	<b>1,451</b>	10,754	(86.5)

The Group recorded a revenue of RM39.22 million for the current quarter ended 31/12/2022, a decrease of RM5.14 million or 11.59% compared to the revenue of RM44.36 million for the corresponding period in the previous financial year. The revenue reduction was mainly due to the market softening and adjustment of the project revenue from the engineering work segment in the current quarter.

The Group reported a loss before tax of RM2.27 million for the current quarter ended 31/12/2022, compared to a profit before tax of RM5.25 million in the corresponding period in the previous financial year. The decline in the profit before tax by RM7.51 million was mainly due to lower selling price, higher cost of sales, and loss-making of the engineering works segment reported in the current quarter.

**Stainless Steel and Metal-Related Products Segment:**

The stainless steel and metal-related products segment continue to be the main contributor to the Group by contributing revenue of RM35.99 million recorded in the current quarter under review. It represented an increase of RM2.76 million or 8.30% from RM33.24 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has declined to RM3.20 million from RM11.63 million, representing a reduction of RM8.43 million or 72.46%. The decrease was mainly due to the lower selling price and higher cost of sales recorded in the current quarter.

**Marine Hardware and Consumable Segment:**

The marine hardware and consumables segment contributed a revenue of RM4.72 million in the current quarter under review. It represented a decrease of RM2.17 million or 31.5% from RM6.89 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has declined to RM1.0 million from RM1.61 million, representing a decrease of RM0.61 million or 37.69%. The reduction was mainly due to lower sales registered in the current quarter.

**Other Industrial Hardware Segment:**

Other industrial hardware segments contributed a revenue of RM1.18 million in the current quarter under review. It represented a decrease of RM0.75 million or 38.74% from RM1.93 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has decreased to RM0.08 million from RM0.87 million, representing a decrease of RM0.79 million or 91.18%. The decline was mainly due to weak market sentiment.

**Engineering Works Segment:**

The engineering work segment reported a negative project revenue of RM2.69 million in the current quarter under review. However, it represented a decrease of RM4.98 million or 217.18% from RM2.29 million for the corresponding quarter in the previous financial year. The negative revenue was due to project revenue adjustment in the current quarter.

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

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

	Current Quarter	Immediate Preceding Quarter	Changes
	31/12/2022 RM'000	30/09/2022 RM'000	(%)
Revenue	39,220	58,362	(32.8)
<b>Operating (Loss)/Profit</b>	<b>(1,439)</b>	854	(268.5)
(Loss)/Profit Before Interest and Tax	<b>(1,582)</b>	883	(279.2)
(Loss)/Profit Before Tax	<b>(2,266)</b>	121	(1,972.7)
<b>(Loss)/Profit After Tax</b>	<b>(1,839)</b>	248	(841.5)
(Loss)/Profit Attributable to owners of the Company	<b>(1,845)</b>	201	(1,017.9)

Revenue reported in the current quarter recorded a decrease of RM19.14 million or 32.80% compared to the previous quarter. As a result, the Group registered a loss before tax of RM2.27 million compared to a profit before tax of RM0.12 million in the last quarter. The decrease in revenue and loss before tax in the current quarter was mainly related to higher costs of sales from the stainless steel and metal-related products segment and the adjustment of project revenue from the engineering work segment.

**B3. Commentary on prospects**

The Group will continue to face challenges in the current business environment in term of demand for our products, the volatility in the international and domestic metal prices and a hike in the US Dollar. The implementation a minimum monthly wage from RM1,200 to RM1,500 effective 1 July 2022 and an increase in the overnight policy rate (OPR) by 50 basis points to 2.75% by Bank Negara Malaysia also affected the Group. These have increased the input costs of raw materials and operational costs for the Group.

The Group will continue to focus on its core business activities, continuing its efforts to improve operational efficiencies and better cost management measures to fulfil our customer orders. In addition, our business strategies and expansions plan include growing our market share and expanding our customer base.

The Company had on 22/02/2023 entered into a term sheet with Low Kim Yoong to acquire 51% equity interest each in Metalmach Micro Technology Sdn Bhd, Toong Soon Micron Sdn Bhd, Senshin Seimitsu Sdn Bhd BLU Resources Sdn Bhd ("Proposed Acquisitions") for a total cash purchase consideration of RM19.12 million. The proposed acquisitions provide an opportunity for the Group to grow its business and expand into the production of high value-added products in the metal- related industry.

Accordingly, the Group is cautious about the outlook for 2023. The Board will continue to review the Group's operations and financial performance and maintain a healthy cash flow position.

