

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3rd Quarter Ended 30 September 2021

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/09/2021 RM'000	Preceding Year Quarter 30/09/2020 RM'000	Current Year To Date 30/09/2021 RM'000	Preceding Year To Date 30/09/2020 RM'000
Revenue	107,220	211,808	531,826	551,144
Cost of sales	(106,371)	(189,952)	(489,925)	(505,831)
Gross profit	849	21,856	41,901	45,313
Other income	1,545	1,412	5,892	5,553
Selling and administrative expenses	(8,169)	(10,199)	(30,297)	(30,239)
Finance costs	(3,689)	(4,096)	(11,077)	(13,656)
Share of loss of joint ventures	(142)	(116)	(395)	(406)
(Loss)/Profit before tax	(9,606)	8,857	6,024	6,565
Income tax expense	1,492	(2,514)	(2,707)	(3,391)
(Loss)/Profit net of tax	(8,114)	6,343	3,317	3,174
Other comprehensive income	(1)	(1)	1	-
Total comprehensive (loss)/income for the period	(8,115)	6,342	3,318	3,174
(Loss)/Profit attributable to :				
Owners of the Company	(8,038)	6,350	3,459	3,206
Non-controlling interests	(76)	(7)	(142)	(32)
	(8,114)	6,343	3,317	3,174
(Loss)/Earnings Per Share (Sen)				
- Basic (2)	(2.27)	1.87	0.98	0.94
- Diluted (2)	(2.27)	1.87	0.98	0.94
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(8,039)	6,349	3,460	3,206
Non-controlling interests	(76)	(7)	(142)	(32)
	(8,115)	6,342	3,318	3,174

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B11 for details.

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statements of Financial Position
As at 30 September 2021

	Unaudited As at 30/09/2021 RM'000	Audited As at 31/12/2020 RM'000
Assets		
Non- current assets		
Property, plant and equipment	145,373	172,919
Right-of-use asset	3,907	5,868
Land held for property development	212,261	171,581
Investment properties	148	153
Other investments	75	75
Investment in joint ventures	17,219	17,613
Deferred tax assets	2,189	653
	<u>381,172</u>	<u>368,862</u>
Current assets		
Property Development costs	83,490	78,914
Inventories	71,050	129,379
Trade and other receivables	547,861	460,879
Prepayment	6,048	6,750
Contract assets	250,800	374,719
Cash and bank balances	54,940	57,475
	<u>1,014,189</u>	<u>1,108,116</u>
TOTAL ASSETS	<u><u>1,395,361</u></u>	<u><u>1,476,978</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	6,140	4,139
Loans and borrowings	271,752	274,922
Lease liability	2,652	2,964
Trade and other payables	240,150	270,870
Contract liabilities	29,893	36,315
Provisions	16,388	18,201
	<u>566,975</u>	<u>607,411</u>
Net current assets	<u>447,214</u>	<u>500,705</u>
Non-current liabilities		
Loans and borrowings	92,975	132,186
Lease liabilities	1,333	3,087
	<u>94,308</u>	<u>135,273</u>
TOTAL LIABILITIES	<u>661,283</u>	<u>742,684</u>
Net assets	<u>734,078</u>	<u>734,294</u>
Equity		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	34,124	34,123
Retained earnings	435,792	435,867
Equity attributable to owners of the Company	<u>725,836</u>	<u>725,910</u>
Non-controlling interests	8,242	8,384
Total equity	<u>734,078</u>	<u>734,294</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,395,361</u></u>	<u><u>1,476,978</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.05	2.05

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements.

