

Unaudited Condensed Consolidated Statement of Comprehensive Income for the 12 months ended 31 December 2023

	Note	Current quarter		Cumulative Quarter	
		3 months ended		12 months ended	
		31/12/2023	31/12/2022	31/12/2023	31/12/2022
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	95,741	39,220	246,807	192,721
Cost of sales		(84,710)	(35,149)	(221,196)	(164,988)
Gross profit		11,031	4,071	25,611	27,733
Other income		185	989	1,077	1,847
Fair value loss on other investments		(4,670)	-	(2,464)	-
Selling and distribution expenses		(650)	(646)	(2,629)	(2,869)
Administration expenses		(5,934)	(4,098)	(17,037)	(16,159)
Other expenses		(10,452)	(1,755)	(14,331)	(4,995)
Gain on disposal of other investments		2,351	-	2,082	-
		(14,685)	(6,499)	(31,915)	(24,023)
Operating (loss)/profit		(8,139)	(1,439)	(7,691)	5,557
Finance income		81	14	109	67
Finance costs		(1,549)	(698)	(4,832)	(2,783)
Share of results of associate		-	(143)	269	119
(Loss)/Profit before tax	B8	(9,607)	(2,266)	(12,145)	2,960
Income tax expense	B5	(592)	427	(1,094)	(1,235)
(Loss)/Profit from after tax		(10,199)	(1,839)	(13,239)	1,725
Total Comprehensive (loss)/income for the period		(10,199)	(1,839)	(13,239)	1,725
(Loss)/Profit Attributable To:					
Owners of the Parent		(10,209)	(1,845)	(13,396)	1,451
Non-controlling interests		10	6	157	274
		(10,199)	(1,839)	(13,239)	1,725
Total comprehensive (loss)/income attributable to :					
Owners of the Parent		(10,209)	(1,845)	(13,396)	1,451
Non-controlling interests		10	6	157	274
		(10,199)	(1,839)	(13,239)	1,725
Weighted average number of ordinary shares in issue ('000)	B11	149,007	129,287	149,007	122,301
(Loss)/Earnings per ordinary share					
Basic (Sen)	B11	(6.85)	(1.43)	(8.99)	1.19
Diluted (Sen)	B11	(6.85)	(1.43)	(8.99)	1.19

(The above Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2023

	Note	Unaudited As at 31/12/2023 RM'000	Audited As at 31/12/2022 RM'000
ASSETS			
Non-current assets:			
Property, plant and equipment		37,718	19,605
Investment in an associate		-	5,316
Intangible asset		1,870	-
Deferred tax assets		41	580
Total non-current assets		39,629	25,501
Current assets:			
Inventories		73,892	80,971
Trade receivables		89,369	48,007
Other receivables, deposits and prepayments		9,019	4,178
Contract assets		24,948	1,935
Contract costs		3,117	16,360
Current tax assets		2,311	1,876
Other investments		17,506	-
Deposits, cash and bank balances		23,260	8,288
Total current assets		243,422	161,615
TOTAL ASSETS		283,051	187,116
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		76,645	58,772
Retained profits		25,446	38,842
		102,091	97,614
Non-controlling interest		6,971	2,937
TOTAL EQUITY		109,062	100,551

Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2023

(Contd.)

	Note	Unaudited As at 31/12/2023 RM'000	Audited As at 31/12/2022 RM'000
EQUITY AND LIABILITIES (Contd.)			
Non-current liabilities			
Borrowings	B7	21,618	7,633
Deferred tax liabilities		634	609
Total non-current liabilities		22,252	8,242
Current Liabilities:			
Trade payables		17,592	5,701
Other payables and accruals		23,258	4,855
Contract liabilities		7,923	20,029
Borrowings	B7	97,877	47,351
Bank overdrafts	B7	5,087	387
Total current liabilities		151,737	78,323
TOTAL LIABILITIES		173,989	86,565
TOTAL EQUITY AND LIABILITIES		283,051	187,116
Net assets per share (RM)		0.73	0.78

(The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 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 2023