**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. Taxation**

	Current Quarter		Cumulative Quarter	
	31/12/2022 RM'000	31/12/2021 RM'000	31/12/2022 RM'000	31/12/2021 RM'000
Current income tax				
- for the financial period	(187)	1,471	1,743	3,795
- over provision in prior financial period	-	-	(268)	-
	<b>(187)</b>	1,471	<b>1,475</b>	3,795
Current deferred tax				
- for the financial period	(138)	86	(138)	86
- over provision in prior financial period	(102)		(102)	
	<b>(427)</b>	1,557	<b>1,235</b>	3,881

Income tax expense is recognised in each interim period based on the best estimate of the income tax payable for the current quarter. The effective tax rate is higher than the statutory tax rate due to add back of non-deductible expenses and current period losses by certain companies within the group.

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B6. Status of corporate proposals**

**Corporate proposals**

The Company had announced the following corporate proposals on 22/02/2023:-

(i) The Company proposes to undertake a private placement of up to 17,279,900 new KSSC Shares ("Placement Share(s)") representing not more than 10% of the issued ordinary shares of the Company.

(ii) The Company had entered into a term sheet with Low Kim Yoong for the Proposed Acquisitions.

The details of the corporate exercise as per the announcement dated 22/02/2023.

Save as disclosed, there were no other corporate proposals undertaken as at the date of this report.

**(b) Utilisation of proceeds**

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.

To-date, the Company has yet to fully utilise the Private Placement Proceeds. The Board has resolved to extend the timeframe for the utilisation of proceeds for the business expansion for additional 24 months.

A summary of the revised utilisation of proceeds is set out below:-

Purpose	Private Placement received	Actual utilisation	Unutilised Proceed	Initial Time Frame for Utilisation	Extended Time Frame for Utilisation
	RM'000	RM'000	RM'000		
(i) Business Expansion	5,000	-	5,000	18 Months	Additional 24 Months
(ii) Working Capital	5,157	5,157	-	-	-
(iii) Defray estimated expenses	100	100	-	-	-
	10,257	5,257	5,000		

The delay in the completion of the business expansion was mainly due to the planning permission is currently pending approval from Majlis Perbandaran Kajang. The Extension of Time is not subject to any regulatory authority or shareholders' approval.

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

The Group's borrowings securities denominated in Malaysian Ringgit as at 31/12/2022 are as follows:

	As at	
	31/12/2022	31/12/2021
	RM'000	RM'000
<b>Secured</b>		
Non-current:		
Term loan	4,843	-
Lease liabilities	2,790	2,844
Borrowings - Non-Current	<b>7,633</b>	2,844
Current:		
Term loan	333	-
Bills and other trade financing liabilities	45,168	51,590
Lease liabilities	1,850	2,058
	<b>47,351</b>	53,648
Bank overdraft	387	496
Borrowings - Current	<b>47,738</b>	54,144
Total Borrowings	<b>55,371</b>	56,988

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**B8. Profit before taxation**

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

	Current Quarter		Cumulative Quarter	
	31/12/2022	31/12/2021	31/12/2022	31/12/2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
1) <i>Other operating income:</i>				
Gain on disposal of property, plant and equipment	<b>(35)</b>	(95)	<b>(58)</b>	(108)
2) <i>Administration expenses &amp; Cost of sales:</i>				
Depreciation of properties, plant & equipment	<b>881</b>	288	<b>3,292</b>	2,669
Property, Plant & Equipment written off	-	-	<b>60</b>	-
Employee benefit expenses	<b>3,857</b>	5,261	<b>15,585</b>	17,735
3) <i>Other (gains)/expenses:</i>				
Inventories written down	-	605	<b>1,421</b>	605
Impairment loss on slow-moving inventories	<b>794</b>	1,323	<b>794</b>	1,323
Impairment loss on trade receivables	<b>315</b>	1,082	<b>391</b>	1,082
Reversal of impairment loss on slow moving inventories	<b>(644)</b>	-	<b>(644)</b>	-
Reversal of impairment loss on trade receivables	-	(32)	-	(1,231)
Realised foreign exchange gains	<b>(17)</b>	(67)	<b>(246)</b>	(21)
Loss due to compromised e-payment transaction	-	-	-	695
4) <i>Finance costs/(income):</i>				
Interest income	<b>(14)</b>	(11)	<b>(67)</b>	(14)
Bank overdrafts	<b>8</b>	9	<b>30</b>	20
Bankers acceptance	<b>575</b>	353	<b>2,362</b>	1,293
Lease liabilities	<b>58</b>	69	<b>253</b>	219
Term Loan	<b>57</b>	-	<b>138</b>	-

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**

Shanghai JBS Bearing Co. Ltd vs K.Seng Seng Manufacturing Sdn Bhd

K.Seng Seng Manufacturing Sdn Bhd ("KSSM"), a wholly-owned subsidiary of the Company, had on 14/09/2022 been served with a Writ of Summons and Statement of Claim both dated 06/09/2022 by Shanghai JBS Bearing Co. Ltd. ("SJBS") due to the allegation that KSSM has failed to settle an outstanding RMB2,992,083.82 (equivalent to RM1,936,446.73) purportedly for the purchasers of goods from SJBS. The Court fixed the case management on 21/10/2022.