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Changes in Equity
As at 30 September 2021

	Attributable to owners of the Company							
	<----- Non-distributable ----->				Distributable			
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings	Sub-Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YTD ended 30 September 2021								
Balance At 1/1/2021	255,944	(24)	34,194	(71)	435,867	725,910	8,384	734,294
Total comprehensive income for the period	-	-	-	1	3,459	3,460	(142)	3,318
Transaction with owner								
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/09/2021	255,944	(24)	34,194	(70)	435,792	725,836	8,242	734,078
YTD ended 30 September 2020								
Balance At 1/1/2020	247,279	(24)	34,194	(71)	439,095	720,473	56	720,529
Total comprehensive loss for the period	-	-	-	-	3,206	3,206	(32)	3,174
Transaction with owner								
Dividend (as detailed in Note B10)	-	-	-	-	(11,213)	(11,213)		(11,213)
At 30/09/2020	247,279	(24)	34,194	(71)	431,088	712,466	24	712,490

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 30 September 2021

	Current Year To Date 30/09/2021	Preceding Year To Date 30/09/2020
Operating activities		
Profit before tax	6,024	6,565
Adjustment for :		
Allowance for impairment on trade receivables	222	942
Reversal of allowance for impairment on trade receivables	-	(493)
Bad Debts written off	6	868
Bad Debts recovered	(833)	-
Unrealised foreign exchange (gain)/loss	(235)	2,744
Depreciation	30,217	29,519
Depreciation of right-of-use assets	2,335	2,627
Depreciation of investment properties	5	-
Impairment loss on investment properties	-	52
Reversal of provision for obsolete inventories	(76)	(3)
(Reversal of provision)/Provision for defect liabilities costs	(1,813)	468
Gain on disposal of investment properties	-	(49)
Loss on disposal of properties held for sale	-	59
Gain on disposal of property, plant and equipment	(1,694)	(1,323)
Gain on derecognition of right-of-use assets	(5)	-
Fixed asset written off	191	7
Interest expenses	11,077	13,656
Interest income	(556)	(2,613)
Share of loss of joint ventures	395	406
Operating cash flows before changes in working capital	45,260	53,432
Changes in working capital		
Development property	(4,061)	(2,101)
Inventories	58,405	5,373
Receivables	(85,891)	44,994
Other current assets	123,774	13,315
Payables	(38,953)	(54,052)
Other current liabilities	(6,415)	(6,701)
Cash flows generated from operations	92,119	54,260
Interest paid	(11,449)	(15,299)
Tax paid	(2,242)	(5,536)
Interest received	556	765
Net cash flows generated from operating activities	78,984	34,190
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(40,500)	(14,986)
Purchase of property, plant and equipment	(4,157)	(5,452)
Proceeds from disposal of property, plant & equipment	3,074	3,641
Proceeds from disposal of investment properties	-	1,275
Proceeds from disposal of properties held for sale	-	330
Incidental expenses on investment properties	-	(10)
Net cash flows used in investing activities	(41,583)	(15,202)
Financing activities		
Dividends paid on ordinary shares	(3,534)	-
(Repayment)/draw down of loans and borrowings	(50,392)	21,080
Advance from a minority shareholder	12,420	-
Repayment to joint ventures	(4,419)	(3,094)
Repayment to hire purchase creditors	(17,247)	(19,730)
Repayment of lease liabilities	(2,436)	(2,664)
Pledge of fixed deposit with licensed bank	(1,050)	(175)
Net cash flows used in financing activities	(66,658)	(4,583)
Net (decrease)/increase in cash and cash equivalents	(29,257)	14,405
Effects of exchange rate changes on cash and cash equivalents	661	(967)
Cash and cash equivalents at beginning of financial period	33,044	18,734
Cash and cash equivalents at end of financial period	4,448	32,172
Cash and bank balances	54,940	55,661
Less: Pledge of fixed deposit with licensed banks	(22,801)	(22,302)
Bank overdrafts (included within short term borrowings)	(27,691)	(1,187)
	4,448	32,172

Notes:

- (1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying notes attached to the interim financial statements

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2020 (“FY2020 AFS”).

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group’s FY2020 AFS except for the adoption of the following new MFRS, amendments to MFRS and IC Interpretations that are mandatory for annual financial periods beginning on or after 1 January 2021:

Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The directors are of the opinion that the Standards and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

A3. Auditor’s report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2020.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of Unusual Nature

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year-to-date except for:

- (i) the effects of the multiple stages of Movement Control Order (“MCO”) and the various standard operating procedures thereunder imposed by the Malaysia Government (“SOPs”).

The Malaysia Government implemented the nationwide Full MCO 3.0. (“FMCO”) (also known as First Phase of National Recovery Plan (“NRP”), a four-phase exit strategy from the Covid-19 crisis announced by the Malaysia Government) effective from 1 June 2021, where economic and social activities were not allowed except for prescribed essential services.