<--- 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
Balance at as at 01/01/2022	58,772	37,361	96,133	1,896	98,029
Total comprehensive income for the year	-	1,481	1,481	273	1,754
Transactions with owners					
Changes in subsidiaries ownership interests	-	-	-	768	768
Balance as at 31/12/2022	58,772	38,842	97,614	2,937	100,551
Balance as at 01/01/2023	58,772	38,842	97,614	2,937	100,551
Conversion of warrants	4,093	-	4,093	-	4,093
Issuance of shares	13,780	-	13,780	-	13,780
Changes of ownership interest in a subsidiary	-	-	-	3,877	3,877
Total comprehensive income for the year	-	(13,396)	(13,396)	157	(13,239)
Balance as at 31/12/2023	76,645	25,446	102,091	6,971	109,062

(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 2022 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 2023

	12 months ended	
	31/12/2023	31/12/2022
	RM'000	RM'000
Cash Flows From Operating Activities:		
(Loss)/Profit before tax	(12,145)	2,960
<i>Adjustments for :</i>		
Amortisation of intangible assets	435	-
Bad debts written off	4	-
Depreciation of property, plant and equipment	3,225	3,292
Property, plant and equipment written off	-	60
Excess cost over the fair value of the net assets acquired	165	-
Reversal of impairment loss on trade receivables	(117)	-
Impairment loss on trade receivables	672	391
Impairment loss on contract costs	6,528	-
Gain on termination of leases	(24)	-
Gain on bargain purchase	(48)	-
Loss/(Gain) on disposal property, plant and equipment	326	(58)
Loss on remeasurement to fair value of previously held equity interests	780	-
Interest expense	4,832	2,783
Interest income	(109)	(67)
Impairment loss on slow moving inventories	-	943
Inventories written down	280	1,421
Share of results of an associate	(269)	(119)
Fair value loss on other investments	2,464	-
Operating profit before changes in working capital	6,999	11,606
<u>Changes in Working Capital</u>		
Decrease/(Increase) in Inventories	15,811	(12,548)
(Increase)/Decrease in Trade and Other Receivables	(32,438)	16,199
Increase/(Decrease) in Trade and Other Payables	14,764	(9,056)
(Increase)/Decrease in Net (Contract Liabilities)/Contract Assets	(11,846)	2,191
	(13,709)	(3,214)
Net Cash (used in)/generated from operations	(6,710)	8,392
Interest received	109	67
Income tax refunded	637	-
Income tax paid	(2,140)	(4,273)
	(1,394)	(4,206)
Net Cash (used in)/generated from Operating Activities	(8,104)	4,186



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K. SENG SENG CORPORATION BERHAD

(Registration No. 198501000983 (133427 W))

(Incorporated in Malaysia)

Unaudited Condensed Consolidated Statement of Cash Flows for the 12 months ended 31 December 2023 (Contd.)

	12 months ended	
	31/12/2023	31/12/2022
	RM'000	RM'000
Cash Flows From Investing Activities:		
Proceeds from disposal of property, plant and equipment	1,718	59
Purchase of property, plant and equipment	(17,458)	(870)
Acquisition of other investments	(19,912)	-
Acquisition of financial assets	(13,900)	17
Additional cost of investment in subsidiary, net of cash and cash equivalents acquired	1,729	-
Net cash (used in)/generated from Investing Activities	(47,823)	2,164
Cash Flows From Financing Activities:		
Proceeds from issuance of ordinary shares	17,873	-
Proceed from issuance of shares to non-controlling interest by a subsidiary	-	750
Net proceed from bankers' acceptances	44,136	(11,783)
Net repayment from lease liabilities	(2,413)	(3,234)
Net drawdown from term loan	11,433	5,176
Interest paid	(4,832)	(2,783)
Net cash generated from/(used in) Financing Activities	66,197	(11,874)
Net increase/(decrease) in cash and cash equivalents	10,270	(5,524)
Cash and cash equivalents at beginning of the year	6,342	11,853
Cash and cash equivalents at end of the year	16,612	6,329
Cash and Cash Equivalents Comprise:		
Deposits, cash and bank balances	23,260	12,249
Less: Bank overdrafts	(5,087)	(293)
Less: Non-short term deposits placed with licensed banks	(1,561)	(2,585)
	16,612	9,371

(The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statement for the year ended 31 December 2022 and the accompanying explanatory notes attached to this interim financial report.)

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023

Notes to the interim financial report

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

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 31/12/2022. 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 31/12/2022.