On 25/10/2022, the Company has announced that the Court has fixed the hearing date for all the three (3) interlocutory applications on 13/02/2023 as follow:-

- (i) KSSM had on 07/10/2022 filed an application for further and better particulars in respect of the SJBS's Statement of Claim;
- (ii) KSSM had on 13/10/2022 been served with an application by the SJBS for summary judgement; and
- (iii) KSSM had on 14/10/2022 filed an application for security for costs against the SJBS.

On 13/02/2023, the Company announced that the court has adjourned the part-heard matter and fix the new hearing date on 08/03/2023 on Enclosure 10 (Plaintiff's application for Summary Judgement & Interim Payment) and Enclosure 16 (Defendant's application for Security for Costs).

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

SJBS vs KSG Engineering Sdn Bhd

KSG Engineering Sdn Bhd ("KSGE"), a wholly-owned subsidiary of the Company, had on 14/09/2022 been served with a Writ of Summons and Statement of Claim both dated 06/09/2022 by SJBS due to the allegation that KSGE has failed to settle an outstanding amount of RMB873,032.31 (equivalent to RM565,017.78) purportedly for the purchasers of goods from SJBS.

The Company has announced the following:-

On 15/11/2022, a decision on Enclosure 5 (Plaintiff's O.14 Application) is fixed on 14/02/2023. Directions on Enclosure 7 (Defendant's Further & Better Particulars Application) and Enclosure 10 (Defendant's Security for Costs Application) will be given after the disposal of Enclosure 5.

On 05/12/2022, the court has adjourned the matter for case management (Enclosure 1) from 09/12/2022 to 12/12/2022.

On 28/12/2022, during the case management on 12/12/2022, the Court has maintained the filing directions for Enclosure 5 (Plaintiff's O.14 Application for summary judgement). The Plaintiff has requested for an extension of time in respect of Enclosure 5 which was allowed by the Court. The latest directions given by the Court are as follows:-

- (a) Plaintiff to file its Affidavit in Reply on or before 10/01/2023;
- (b) Plaintiff to file Written Submissions on or before 30/01/2023;
- (c) Defendant to file Written Submissions on or before 16/02/2023;
- (d) Plaintiff to file Submissions in Reply on or before 02/03/2023; and
- (e) The new Decision date for Enclosure 5 is fixed on 14/03/2023.

Directions on Enclosure 7 (Defendant's Further & Better Particulars Application) and Enclosure 10 (Defendant's Security for Costs Application) will be given after the disposal of Enclosure 5.

Kin Kee Hardware Sdn Bhd vs KSGE

KSGE a wholly-owned subsidiary of the Company, had on 13/10/2022 been served with a Writ of Summons and Statement of Claim both dated 28/09/2022 and 09/09/2022 respectively by Kin Kee Hardware Sdn Bhd ("KKHSB") due to the allegation that KSGE has failed to settle an outstanding amount of RM320,650.77 owing to the KKHSB for the purchases of goods and overdue interest from KKHSB.

The Company has announced the following:-

- (i) On 02/12/2022, the Court has adjourned the matter for mention to 27/12/2022;
- (ii) On 13/02/2023, the parties had reached an amicable settlement before the Court on 16/12/2022, and the matter fixed on 27/12/2022 was vacated.

Save for the above, 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 for the current quarter ended 31/12/2022.

**B10. Proposed Dividends**

The Directors do not recommend any dividends for the current quarter ended 31/12/2022.

**B11. Earnings per share**

(a) The earnings used as the numerator in calculating Basic and Diluted earnings per share (EPS) for the current quarter and cumulative quarter ended 31/12/2022 are as follows:

	Current Quarter RM'000	Cumulative Quarter RM'000
(Loss)/Profit for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>(1,845)</u>	<u>1,451</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 quarter ended 31/12/2022 are as follows:

	Current Quarter '000	Cumulative Quarter '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	129,287	122,301
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>129,287</u>	<u>122,301</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 current quarter and cumulative quarter under review.

**Unaudited Report on Consolidated Results for the 12 months ended 31 December 2022 (Cont'd)**

**Additional Information Required by the Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**Part B: Explanatory Notes Pursuant to Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (Cont'd)**

**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 23/02/2023.