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Effective from 16 August 2021, non-essential activities in the manufacturing, construction, mining and quarrying industries were allowed to resume operations but the operating capacity of such activities is subject to the level of the workforce that has been fully vaccinated.

Almost all of our construction work sites were shut down from 1 June 2021 to 15 August 2021, as only critical projects were allowed to operate subject to MITI's approval. For the remaining period of the financial year-to-date, our compliance to the prescribed caps on work force capacity allowed to attend to work at the Group's business premises and the applicable SOPs has resulted in lower productivity of our business operations; and

- (ii) the effect of the Singapore Government's tightening of its COVID-19 measures as it seeks to control the increase in untraceable COVID-19 infections in the country.

Singapore bars all long-term pass holders and short-term visitors with recent travel history to India, Bangladesh, Nepal, Pakistan and Sri Lanka from entering Singapore effective from 24 April 2021 and 2 May 2021 respectively.

The entry ban has impacted labour supply in Singapore's construction sector which employs many Indian and Bangladeshi workers, which resulted in slower execution of our customers' projects in Singapore and thus deferments in their taking delivery of our goods.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

A7. Changes in Debt and Equity Securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

A8. Dividend Paid

The final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2020 was paid on 6 August 2021.

A9. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A10. Capital commitments

Capital commitment for property, plant and equipment ("PPE") and development land not provided for as at 30 September 2021 are as follows:

	RM'000
Approved and contracted for	<u>108,073</u>

The capital commitment is mainly for the purchase of land as detailed in Note B7(a) and Note B7(b).

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A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM4.24 million during the financial year-to-date, mainly incurred for the purchase of formworks and moulds.

A12. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the quarter under review.

A13. Changes in composition of the group

There were no changes in the composition of the Group during the current financial year up to 22 November 2021, being the latest practicable date ("LPD"), which is not earlier than 7 days from the date of issuance of this quarterly report.

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. Significant Related Party Transactions

There was no significant related party transaction during the current quarter under review.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

A16. Segmental Information

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing and trading of building materials;
- c) Property development; and
- d) Investment

The segment revenue and results for the financial period ended 30 September 2021:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	369,603	113,375	48,844	4	0	531,826
Inter-segment sales	3,747	68,123	0	9,621	(81,491)	0
Total revenue	373,350	181,498	48,844	9,625	(81,491)	531,826
RESULTS						
Profit from operations	13,676	21,623	5,601	9,625	(8,624)	41,901
Other operating income						5,892
Selling and administrative expenses						(30,297)
Finance costs						(11,077)
Share of profit of a joint venture						(395)
Profit before tax						6,024
Income tax expense						(2,707)
Profit net of tax						3,317
Segment Assets	829,993	304,790	353,351	314,459	(407,232)	1,395,361
Segment Liabilities	441,879	129,842	202,370	729	(113,537)	661,283

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The segment revenue and results for the financial period ended 30 September 2020:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	435,784	113,617	1,737	6	0	551,144
Inter-segment sales	1,586	54,487	0	6,381	(62,454)	0
Total revenue	437,370	168,104	1,737	6,387	(62,454)	551,144
RESULTS						
Profit from operations	27,889	16,947	344	6,387	(6,254)	45,313
Other operating income						5,553
Selling and administrative expenses						(30,239)
Finance costs						(13,656)
Share of profit of a joint venture						(406)
Profit before tax						6,565
Income tax expense						(3,391)
Profit net of tax						3,174
Segment Assets	871,622	315,773	341,509	300,087	(361,844)	1,467,147
Segment Liabilities	476,416	149,534	205,952	11,702	(88,947)	754,657