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 31/12/2022 except for the adoption of the following new MFRS and amendments/improvement to MFRSs:-

<u>New MFRS and amendments/improvements to MFRSs</u>	<u>Effective Date</u>
MFRS 17 Insurance Contracts	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 140: Investment Property	1 January 2023 *

* Amendments as to the consequence of effective of MFRS 17 Insurance Contracts

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

Amendments/improvements to MFRSs that have been issued, but yet to be effective

Amendments to MFRS 16: Leases	1 January 2024
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2024
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 31/12/2022 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 2023 (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 year ended 31/12/2023.

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 issuances, repurchases and repayments of debt and equity securities, shares buy-back, shares cancellation, shares held as treasury shares or resale of treasury shares during the current quarter under review.

A7. Dividends paid

There were no dividends paid during the current quarter and year ended 31/12/2023.

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 consist of the following:-
 - (i) Engineering, fabricating, supplying and installation of glove dipping lines; and
 - (ii) Fabricating, supplying and installation of aluminium, glass and aluminium related products for the retail and project businesses.

Results for 3 months ended

	Stainless steel and metal-related products	Marine hardware & consumable	Other industrial hardware	Engineering works (i)	Engineering works (ii)	Investment holding	Total
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>31/12/2023</u>							
Revenues from external customers	35,626	6,056	25,317	6,730	22,004	8	95,741
Reportable segment gross profit/(loss)	5,649	1,348	1,869	(568)	2,725	8	11,031
<u>31/12/2022</u>							
Revenues from external customers	35,998	4,718	1,183	(2,687)	-	8	39,220
Reportable segment gross profit/(loss)	3,203	1,005	77	(222)	-	8	4,071

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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 (i)	Engineering works (ii)	Investment holding	Total
31/12/2023	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenues from external customers	106,792	22,966	75,246	7,993	33,180	630	246,807
Reportable segment gross profit/(loss)	13,581	5,111	3,313	(851)	3,827	630	25,611
31/12/2022							
Revenues from external customers	143,106	22,688	5,758	21,139	-	30	192,721
Reportable segment gross profit/(loss)	22,193	4,918	2,185	(1,593)	-	30	27,733

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

There were no material events subsequent to the current year ended 31/12/2023 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 31/12/2023.

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 31/12/2023.

A13. Related party transactions

The Group's related party transactions in the current quarter and the year to date ended 31/12/2023 are as follows:

	Current Quarter 3 months ended		Cumulative Quarter 12 months ended	
	31/12/2023	31/12/2022	31/12/2023	31/12/2022
	RM'000	RM'000	RM'000	RM'000
<u>Transactions with company associate to a director</u>				
Rental received from a company in which a director has interest	3	3	12	12

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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		
	31/12/2023 RM'000	31/12/2022 RM'000	Changes %	31/12/2023 RM'000	31/12/2022 RM'000	Changes %
Revenue	95,741	39,220	144.1	246,807	192,721	28.1
Operating (Loss)/Profit	(8,139)	(1,439)	465.6	(7,691)	5,557	(238.4)
(Loss)/Profit Before Interest and Tax	(8,139)	(1,582)	414.5	(7,422)	5,676	(230.8)
(Loss)/Profit Before Tax	(9,607)	(2,266)	324.0	(12,145)	2,960	(510.3)
(Loss)/Profit After Tax	(10,199)	(1,839)	454.6	(13,239)	1,725	(867.5)
(Loss)/Profit Attributable to owners of the Company	(10,209)	(1,845)	453.3	(13,396)	1,451	(1,023.2)

The Group recorded a revenue of RM95.74 million for the current quarter ended 31/12/2023, an increase of RM56.52 million or 144.11% compared to the revenue of RM39.22 million for the corresponding period in the previous financial year. The increase in revenue resulted from the expansion of the aluminium fabricated business and other industrial hardware segments during the current quarter.

The Group reported a loss before tax of RM9.61 million for the current quarter ended 31/12/2023, compared to RM2.27 million in the corresponding period in the previous financial year. The losses are primarily attributed to the impairment loss of contract costs which related to the glove dipping lines project and fair value loss on other investments in the current quarter.

Stainless Steel and Metal-Related Products Segment:

The stainless steel and metal-related products segment continues to be the main contributor to the Group by contributing revenue of RM35.63 million in the current quarter under review. However, it represented a decrease of RM0.37 million from RM35.99 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit has increased to RM5.65 million from RM3.20 million, representing an increase of RM2.45 million or 76.56%. The improvement was related to the segment downsizing the production and focused on sales of profitable product range in the current quarter.

