

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 4th Quarter Ended 31 December 2021

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Current Year To Date 31/12/2021 RM'000	Preceding Year To Date 31/12/2020 RM'000
Revenue	159,261	243,565	691,087	794,709
Cost of sales	(151,057)	(214,342)	(640,982)	(720,173)
Gross profit	8,204	29,223	50,105	74,536
Other income	1,884	2,409	7,776	7,962
Selling and administrative expenses	(11,125)	(17,652)	(41,422)	(47,891)
Finance costs	(3,751)	(4,800)	(14,828)	(18,456)
Share of loss of joint ventures	(265)	(221)	(660)	(627)
(Loss)/Profit before tax	(5,053)	8,959	971	15,524
Income tax expense	1,008	(4,189)	(1,699)	(7,580)
(Loss)/Profit net of tax	(4,045)	4,770	(728)	7,944
Other comprehensive income	(509)	-	(508)	-
Total comprehensive (loss)/income for the period	<u>(4,554)</u>	<u>4,770</u>	<u>(1,236)</u>	<u>7,944</u>
(Loss)/Profit attributable to :				
Owners of the Company	(4,048)	4,779	(589)	7,985
Non-controlling interests	3	(9)	(139)	(41)
	<u>(4,045)</u>	<u>4,770</u>	<u>(728)</u>	<u>7,944</u>
(Loss)/Earnings Per Share (Sen)				
- Basic (2)	(1.15)	1.39	(0.17)	2.34
- Diluted (2)	(1.15)	1.39	(0.17)	2.34
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(4,557)	4,779	(1,097)	7,985
Non-controlling interests	3	(9)	(139)	(41)
	<u>(4,554)</u>	<u>4,770</u>	<u>(1,236)</u>	<u>7,944</u>

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 December 2021

	Unaudited As at 31/12/2021 RM'000	Audited As at 31/12/2020 RM'000
Assets		
Non- current assets		
Property, plant and equipment	137,736	172,919
Right-of-use asset	3,608	5,868
Land held for property development	214,372	171,581
Investment properties	146	153
Other investments	75	75
Investment in joint ventures	17,087	17,613
Deferred tax assets	2,845	653
	<u>375,869</u>	<u>368,862</u>
Current assets		
Property Development costs	85,894	78,914
Inventories	83,760	129,379
Trade and other receivables	555,292	460,879
Prepayment	5,992	6,750
Contract assets	181,099	374,719
Cash and bank balances	69,536	57,475
	<u>981,573</u>	<u>1,108,116</u>
TOTAL ASSETS	<u>1,357,442</u>	<u>1,476,978</u>
EQUITY AND LIABILITIES		
Current liabilities		
Income tax payable	-	4,139
Loans and borrowings	158,572	274,922
Lease liability	2,516	2,964
Trade and other payables	267,670	270,870
Contract liabilities	31,251	36,315
Provisions	16,737	18,201
	<u>476,746</u>	<u>607,411</u>
Net current assets	<u>504,827</u>	<u>500,705</u>
Non-current liabilities		
Loans and borrowings	148,491	132,186
Lease liabilities	1,156	3,087
	<u>149,647</u>	<u>135,273</u>
TOTAL LIABILITIES	<u>626,393</u>	<u>742,684</u>
Net assets	<u>731,049</u>	<u>734,294</u>
Equity		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	33,615	34,123
Retained earnings	431,744	435,867
Equity attributable to owners of the Company	<u>721,279</u>	<u>725,910</u>
Non-controlling interests	9,770	8,384
Total equity	<u>731,049</u>	<u>734,294</u>
TOTAL EQUITY AND LIABILITIES	<u>1,357,442</u>	<u>1,476,978</u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.04	2.05

Kimlun Corporation Berhad

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Unaudited Condensed Consolidated Statement of Changes in Equity