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

	Individual Quarter (3rd Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2021 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Amount RM'000	%	Current Year To Date 30/9/2021 RM'000	Preceding Year To Date 30/9/2020 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	85,262	182,127	(96,865)	-53.2%	373,350	437,370	(64,020)	-14.6%	134,174	(48,912)	-36.5%
Manufacturing & Trading	42,013	52,428	(10,415)	-19.9%	181,498	168,104	13,394	8.0%	62,760	(20,747)	-33.1%
Property Development	-	-	-	-	48,844	1,737	47,107	2712%	43,798	(43,798)	-100.0%
Investment	9,426	161	9,265	5755%	9,625	6,387	3,238	50.7%	105	9,321	8877%
Elimination	(29,481)	(22,908)	(6,573)	28.7%	(81,491)	(62,454)	(19,037)	30.5%	(26,506)	(2,975)	11.2%
Consolidated revenue	107,220	211,808	(104,588)	-49.4%	531,826	551,144	(19,318)	-3.5%	214,331	(107,111)	-50.0%
Gross profit ("GP")											
Construction	(2,423)	15,505	(17,928)	-115.6%	13,676	27,889	(14,213)	-51.0%	7,604	(10,027)	-131.9%
Manufacturing & Trading	2,844	6,287	(3,443)	-54.8%	21,623	16,947	4,676	27.6%	5,880	(3,036)	-51.6%
Property Development	-	-	-	-	5,601	344	5,257	1528%	4,730	(4,730)	-100.0%
Investment	9,426	161	9,265	5755%	9,625	6,387	3,238	50.7%	105	9,321	8877%
Elimination	(8,998)	(97)	(8,901)	9176%	(8,624)	(6,254)	(2,370)	37.9%	260	(9,258)	-3561%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

	Individual Quarter (3rd Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2021 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2021 RM'000	Preceding Year Quarter 30/9/2020 RM'000	Amount RM'000	%	Current Year To Date 30/9/2021 RM'000	Preceding Year To Date 30/9/2020 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	849	21,856	(21,007)	-96.1%	41,901	45,313	(3,412)	-7.5%	18,579	(17,730)	-95.4%
GP margin											
Construction	-2.8%	8.5%			3.7%	6.4%			5.7%		
Manufacturing & Trading	6.8%	12.0%			11.9%	10.1%			9.4%		
Property Development	N/A	N/A			11.5%	19.8%			10.8%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	0.8%	10.3%			7.9%	8.2%			8.7%		
Other income	1,545	1,412	133	9.4%	5,892	5,553	339	6.1%	1,693	(148)	-8.7%
Selling & administrative expenses	(8,169)	(10,199)	2,030	-19.9%	(30,297)	(30,239)	(58)	0.2%	(13,155)	4,986	-37.9%
Finance costs	(3,689)	(4,096)	407	-9.9%	(11,077)	(13,656)	2,579	-18.9%	(3,745)	56	-1.5%
Share of profit of joint ventures	(142)	(116)	(26)	22.4%	(395)	(406)	11	2.7%	(128)	(14)	10.9%
(Loss)/Profit before tax	(9,606)	8,857	(18,463)	-208.5%	6,024	6,565	(541)	-8.3%	3,244	(12,850)	-396.1%
(Loss)/Profit net of tax	(8,114)	6,343	(14,458)	-227.9%	3,317	3,174	142	4.5%	2,343	(10,458)	-446.4%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2021

B1. Operating Segments Review

(a) 3rd Quarter (“Q3”) financial year ending/ended 31 December (“FY”) 2021 compared to Q3 FY2020, year to date FY2021 (“YTD 2021”) compared to year to date FY2020 (“YTD 2020”)

The Group recorded revenue of RM107.22 million and gross profit of RM0.85 million during Q3 FY 2021, which were RM104.59 million (49.4%) and RM21.01 million (96.1%) lower compared to Q3 FY2020 respectively.

The Group recorded revenue of RM531.83 million and gross profit of RM41.90 million during YTD 2021, which were RM19.32 million (3.5%) and RM3.41 million (7.5%) lower compared to YTD 2020 respectively.

The decline in revenue in Q3 FY2021 and YTD 2021 was mainly attributable to lower revenue achieved by the construction division.

The construction division recorded revenue of RM85.26 million and RM373.35 million in Q3 FY2021 and YTD 2021 respectively, which were RM96.87 million (53.2%) and RM64.02 million (14.6%) lower compared to last year’s corresponding period.