Marine Hardware and Consumable Segment:

The marine hardware and consumables segment contributed revenue of RM6.06 million in the current quarter under review. It represented an increase of RM1.34 million or 28.36% from RM4.72 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit improved slightly from RM1.01 million to RM1.35 million, representing an increase of RM0.34 million or 34.13%. The improvement mainly results in a higher revenue registered during the current quarter.

Other Industrial Hardware Segment:

Other industrial hardware segments contributed revenue of RM25.32 million in the current quarter under review. It represented an increase of RM24.13 million or 2040.07% from RM1.18 million for the corresponding quarter in the previous financial year. In addition, the current quarter's segmental gross profit increased to RM1.87 million from RM0.08 million, representing an increase of RM1.79 million or 2327.27%. The improvement in gross profit was due to higher trading revenue registered in the current quarter.

Engineering Works Segment:

Glove dipping lines

The engineering work segment reported a revenue of RM6.73 million in the current quarter under review. The segment was reported with a loss of RM0.57 million due to impairment loss on contract costs in the current quarter.

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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)

B1. Review of performance (Cont'd)

Engineering Works Segment:

Aluminium

The engineering work segment reported a revenue of RM22.00 million in the current quarter under review. The segment was registered a gross profit of RM2.73 million was mainly due to the projects with better margin from their order books in the current quarter.

B2. Comparison with immediate preceding quarter's results

	Current Quarter	Immediate Preceding Quarter	Changes
	31/12/2023 RM'000	30/09/2023 RM'000	(%)
Revenue	95,741	62,749	52.6
Operating (Loss)/Profit	(8,139)	(2,306)	252.9
(Loss)/Profit Before Interest and Tax	(8,139)	(2,163)	276.3
(Loss)/Profit Before Tax	(9,607)	(3,482)	175.9
(Loss)/Profit After Tax	(10,199)	(3,866)	163.8
(Loss)/Profit Attributable to owners of the Company	(10,209)	(3,903)	161.6

Revenue in the current quarter recorded an increase of RM32.99 million or 52.58% compared to the previous quarter. The improvement in revenue was mainly due to increase in revenue from Engineering works - Aluminium segment. The Group registered a loss before tax of RM9.61 million compared to RM3.48 million in the last quarter. The losses increased mainly was due to the impairment loss on contract costs about RM7.2 million arising from Engineering works - Glove dipping lines segment and fair value loss on other investments in the current quarter.

B3. Commentary on prospects

The Group are reallocating its resources to those profitable segments, which would contribute higher EBITDA for the Group, thus limiting its resources to those less profitable segments. In addition, the Group's business strategies and expansion plans include growing its market share and expanding into high-valued added products.

In accelerating growth, the Group remains in acquisition mode, looking to purchase companies or assets to catalyse business and operational development.

The Company had, on 15/01/2024, entered into a new share sale agreement for the acquisition of 1,104,000 ordinary shares in Metalmach Micro Technology Sdn Bhd ("Metalmach"), representing 40.0% equity interest in Metalmach ("Proposed Acquisition") for a total cash consideration of RM14,000,000. It will allow the Group to grow its business and expand into producing high-value-added products in the metal-related industry. According to the Proposed Acquisition, the Company will be diversifying the Group's existing business to include manufacturing intermediate metal products.

Accordingly, the Group is cautious about the outlook for 2024. 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.

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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)

B5. Taxation

	Current Quarter		Cumulative Quarter	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
Current income tax				
- for the financial period/year	(321)	(187)	(874)	1,743
- under provision in prior financial period/year	(193)	-	(186)	(268)
	(514)	(187)	(1,060)	1,475
Current deferred tax				
- for the financial period/year	234	(138)	279	(138)
- under provision in prior financial period/year	(312)	(102)	(313)	(102)
	(592)	(427)	(1,094)	1,235

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.

B6. Status of corporate proposals

(a) Corporate proposals

The following are the corporate proposal that have been announced by the Company which have not yet completed as at the date of issue of this quarterly report.

(i) On 28/12/2023, the Company had announced that the vendor have entered into a deed of revocation wherein both parties have mutually agreed to revoke and rescind the share sale agreement (Previous SSA) and supplemental Previous SSA with immediate effect, due to parties were unable to fulfill the conditions precedent within the prescribed period under the Previous SSA.

(ii) The Company entered into a new conditional share sale agreement for the acquisition of 1,104,000 ordinary shares in Metalmach Micro Technology Sdn Bhd ("Metalmach"), representing 40.0% equity interest in Metalmach ("Proposed Acquisition") for a total cash consideration of RM14,000,000.