As at 31 December 2021

	Attributable to owners of the Company							
	<----- Non-distributable ----->				Distributable			
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	Sub-Total	Non-controlling interest	Total Equity
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 31 December 2021</u>								
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	-	-	-	(508)	(589)	(1,097)	(139)	(1,236)
<u>Transaction with owner</u>								
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
Acquisition of subsidiaries	-	-	-	-	-	-	1,525	1,525
At 31/12/2021	255,944	(24)	34,194	(579)	431,744	721,279	9,770	731,049
<u>YTD ended 31 December 2020</u>								
Balance At 1/1/2020	247,279	(24)	34,194	(71)	439,095	720,473	56	720,529
Total comprehensive income for the period	-	-	-	-	7,985	7,985	(41)	7,944
<u>Transaction with owner</u>								
Dividend (as detailed in Note B10)	-	-	-	-	(11,213)	(11,213)	-	(11,213)
Issuance of ordinary shares pursuant to : Dividend reinvestment plan	8,744	-	-	-	-	8,744	-	8,744
Share issue expenses	(79)	-	-	-	-	(79)	-	(79)
Acquisition of subsidiaries	-	-	-	-	-	-	8,369	8,369
At 31/12/2020	255,944	(24)	34,194	(71)	435,867	725,910	8,384	734,294

(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 31 December 2021

	Current Year To Date 31/12/2021	Preceding Year To Date 31/12/2020
Operating activities		
Profit before tax	971	15,524
Adjustment for :		
Allowance for impairment on trade receivables	2,568	3,287
Reversal of allowance for impairment on trade receivables	-	(821)
Bad Debts written off	-	857
Bad Debts recovered	(841)	(238)
Unrealised foreign exchange (gain)/loss	(915)	2,576
Depreciation	39,166	39,890
Write down of land held for development	-	7,316
Depreciation of right-of-use assets	3,090	3,468
Depreciation of investment properties	7	53
(Reversal of provision)/provision for obsolete inventories	(205)	34
(Reversal of provision)/Provision for defect liabilities costs	(1,464)	1,031
Gain on disposal of investment properties	-	(110)
Loss on disposal of properties held for sale	-	59
Gain on disposal of property, plant and equipment	(2,461)	(1,724)
Gain on derecognition of right-of-use assets	(7)	(93)
Fixed asset written off	191	195
Interest expenses	14,827	18,456
Interest income	(824)	(3,445)
Share of loss of joint ventures	660	627
Operating cash flows before changes in working capital	54,763	86,942
<u>Changes in working capital</u>		
Development property	(6,206)	(2,830)
Inventories	45,824	8,555
Receivables	(84,178)	33,229
Other current assets	194,232	10,010
Payables	(17,256)	(61,682)
Other current liabilities	(5,510)	(11,680)
Cash flows generated from operations	181,669	62,544
Interest paid	(15,033)	(19,316)
Tax paid	(9,742)	(16,015)
Interest received	779	958
Net cash flows generated from operating activities	157,673	28,171
Investing activities		
Purchase of land held for property development and expenditure on land held for property development	(42,277)	(15,034)
Purchase of property, plant and equipment	(7,348)	(5,813)
Prepayment on land	-	(10)
Proceeds from disposal of property, plant & equipment	6,088	4,069
Proceeds from disposal of investment properties	-	3,275
Proceeds from disposal of properties held for sale		330
Incidental expenses on investment properties		(23)
Net outflow on acquisition of a subsidiary	-	(3,808)
Net cash flows used in investing activities	(43,537)	(17,014)
Financing activities		
Dividends paid on ordinary shares	(3,534)	(11,213)
Proceeds from issuance of shares	1,525	8,745
Share issuance expenses	-	(79)
(Repayment)/draw down of loans and borrowings	(75,127)	38,813
Advance from a minority shareholder	11,594	-
Repayment to joint ventures	(8,650)	(3,191)
Repayment to hire purchase creditors	(23,045)	(25,770)
Repayment of lease liabilities	(2,168)	(3,442)
Pledge of fixed deposit with licensed bank	(3,202)	377
Net cash flows (used in)/generated from financing activities	(102,607)	4,240
Net increase in cash and cash equivalents	11,529	15,397
Effects of exchange rate changes on cash and cash equivalents	1,044	(1,087)
Cash and cash equivalents at beginning of financial period	33,044	18,734
Cash and cash equivalents at end of financial period	45,617	33,044
Cash and bank balances	69,536	57,475
Less: Pledge of fixed deposit with licensed banks	(23,919)	(21,751)
Bank overdrafts (included within short term borrowings)	-	(2,680)
	45,617	33,044