The manufacturing and trading (“M&T”) division recorded a combined external and inter-segment revenue (“M&T Total Revenue”) of RM42.01 million in Q3 FY2021, which was RM10.42 million (19.9%) lower against Q3 FY2020. M&T Total revenue of RM181.50 million recorded in YTD 2021 was RM13.39 million (8.0%) higher against YTD 2020. Solely on external sales, the M&T external revenue of RM23.19 million recorded in Q3 FY2021 was RM6.66 million (28.69%) lower compared to Q3 FY2020, while M&T external revenue recorded in YTD 2021 of RM113.38 million was slightly lower against YTD 2020.

The decline in construction and M&T external revenue in the period under review was due to the substantial curtail of the Group’s operations especially the construction division’s operations during the FMCO, as detailed in Note A5(i), lower sales to Singapore, as detailed in Note A5(ii), and LRT 3 related sales orders were at tail end.

No revenue was recorded by the property development (“PD”) division during Q3 FY2021 as completion of some of the sales was pending for certain approval from the state authorities. PD division achieved a higher revenue of RM48.84 million in YTD 2021, which was multi folds higher against YTD 2020, attributable to sales achieved from the Bukit Bayu, Seksyen U10, Shah Alam project (“Bukit Bayu Project”).

Revenue of the investment division during YTD 2021 was derived from dividend and interest income received from other divisions, and interest income generated from deposits placed with financial institutions.

The Group recorded lower gross profit margin (“GP Margin”) of 0.8% and 7.9% during Q3 FY 2021 and YTD 2021 respectively, compared to 10.3% and 8.2% recorded in Q3 FY2020 and YTD 2020 respectively. This is mainly due to the construction revenue had been severely reduced during the period under review whilst the Group continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses.

In line with the lower revenue and GP margin achieved, gross profit of RM0.85 million recorded in Q3 FY2021 and RM41.90 million recorded in YTD 2021 were RM21.01 (96.1%) million and RM3.41 million (7.5%) lower compared to last year’s corresponding period.

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The Group recorded other income of RM1.54 million and RM5.89 million during Q3 FY2021 and YTD 2021 respectively, which were slightly higher than the amount recorded in last year's corresponding period. Other income includes gains on disposal of PPE and scrap materials and bad debts recovered.

The Group recorded selling and administrative expenses ("S&M") of RM8.17 million in Q3 FY2021, decreased by RM2.03 million (19.9%) compared to Q3 FY2020, mainly due to lower provision of doubtful debts and foreign exchange loss. S&M of RM30.30 million recorded in YTD 2021 approximated the amount recorded in YTD 2020.

Finance costs of RM3.69 million in Q3 FY2021 and RM11.08 million in YTD 2021 were lower compared to last year's corresponding period due to lower interest rate and lower utilization of banking facilities.

Due to the variances in gross profit, other income and expenses as stated above, profit before tax and profit after tax recorded in Q3 FY2021 decreased by RM18.46 million and RM14.46 million respectively compared to Q3 FY2020. The Group recorded loss before taxation of RM9.61 million and loss after taxation of RM8.11 million in Q3 FY2021.

Profit before tax in YTD 2021 decreased by RM0.54 million, while profit after taxation increased by RM0.14 million compared to YTD 2020 respectively. The Group recorded profit before taxation of RM6.02 million and profit after taxation of RM3.32 million in YTD 2021.

(b) Group Cash Flow Review

For YTD 2021, the Group registered net cash generated from operating activities of RM78.98 million. Net cash used in investing activities of RM41.58 million was mainly due to the completion of the purchase of 2 plots of land as detailed in Note B7(c), which is held for development. Net cash used in financing activities of RM66.66 million was mainly due to repayment of loans and borrowings, hire purchase facilities and advance from joint ventures.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter (Q2 FY2021)

The Group recorded revenue and gross profit of RM107.11 million and RM0.85 million respectively in Q3 FY2021, which were lower compared to Q2 FY2021 due to the same causes explained in Note B1.

S&M expenses decreased by RM4.99 million (37.9%) in Q3 FY2021, mainly due to the absence of property sales related sales commission, legal fees and other incidental expenses as no property sales was concluded in Q3 FY2021.

Finance costs in Q3 FY2021 approximated the amount incurred in Q2 FY2021.