(iii) The Proposed Acquisition, the Company will be diversifying the existing business of the Group to include the manufacturing of intermediate metal products.

(iv) The Company proposed to undertake a private placement involving up to 55,739,900 new shares representing not more than 30% of the issued ordinary shares ("Proposed Private Placement").

The details of the corporate exercise as per the announcement dated 15/01/2024.

(b) Utilisation of proceeds

The summary of the utilisation of proceeds from Private Placement as follow:-

(i) The 1st Private Placement was completed on 11/01/2021 and RM10,257,250 were received.

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.

The status of the utilisation of the Private Placement Proceeds are as follows:-

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 delay in the building plan approval. Currently the Company is actively reviewing various tenders and expeting to commence the buidling construction by Q2 2024. The Extension of Time is not subject to any regulatory authority or shareholders' approval.

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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)

B7. Details of Group borrowings and debts securities

The Group's borrowings securities denominated in Malaysian Ringgit as at 31/12/2023 are as follows:-

	As at	
	31/12/2023 RM'000	31/12/2022 RM'000
Secured		
Non-current:		
Term loans	19,789	4,843
Lease liabilities	1,829	2,790
Borrowings - Non-Current	21,618	7,633
Current:		
Term loans	897	333
Bills and other trade financing liabilities	95,920	45,168
Lease liabilities	1,060	1,850
	97,877	47,351
Bank overdrafts	5,087	387
Borrowings - Current	102,964	47,738
Total Borrowings	124,582	55,371

B8. Profit before taxation

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

	Current Quarter		Cumulative Quarter	
	31/12/2023 RM'000	31/12/2022 RM'000	31/12/2023 RM'000	31/12/2022 RM'000
1) <i>Other income</i>				
Realised gains on foreign exchange	(217)	(17)	(126)	(246)
2) <i>Administration expenses & Cost of sales:</i>				
Depreciation of properties, plant & equipment	899	881	3,225	3,292
Property, Plant & Equipment written off	-	-	-	60
Employee benefit expenses	3,345	3,857	15,028	15,585
3) <i>Other (gains)/expenses:</i>				
Amortisation of intangible assets - balance contracts	435	-	435	-
Bad debts written off	4	-	4	-
Inventories written down	280	-	280	1,421
Impairment loss on slow-moving inventories	-	794	-	794
Impairment loss on contract costs	6,528	-	6,528	-
Impairment loss on trade receivables	573	315	672	391
Reversal of impairment loss on trade receivables	-	-	(117)	-
Reversal of impairment loss on slow moving inventories	-	(644)	-	(644)
Loss/(gain) on disposal of property, plant and equipment	141	(35)	326	(58)
Loss on remeasuring to fair value of previously held equity interests of an associate	780	-	780	-
Excess cost over the fair value of the net assets acquired	165	-	165	-
Gain on bargain purchase	-	-	(48)	-
Gain on termination of leases	(13)	-	(24)	-
Gain on disposal of other investments	(2,351)	-	(2,082)	-
Fair value loss on other investments	4,670	-	2,464	-
4) <i>Finance costs/(income):</i>				
Interest income	(81)	(14)	(109)	(67)
Bank overdrafts	114	8	196	30
Bankers acceptance	1,079	575	3,531	2,332
Lease liabilities	35	58	158	253
Term loan	188	57	740	138
Revolving credit	7	-	7	-
Other interests	126	-	200	30

Unaudited Report on Consolidated Results for the 12 months ended 31 December 2023 (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 (Cont'd)

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

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 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 and year ended 31/12/2023.

B10. Proposed Dividends

The Directors do not recommend any dividends for the current quarter and year ended 31/12/2023.

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 31/12/2023 are as follows:

	Current Quarter RM'000	Cumulative Quarter RM'000
Loss for the financial period attributable to owners of the Parent (used as numerator for the Basic EPS)	<u>(10,209)</u>	<u>(13,396)</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 31/12/2023 are as follows:

	Current Quarter '000	Cumulative Quarter '000
Weighted average number of ordinary shares in issue (used as denominator for the Basic EPS)	<u>149,007</u>	<u>149,007</u>
Weighted average number of ordinary shares in issue (used as denominator for the Diluted EPS)	<u>149,007</u>	<u>149,007</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.

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 28/02/2024.