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 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. Effective from 16 August 2021, non-essential activities in the manufacturing, construction,

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 DECEMBER 2021

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

Save as disclosed hereunder, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

During the financial year-to-date, the Company established a Islamic commercial papers programme for the issuance of Islamic commercial papers ("ICP") based on the Shariah principle of Murabahah (via Tawarruq arrangement); and (ii) a Islamic medium term notes programme for the issuance of Islamic medium term notes ("IMTN") based on the Shariah principle of Murabahah (via Tawarruq arrangement), which have a combined limit of up to RM800.0 million in nominal value.

The Company has completed the issuance of the following sukuk pursuant to the programmes:-

Tranche	Issuance Date	Nominal Value (RM' million)	Tenure	Profit/Discount Rate (p.a.)
1 to 3	2 November 2021	75.0	3 to 5 years	4.49% - 5.06%
4	22 December 2021	3.0	1 year	4.0%

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.

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A10. Capital commitments

Capital commitment for property, plant and equipment ("PPE") and development land not provided for as at 31 December 2021 are as follows:

	RM'000
Approved and contracted for	<u>109,093</u>

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

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment amounting to RM7.80 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 18 February 2022, 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 31 DECEMBER 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 31 December 2021:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	504,695	142,102	44,282	8	0	691,087
Inter-segment sales	5,434	84,951	0	14,978	(105,363)	0
Total revenue	510,129	227,053	44,282	14,986	(105,363)	691,087
RESULTS						
Profit from operations	16,690	25,434	5,408	14,986	(12,413)	50,105
Other operating income						7,776
Selling and administrative expenses						(41,422)
Finance costs						(14,828)
Share of loss of joint ventures						(660)
Profit before tax						971
Income tax expense						(1,699)
Profit net of tax						(728)
Segment Assets	763,185	291,819	370,310	396,661	(464,533)	1,357,442
Segment Liabilities	378,511	119,941	192,884	79,197	(144,140)	626,393

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The segment revenue and results for the financial period ended 31 December 2020:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	623,797	168,598	2,306	8	0	794,709
Inter-segment sales	2,059	81,661	0	17,958	(101,678)	0
Total revenue	625,856	250,259	2,306	17,966	(101,678)	794,709
RESULTS						
Profit from operations	41,946	31,762	487	17,966	(17,625)	74,536
Other operating income						7,962
Selling and administrative expenses						(47,891)
Finance costs						(18,456)
Share of loss of a joint ventures						(627)
Profit before tax						15,524
Income tax expense						(7,580)
Profit net of tax						7,944
Segment Assets	871,524	323,062	345,828	308,851	(372,288)	1,476,977
Segment Liabilities	476,922	153,364	190,033	471	(78,106)	742,684