Consequently, the Group recorded a decline in profit after tax from RM2.34 million in Q2 FY2021 to loss after tax of RM8.11 million in Q3 FY2021.

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B3. Prospects For 2021

The Malaysian economy contracted by 4.5% in the third quarter of 2021 (2Q 2021: +16.1%). This was largely attributable to the strict containment measures particularly in July, under Phase 1 of the National Recovery Plan (NRP). Economic activity subsequently picked up as more states transitioned into Phase 2 with less restrictive containment measures.

All economic sectors registered a contraction with the construction sector contracted the most. The construction sector declined by 20.6% (2Q 2021: 40.3%) as activities were constrained by operating capacity limits.

For 2021, the domestic economy is on track to expand by 3.0% - 4.0%. Growth will be supported by the increase in economic activities as containment measures are progressively relaxed, amid continued policy support. In addition, the strength in global demand will continue to support export growth.

Bank Negara Malaysia ("BNM") projected Malaysian economy to grow by 5.5% to 6.5% in 2022. Malaysia's growth trajectory is expected to improve given resumption of economic activities, further improvement in the labour market, continued policy support and expansion in external demand. The progress and efficacy of vaccinations, compliance with Standard Operating Procedures (SOPs) as well as the ability to effectively contain outbreaks from any new COVID-19 variants of concern (VOCs) will be key to the expected recovery.

(Source: Media release of the Bank Negara Malaysia on 12 November 2021)

Based on advance estimates, the Singapore economy grew by 6.5 per cent on a year-on-year basis in the third quarter of 2021, moderating from the 15.2 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted basis, the Singapore economy expanded by 0.8 per cent in the third quarter of 2021, a reversal from the 1.4 per cent contraction in the preceding quarter.

The construction sector expanded by 57.9 per cent on a year-on-year basis in the third quarter of 2021, following the 117.5 per cent growth in the preceding quarter. Growth was largely due to low base effects given the slow resumption of construction activities after the Circuit Breaker (CB) period last year. In absolute terms, the value-added of the sector remained 25.1 per cent below its pre-COVID (i.e., third quarter of 2019) level, with activity at construction worksites weighed down by labour shortages due to border restrictions on the entry of migrant workers. On a quarter-on-quarter seasonally-adjusted basis, the sector shrank by 0.4 per cent in the third quarter of 2021, moderating from the 2.4 per cent contraction in the previous quarter.

(Source: Media release of The Ministry of Trade and Industry of Singapore on 14 October 2021)

Order book replenishment opportunities in year 2020 and YTD 2021 were substantially reduced due to the postponements in the award of some Singapore public sector projects, and developers delayed or cancelled their planned roll out of new projects amidst a weak market sentiment. This is expected to result in the temporary downward trend of the Group's revenue.

The Malaysia Government imposed multiple stages of MCO, which caused our business operations to operate at substantially lower capacity, as detailed in Note A5.

As the COVID-19 pandemic continues to evolve with new variants being discovered, it is challenging to predict when the pandemic will come to an end and the full extent of its impact on the economy in general, and to the operations and business of the Group. The Group will continue to monitor the

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development of the COVID-19 pandemic in Malaysia and Singapore and will continue to take necessary measures including strict compliance with the guidelines from the health authorities, active monitoring of the cash flow requirements of the Group and timely procurement of additional financing, where necessary, to mitigate the impact of COVID-19 pandemic to the Group's business and financial condition.

As at 30 September 2021, the estimated construction and manufacturing balance order book of approximately RM0.78 billion and RM0.30 billion respectively, from a diversified clientele, will contribute to the Group's revenue for about 2 years. Subsequent to 30 September 2021, the Group secured new projects with aggregate contract value of approximately RM1 billion.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Lebuhraya Borneo Utara Sdn Bhd, WCT Construction Sdn Bhd, UEM Sunrise Bhd Group, Sunway Iskandar Sdn Bhd, Hillcrest Gardens Sdn Bhd and China Railway First Group Co. Ltd. Our on-going projects and sales orders include the following:

- (a) Pan Borneo Highway ("PBH") - Zecon Kimlun Consortium Sdn Bhd, the Company's 30% owned joint venture company was awarded with a work package under the PBH for a contract sum of RM1.46 billion. The estimated completion period of the project is year 2022;
- (b) Main building works for 1 block of commercial building and 1 block of apartments at Medini Iskandar, Mukim Pulau, Daerah Johor Bahru, Johor at a contract sum of RM165.82 million. The estimated completion period of the project is year 2022;
- (c) Main building works for 2 blocks of apartments in Selangor for a contract sum of RM204.40 million. The estimated completion period of the project is year 2022;
- (d) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 projects for S\$15.39 million. The estimated completion period of the project is year 2023; and
- (e) The supply of pre-cast concrete components to a resort project, sports centre project, PUB subsea tunnel project, train testing centre and Changi Airport related project at combined contract value of S\$36.27 million. The estimated completion period of these sales orders is year 2023.

The Group will continue to bid actively for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2021 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects. In addition, the Group has obtained additional certification from CIDB in late 2020 on its qualification to construct hospitals which will expand the range of construction projects which the Group can bid for.

The Group expects some tender opportunities from the following public sector projects in 2021 and/or 2022:

- (i) Phase 2 of Pan Borneo Highway Sarawak;
- (ii) Autonomous Rapid Transit (ART) Sarawak;
- (iii) Johor-Singapore Rapid Transit System;
- (iv) Iskandar Malaysia Bus Rapid Transit;

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- (v) Central Spine Road;
- (vi) Some hospitals projects; and
- (vii) Affordable housing projects

Further, the Group's construction arm will undertake construction works for in-house property developments projects as detailed in the ensuing section of this report. Meanwhile, the Group will be selective and remain cautious in the bidding of other private sector projects, to mitigate credit risks.

Singapore Construction Sector

The Building and Construction Authority of Singapore ("BCA") projects the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) to range between S\$23 billion and S\$28 billion. This is an improvement from the S\$21.3 billion (preliminary estimate) in 2020 during the ongoing COVID-19 pandemic.

The public sector is expected to drive the construction demand in 2021, to between S\$15 billion and S\$18 billion with an anticipated stronger demand for public housing and infrastructure projects. Some of the upcoming major public sector projects scheduled to be awarded this year include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1 and the Deep Tunnel Sewerage System Phase 2.

Private sector construction demand is projected to be between S\$8 billion and S\$10 billion in 2021. BCA projects the bulk of private sector construction demand in 2021 to comprise development of the remaining en-bloc residential sites, major retrofitting of commercial developments as well as construction of high-specification industrial buildings to meet business needs.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$25 billion and S\$32 billion per year from 2022 to 2025.

Our subsidiary SPC Industries Sdn Bhd ("SPC") has very strong track record in the supply of precast components including TLS, concrete rail sleepers and jacking pipes to large public sector infrastructure projects in Singapore including Singapore MRT projects, Deep Tunnel Sewerage System Phase 2 and Singapore Power's underground cable tunnel.

Further, SPC has been a frequent supplier of IBS components to various projects in Singapore.

With its strong track record in Singapore, SPC is well positioned to compete for further potential sales orders from MRT and sewerage projects.

Property Development Division

The Group launched a new development project comprising 60 units of semi-detached houses in Bandar Seri Alam, Johor, with estimated gross development value ("GDV") of approximately RM61 million. This development which was named "100 Trees Private Estate" was launched around end of September 2021, has received encouraging response from the market.

The Group is in the process of applying for development approval from the authority for its Phase 2 of the Bukit Bayu Project, which comprise of 16 units of bungalows, with GDV of approximately RM37 million.

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The Group will continue to follow up closely on the conclusion of the sale of its remaining completed bungalows under phase 1 of the Bukit Bayu Project.