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

	Individual Quarter (4th Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/9/2021 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Amount RM'000	%	Current Year To Date 31/12/2021 RM'000	Preceding Year To Date 31/12/2020 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	136,779	188,486	(51,707)	-27.4%	510,129	625,856	(115,727)	-18.5%	85,262	51,517	60.4%
Manufacturing & Trading	45,555	82,155	(36,600)	-44.5%	227,053	250,259	(23,206)	-9.3%	42,013	3,542	8.4%
Property Development	(4,562)	569	(5,131)	-901.8%	44,282	2,306	41,976	1820%	-	(4,562)	
Investment	5,361	11,579	(6,218)	-53.7%	14,986	17,966	(2,980)	-16.6%	9,426	(4,065)	-43.1%
Elimination	(23,872)	(39,224)	15,352	-39.1%	(105,363)	(101,678)	(3,685)	3.6%	(29,481)	5,609	-19.0%
Consolidated revenue	159,261	243,565	(84,304)	-34.6%	691,087	794,709	(103,622)	-13.0%	107,220	52,041	48.5%
Gross profit ("GP")											
Construction	3,014	14,057	(11,043)	-78.6%	16,690	41,946	(25,256)	-60.2%	(2,423)	5,437	-224.4%
Manufacturing & Trading	3,811	14,815	(11,004)	-74.3%	25,434	31,762	(6,328)	-19.9%	2,844	967	34.0%
Property Development	(193)	143	(336)	-235.0%	5,408	487	4,921	1010%	-	(193)	
Investment	5,361	11,579	(6,218)	-53.7%	14,986	17,966	(2,980)	-16.6%	9,426	(4,065)	-43.1%
Elimination	(3,789)	(11,371)	7,582	-66.7%	(12,413)	(17,625)	5,212	-29.6%	(8,998)	5,209	-57.9%

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	Individual Quarter (4th Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/9/2021 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/12/2021 RM'000	Preceding Year Quarter 31/12/2020 RM'000	Amount RM'000	%	Current Year To Date 31/12/2021 RM'000	Preceding Year To Date 31/12/2020 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	8,204	29,223	(21,019)	-71.9%	50,105	74,536	(24,431)	-32.8%	849	7,355	866.3%
GP margin											
Construction	2.2%	7.5%			3.3%	6.7%			-2.8%		
Manufacturing & Trading	8.4%	18.0%			11.2%	12.7%			6.8%		
Property Development	4.2%	25.1%			12.2%	21.1%			#DIV/0!		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	5.2%	12.0%			7.3%	9.4%			0.8%		
Other income	1,884	2,409	(525)	-21.8%	7,776	7,962	(186)	-2.3%	1,545	339	21.9%
Selling & administrative expenses	(11,125)	(17,652)	6,527	-37.0%	(41,422)	(47,891)	6,469	-13.5%	(8,169)	(2,956)	36.2%
Finance costs	(3,751)	(4,800)	1,049	-21.9%	(14,828)	(18,456)	3,628	-19.7%	(3,689)	(62)	1.7%
Share of loss of joint ventures	(265)	(221)	(44)	19.9%	(660)	(627)	(33)	-5.3%	(142)	(123)	86.6%
Profit before tax	(5,053)	8,959	(14,012)	-156.4%	971	15,524	(14,553)	-93.7%	(9,606)	4,553	-47.4%
Profit net of tax	(4,045)	4,770	(8,815)	-184.8%	(728)	7,944	(8,672)	-109.2%	(8,114)	4,069	-50.1%

KIMLUN CORPORATION BERHAD (867077-X)
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B1. Operating Segments Review

(a) 4th Quarter ("Q4") financial year ended 31 December ("FY") 2021 compared to Q4 FY2020, year to date FY2021 ("YTD 2021") compared to year to date FY2020 ("YTD 2020")

The Group recorded revenue of RM159.26 million and gross profit ("GP") of RM8.20 million during Q4 FY2021, which were RM84.30 million (34.6%), and RM21.02 million (71.9%) lower compared to Q4 FY2020 respectively.

The Group recorded revenue of RM691.09 million and gross profit of RM50.10 million during YTD 2021, which were RM103.62 million (13.0%), and RM24.43 million (32.8%) lower compared to YTD 2020 respectively.

The decline in revenue in Q4 FY2021 and YTD 2021 was mainly attributable to lower revenue achieved by the construction division and the manufacturing and trading ("M&T") division.

Construction division recorded revenue of RM136.78 million and RM510.13 million in Q4 FY2021 and YTD 2021 respectively, which were RM51.71 million (27.4%) and RM115.73 million (18.5%) lower compared to last year's corresponding period.

M&T division recorded revenue of RM45.56 million and RM227.05 million in Q4 FY2021 and YTD 2021 respectively, which were RM36.60 million (44.5%) and RM23.21 million (9.3%) lower compared to last year's corresponding period.

The decline in construction and M&T 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), and lower sales to Singapore, as detailed in Note A5(ii). In addition, some sizable projects and sales orders were at tail end while contribution from new orders secured were minimum as some of the larger size new orders were secured toward the end of FY 2021.

Property development ("PD") division recorded a negative revenue of RM4.56 million in Q4 FY2021 due to reversal of sales during the quarter. PD division achieved a higher revenue of RM44.28 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 5.2% and 7.3% during Q4 FY 2021 and YTD 2021 respectively, compared to 12.0% and 9.4% recorded in Q4 FY2020 and YTD 2020 respectively. This is mainly due to the construction and M&T 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 RM8.20 million recorded in Q4 FY2021 and RM50.10 million recorded in YTD 2021 were RM21.02 million (71.9%) and RM24.43 million (32.8%) lower compared to last year's corresponding period.

The Group recorded other income of RM1.88 million and RM7.78 million during Q4 FY2021 and YTD 2021 respectively, which were slightly lower 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.

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The Group recorded selling and administrative expenses ("S&M") of RM11.13 million and RM41.42 million in Q4 FY2021 and YTD 2021 respectively, which were RM6.53 million (37.0%) and RM6.47 million (13.5%) lower compared to last year's corresponding period. Higher S&M were recorded in Q4 FY2020 and YTD 2020 due to the write down of land held for development of RM7.21 million.

Finance costs of RM3.75 million in Q4 FY2021 and RM14.83 million in YTD 2021 were lower compared to last year's corresponding period mainly due to the absence of unwinding of discount on payables.

Due to the variances in gross profit, other income and expenses as stated above, profit before tax and profit after tax recorded in Q4 FY2021 decreased by RM14.01 million (156.4%) and RM8.81 million (184.8%) respectively compared to Q4 FY2020. The Group recorded loss before taxation of RM5.05 million and loss after taxation of RM4.04 million in Q4 FY2021.

Profit before tax in YTD 2021 decreased by RM14.55 million (93.7%), while profit after taxation decreased by RM8.67 million (109.2%) compared to YTD 2020 respectively. The Group recorded profit before taxation of RM0.97 million and loss after taxation of RM0.73 million in YTD 2021

(b) Group Cash Flow Review

For YTD 2021, the Group registered net cash generated from operating activities of RM157.67 million. Net cash used in investing activities of RM43.54 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 RM102.61 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 (Q3 FY2021)

Revenue recorded in Q4 FY2021 of RM159.26 million was RM52.04 million (48.5%) higher compared to Q3 FY2021. Gross profit of RM8.20 million recorded in Q4 FY2021 was RM7.36 million (866.3%) higher compared to RM0.85 million recorded in Q3 FY2021. Lower revenue and gross profit were recorded in Q3 FY2021 due to the substantial curtail of the Group's operation during the FMCO, as detailed in Note A5(i), whilst the Group continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expenses

S&M expenses increased by RM2.96 million (36.2%) against Q3 FY2021, mainly due to impairment of receivable of RM2.34 million and professional fee of RM0.50 million incurred in the establishment of the IMTN and ICP programme in Q4 FY2021.

Finance costs in Q4 FY2021 approximated the amount incurred in Q3 FY2021.

Consequently, the Group recorded a lower loss before tax of RM5.05 million against RM9.61 million of Q3 FY2021. Likewise, loss after tax of RM4.04 million in Q4 FY2021 was lower against Q3 FY2021.

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B3. Prospects For 2022

The Group has an estimated construction and manufacturing balance order book of approximately RM1.69 billion and RM0.40 billion respectively as at 31 December 2021, contributed by numerous construction contracts and supply contracts. The Board is positive of the performance of the Group in 2022 as the balance order book is expected to support the Group's performance in 2022.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Exyte Malaysia Sdn Bhd, UEM Sunrise Bhd Group, Sunway Iskandar Sdn Bhd, S P Setia Bhd Group and Eng Lee Engineering Pte Ltd. Our on-going projects and sales orders include the following:

- (a) the main works for Construction And Maintenance Of Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2025;
- (b) Main building works for 1 block of commercial building and 1 block of apartments at Medini Iskandar, Mukim Pulai, 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 2023;
- (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 2022 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.

The Group expects some tender opportunities from the following public sector projects in 2022:

Phase 2 of Pan Borneo Highway Sarawak;

Autonomous Rapid Transit (ART) Sarawak;

Johor-Singapore Rapid Transit System;

Central Spine Road;

Some hospitals projects; and

Affordable housing projects

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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.

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 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.

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion.

The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021.

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026.

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 Singapore.

Property Development Division

The recently launched development project, 100 Trees Private Estate ("100 Trees Project"), which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, with estimated gross development value ("GDV") of approximately RM61 million, has received encouraging response from the market. This project is expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales.

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. Meanwhile, 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.

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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 31.12.2021 RM'000	Cumulative Quarter 12 months ended 31.12.2021 RM'000
(a) interest income	268	824
(b) other income including investment Income	848	4,490
(c) interest expense	3,750	14,827
(d) depreciation and amortization	9,706	42,263
(e) provision for and write off of receivables	2,340	2,568
(f) reversal of inventories written off	129	205
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(767)	(2,461)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(328)	(919)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

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B6. Taxation

	Current Quarter 3 months ended 31.12.2021 RM'000	Cumulative Quarter 12 months ended 31.12.2021 RM'000
In respect of the current period		
- Income tax	(20)	4,150
- Deferred tax	(657)	(2,239)
	(677)	1,911
In respect of prior year		
- Income tax	(332)	(259)
- Deferred tax	1	47
	(1,008)	1,699

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 and impairment loss on land held for property development 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 Borrowings and Debts Securities

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

	Interest rate per annum YTD 2021	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	9,191	24,193
Term loans	4.30% to 5.45%	64,300	107,993
IMTN	4.49% to 5.07%	75,000	0
		<u>148,491</u>	<u>132,186</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	3.63% to 6.64%	-	2,680
Hire purchase creditors	1.68% to 4.06%	15,455	22,735
Bankers' acceptance	2.59% to 3.88%	28,484	54,070
Invoices financing	1.80% to 4.99%	75,974	154,701
Term loans and revolving credits	3.27% to 5.45%	35,659	40,736
ICP	4.00%	3,000	-
		<u>158,572</u>	<u>274,922</u>

The borrowings are denominated in the following currencies

	As at 31.12.2021 RM'000	As at 31.12.2020 RM'000
Long term borrowings		
Ringgit Malaysia	<u>148,491</u>	<u>132,186</u>
Short term borrowings		
Ringgit Malaysia	157,812	273,467
Singapore Dollar	760	303
United States Dollar	-	1,152
	<u>158,572</u>	<u>274,922</u>

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

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B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

- (a) The FYE 2020 Final Dividend was approved by the Shareholders at the 12th AGM, as detailed in Note A8.
- (b) The Board of Directors recommend the payment of a final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2021 which is subject to the approval of the shareholders at the forthcoming Annual General Meeting ("AGM").
- (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	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Profit/(loss) attributable to owners of the Company (RM'000)	(4,048)	4,779	(589)	7,985
Weighted average number of ordinary shares in issue ('000)	353,358	343,927	353,358	340,838
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	343,927	353,358	340,838
Basic earnings/(loss) per share (Sen)	(1.15)	1.39	(0.17)	2.34
Diluted earnings/(loss) per share (Sen)	(1.15)	1.39	(0.17)	2.34

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