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Current Quarter 3 months ended 30.9.2021 RM'000	Cumulative Quarter 9 months ended 30.9.2021 RM'000
(a) interest income	167	556
(b) other income including investment Income	1,081	3,642
(c) interest expense	3,689	10,934
(d) depreciation and amortization	10,130	32,557
(e) provision for and write off of receivables	0	228
(f) provision for and write off of inventories	0	(76)
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(297)	(1,694)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	174	(591)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

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B6. Taxation

	Current Quarter 3 months ended 30.9.2021 RM'000	Cumulative Quarter 9 months ended 30.9.2021 RM'000
In respect of the current period		
- Income tax	(1,489)	4,170
- Deferred tax	(122)	(1,582)
	<u>(1,611)</u>	<u>2,588</u>
In respect of prior year		
- Income tax	73	73
- Deferred tax	46	46
	<u>(1,492)</u>	<u>2,707</u>

The effective tax rate for the period under review was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations, and potential deferred tax benefits in relation to interest expenses were not recognized on prudent basis.

B7. Status of Corporate Proposals

- (a) On 28 December 2017, the Company's subsidiary, Kii Ashbury Sdn Bhd entered into a sale and purchase agreement with Meridin East Sdn Bhd to purchase 17.90 acres of land forming part of the freehold agriculture land held under HSD 566044 PTD 224535, in the Mukim of Plentong, Daerah Johor Bahru, Johor for a total cash consideration of RM21,829,301.

The acquisition has yet to be completed.

- (b) On 10 October 2017, the Company's subsidiary, Bayu Damai Sdn Bhd entered into a sale and purchase agreement with Amanahraya Development Sdn Bhd to purchase 9 pieces of freehold agriculture lands all in the Mukim of Petaling, District of Kuala Lumpur, State of Federal Territory of Kuala Lumpur, with a total land areas of 43.46 acres for a total cash consideration of RM95,000,000.

The acquisition has yet to be completed.

- (c) On 4 January 2021, the Company's subsidiary, Kii Melodia Sdn Bhd entered into a sale and purchase agreement with Seri Alam Properties Sdn Bhd to purchase two plots of freehold commercial land in the Mukim of Plentong, District of Johor Bahru, Johor, for a total cash consideration of RM40,500,000.

The acquisition was completed on 10 August 2021.

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B8. Group Borrowing and Debts Securities

The Group's borrowing and debts securities are as follows:

	Interest rate per annum YTD 2021	As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	111,202	28,863
Term loans	4.30% to 5.45%	81,773	121,912
		<u>92,975</u>	<u>150,775</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	3.89% to 6.64%	27,691	1,187
Hire purchase creditors	1.68% to 4.06%	18,563	22,824
Bankers' acceptance	2.52% to 3.69%	41,751	45,380
Invoices financing	1.67% to 4.93%	151,834	139,182
Term loans and revolving credits	3.27% to 5.45%	31,913	33,264
		<u>271,752</u>	<u>241,837</u>

The borrowings are denominated in the following currencies

	As at 30.9.2021 RM'000	As at 30.9.2020 RM'000
Long term borrowings		
Ringgit Malaysia	<u>92,975</u>	<u>150,775</u>
Short term borrowings		
Ringgit Malaysia	270,000	241,837
Singapore Dollar	1,752	-
	<u>271,752</u>	<u>241,837</u>

All borrowings, other than hire purchase financing which is based on fixed interest rate, are based on floating interest rate.

B9. Material Litigation

There was no material litigation as at the LPD.

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B10. Dividends

- (a) At the Annual General Meeting held on 18 June 2021, the shareholders approved the declaration of a final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2020 ("FYE 2020 Final Dividend"). The FYE 2020 Final Dividend was paid on 6 August 2021.
- (b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 September 2021.
- (c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of 3.3 sen per share in respect of the financial year ended 31 December 2019.

B11. Earnings/(Loss) Per Share ("ELPS")

	Current Quarter Ended		Year to-Date Ended	
	30.9.2021	30.9.2020	30.9.2021	30.9.2020
Profit/(loss) attributable to owners of the Company 'RM'000)	(8,038)	6,350	3,459	3,206
Weighted average number of ordinary shares in issue ('000)	353,358	339,801	353,358	339,801
Assumed shares issued from the exercise of warrants ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares in issue ('000)	353,358	339,801	353,358	339,801
Basic earnings/(loss) per share (Sen)	(2.27)	1.87	0.98	0.94
Diluted earnings/(loss) per share (Sen)	(2.27)	1.87	0.98	0.94

Basic ELPS is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

Diluted ELPS is calculated by dividing the profit or loss attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue.