

**Kimlun Corporation Berhad**  
**[Registration No.: 200901023978 (867077-X)]**  
**Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the 3rd Quarter Ended 30 September 2022**

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/09/2022 RM'000	Preceding Year Quarter 30/09/2021 RM'000	Current Year To Date 30/09/2022 RM'000	Preceding Year To Date 30/09/2021 RM'000
<b>Revenue</b>	231,583	107,220	592,160	531,826
Cost of sales	(196,335)	(106,371)	(523,974)	(489,925)
<b>Gross profit</b>	35,248	849	68,186	41,901
Other income	1,717	1,545	4,197	5,892
Selling and administrative expenses	(8,758)	(8,169)	(31,093)	(30,297)
Finance costs	(3,365)	(3,689)	(9,515)	(11,077)
Share of loss of joint ventures	(1,844)	(142)	(2,523)	(395)
<b>Profit before tax</b>	22,998	(9,606)	29,252	6,024
Income tax expense	(6,779)	1,492	(10,364)	(2,707)
<b>Profit net of tax</b>	16,219	(8,114)	18,888	3,317
<b>Other comprehensive income</b>	(966)	(1)	(92)	1
<b>Total comprehensive income for the period</b>	15,253	(8,115)	18,796	3,318
<b>Profit attributable to :</b>				
Owners of the Company	16,217	(8,038)	18,996	3,459
Non-controlling interests	2	(76)	(108)	(142)
	16,219	(8,114)	18,888	3,317
<b>Earnings Per Share (Sen)</b>				
- Basic (2)	4.59	(2.27)	5.38	0.98
- Diluted (2)	4.59	(2.27)	5.38	0.98
<b>Total comprehensive income attributable to :</b>				
Owners of the Company	15,251	(8,039)	18,904	3,460
Non-controlling interests	2	(76)	(108)	(142)
	15,253	(8,115)	18,796	3,318

**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 2021 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 2022**

	<b>Unaudited</b> <b>As at</b> <b>30/09/2022</b> <b>RM'000</b>	<b>Audited</b> <b>As at</b> <b>31/12/2021</b> <b>RM'000</b>
<b>Assets</b>		
<b>Non- current assets</b>		
Property, plant and equipment	127,680	137,736
Right-of-use asset	6,674	4,935
Land held for property development	216,685	214,372
Investment properties	141	146
Other investments	75	75
Investment in joint ventures	15,209	17,087
Deferred tax assets	7,191	2,863
	<u>373,655</u>	<u>377,214</u>
<b>Current assets</b>		
Properties held for sale	14,125	-
Property Development costs	90,903	84,864
Inventories	66,421	83,760
Trade and other receivables	495,167	528,159
Prepayment	7,304	5,992
Contract assets	230,973	175,224
Current tax assets	-	1,694
Cash and bank balances	50,370	69,536
	<u>955,263</u>	<u>949,229</u>
<b>TOTAL ASSETS</b>	<u><u>1,328,918</u></u>	<u><u>1,326,443</u></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Loans and borrowings	146,338	158,572
Lease liability	2,836	2,479
Trade and other payables	232,015	242,447
Contract liabilities	20,012	24,147
Current tax liabilities	9,389	-
Provisions	12,891	16,737
	<u>423,481</u>	<u>444,382</u>
<b>Net current assets</b>	<u>531,782</u>	<u>504,847</u>
<b>Non-current liabilities</b>		
Loans and borrowings	154,756	148,491
Lease liabilities	3,963	2,521
	<u>158,719</u>	<u>151,012</u>
<b>TOTAL LIABILITIES</b>	<u>582,200</u>	<u>595,394</u>
<b>Net assets</b>	<u>746,718</u>	<u>731,049</u>
<b>Equity</b>		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	33,523	33,615
Retained earnings	447,206	431,744
<b>Equity attributable to owners of the Company</b>	<u>736,649</u>	<u>721,279</u>
Non-controlling interests	10,069	9,770
<b>Total equity</b>	<u>746,718</u>	<u>731,049</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u><u>1,328,918</u></u>	<u><u>1,326,443</u></u>

Net Assets Per Share Attributable to owners of the  
 Company (RM)

2.08

2.04

Kimlun Corporation Berhad  
[Registration No.: 200901023978 (867077-X)]  
**Unaudited Condensed Consolidated Statement of Changes in Equity**  
**As at 30 September 2022**

	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 RM'000	Non-controlling interest RM'000	Total Equity RM'000
<b><u>YTD ended 30 September 2022</u></b>								
Balance At 1/1/2022	255,944	(24)	34,194	(579)	431,744	721,279	9,770	731,049
Total comprehensive income for the period	-	-	-	(92)	18,996	18,904	(108)	18,796
<u>Transaction with owner</u>								
Acquisition of non-controlling interest	-	-	-	-	-	-	407	407
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/09/2022	255,944	(24)	34,194	(671)	447,206	736,649	10,069	746,718
<b><u>YTD ended 30 September 2021</u></b>								
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
<u>Transaction with owner</u>								
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

(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 2021 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 2022**

	<b>Current Year To Date 30/09/2022 RM'000</b>	<b>Preceding Year To Date 30/09/2021 RM'000</b>
<b>Operating activities</b>		
Profit before tax	29,252	6,024
Adjustment for :		
Allowance for impairment on trade receivables	-	222
Reversal of allowance for impairment on trade receivables	-	-
Bad Debts written off	28	6
Bad Debts recovered	(47)	(833)
Unrealised foreign exchange gain	(4,389)	(235)
Depreciation	26,550	30,217
Depreciation of right-of-use assets	2,336	2,335
Depreciation of investment properties	5	5
Reversal of provision for obsolete inventories	-	(76)
Reversal of provision for defect liabilities costs	(3,846)	(1,813)
Gain on disposal of property, plant and equipment	(541)	(1,694)
Gain on derecognition of right-of-use assets	(2)	(5)
Fixed asset written off	329	191
Interest expenses	9,515	11,077
Interest income	(1,236)	(556)
Share of loss of joint ventures	2,523	395
Operating cash flows before changes in working capital	60,477	45,260
<u>Changes in working capital</u>		
Land held for development	(1,108)	(4,061)
Property development costs	(6,002)	(40,500)
Inventories	17,339	58,405
Receivables	21,605	(85,891)
Other current assets	(55,783)	123,774
Payables	9,880	(38,953)
Other current liabilities	(5,063)	(6,415)
Cash flows generated from operations	41,345	51,619
Interest paid	(9,005)	(11,449)
Tax paid	(3,609)	(2,242)
Interest received	1,329	556
Net cash flows generated from operating activities	30,060	38,484
<b>Investing activities</b>		
Purchase of property, plant and equipment	(10,326)	(4,157)
Proceeds from disposal of property, plant & equipment	430	3,074
Net cash flows used in investing activities	(9,896)	(1,083)
<b>Financing activities</b>		
Dividends paid on ordinary shares	(3,534)	(3,534)
Proceeds from/(Repayment of) loans and borrowings	628	(50,392)
(Repayment to)/Advance from a corporate shareholder of a subsidiary	(8,673)	12,420
Advance/repayment to joint ventures	(14,458)	(4,419)
Repayment to hire purchase creditors	(13,018)	(17,247)
Repayment of lease liabilities	(2,274)	(2,436)
Withdrawal/(Pledge of) fixed deposit with licensed banks	11,143	(1,050)
Net cash flows used in financing activities	(30,186)	(66,658)
<b>Net decrease in cash and cash equivalents</b>	<b>(10,022)</b>	<b>(29,257)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>	<b>1,999</b>	<b>661</b>
<b>Cash and cash equivalents at beginning of financial period</b>	<b>45,617</b>	<b>33,044</b>
<b>Cash and cash equivalents at end of financial period</b>	<b>37,594</b>	<b>4,448</b>
<b>Cash and cash equivalents at end of the financial period comprise the following:</b>		
Cash and bank balances	50,370	54,940
Less: Pledge of fixed deposit with licensed banks	(12,776)	(22,801)
Bank overdrafts (included within short term borrowings)	-	(27,691)
	37,594	4,448

**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 2021 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 2022**

**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 2021 (“FY2021 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 FY2021 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2022:

Amendments to MFRS 3: Reference to the Conceptual Framework  
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use  
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract  
Annual improvements to MFRS Standards 2018 – 2020

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 2021.

**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.

**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.

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**A7. Changes in Debt and Equity Securities**

Save for one issuance of Islamic commercial papers ("ICP") at nominal value of RM5.9 million, 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 2021 was paid on 15 July 2022.

**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, and land for development not provided for as at 30 September 2022 are as follows:

	RM'000
Approved and contracted for	<u>110,992</u>

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

**A11. Property, Plant and Equipment**

The Group acquired property, plant and equipment amounting to RM16.71 million during the financial year-to-date, mainly incurred for the purchase of machineries to meet the requirements of construction projects and quarry operation.

**A12. Material events subsequent to the end of period reported**

There were no material events subsequent to the end of the current financial quarter up to 22 November 2022, being the latest practicable date ("LPD"), which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

**A13. Changes in composition of the group**

There were no changes in the composition of the Group during the current financial year up to the LPD.

**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 2022**

**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 2022:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
<b>REVENUE</b>						
External sales	424,766	135,184	32,197	13	0	592,160
Inter-segment sales	7,121	148,914	0	3,507	(159,542)	0
Total revenue	431,887	284,098	32,197	3,520	(159,542)	592,160
<b>RESULTS</b>						
Profit from operations	4,416	59,202	4,211	3,520	(3,163)	68,186
Other operating income						4,197
Selling and administrative expenses						(31,093)
Finance costs						(9,515)
Share of profit of a joint venture						(2,523)
Profit before tax						29,252
Income tax expense						(10,364)
<b>Profit net of tax</b>						18,888
<b>Segment Assets</b>	713,609	383,885	347,598	399,686	(515,860)	1,328,918
<b>Segment Liabilities</b>	337,598	175,622	176,906	85,963	(193,889)	582,200

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

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<b>REVENUE</b>						
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
<b>RESULTS</b>						
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)
<b>Profit net of tax</b>						3,317
<b>Segment Assets</b>	829,993	304,790	353,351	314,459	(407,232)	1,395,361
<b>Segment Liabilities</b>	441,879	129,842	202,370	729	(113,537)	661,283



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**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

**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 30/6/2022 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2022 RM'000	Preceding Year Quarter 30/9/2021 RM'000	Amount RM'000	%	Current Year To Date 30/9/2022 RM'000	Preceding Year To Date 30/9/2021 RM'000	Amount RM'000	%		Amount RM'000	%
<b>Revenue</b>											
Construction	184,638	85,262	99,376	116.6%	431,887	373,350	58,537	15.7%	134,645	49,993	37.1%
Manufacturing & Trading	139,685	42,013	97,672	232.5%	284,098	181,498	102,600	56.5%	104,548	35,137	33.6%
Property Development	1,164	-	1,164	N/A	32,197	48,844	(16,647)	-34.1%	1,489	(325)	-21.8%
Investment	1,174	9,426	(8,252)	-87.5%	3,520	9,625	(6,105)	-63.4%	1,194	(20)	-1.7%
Elimination	(95,078)	(29,481)	(65,597)	222.5%	(159,542)	(81,491)	(78,051)	95.8%	(55,249)	(39,829)	72.1%
Consolidated revenue	231,583	107,220	124,363	116.0%	592,160	531,826	60,334	11.3%	186,627	44,956	24.1%
<b>Gross profit ("GP") /(Loss)</b>											
Construction	3,141	(2,423)	5,564	229.6%	4,416	13,676	(9,260)	-67.7%	2,987	154	5.2%
Manufacturing & Trading	31,806	2,844	28,962	1018.4%	59,202	21,623	37,579	173.8%	21,928	9,878	45.0%
Property Development	251	-	251	N/A	4,211	5,601	(1,390)	-24.8%	322	(71)	-22.0%
Investment	1,174	9,426	(8,252)	-87.5%	3,520	9,625	(6,105)	-63.4%	1,194	(20)	-1.7%
Elimination	(1,124)	(8,998)	7,874	-87.5%	(3,163)	(8,624)	5,461	-63.3%	(1,093)	(31)	2.8%

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	Individual Quarter (3rd Quarter)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2022 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2022 RM'000	Preceding Year Quarter 30/9/2021 RM'000	Amount RM'000	%	Current Year To Date 30/9/2022 RM'000	Preceding Year To Date 30/9/2021 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	35,248	849	34,399	4051.7%	68,186	41,901	26,285	62.7%	25,338	9,910	39.1%
<b>GP /(Loss) margin</b>											
Construction	1.7%	-2.8%			1.0%	3.7%			2.2%		
Manufacturing & Trading	22.8%	6.8%			20.8%	11.9%			21.0%		
Property Development	21.6%	N/A			13.1%	11.5%			21.6%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	15.2%	0.8%			11.5%	7.9%			13.6%		
Other income	1,717	1,545	172	11.1%	4,197	5,892	(1,695)	-28.8%	1,622	95	5.9%
Selling & administrative expenses	(8,758)	(8,169)	(589)	7.2%	(31,093)	(30,297)	(796)	2.6%	(10,719)	1,961	-18.3%
Finance costs	(3,365)	(3,689)	324	-8.8%	(9,515)	(11,077)	1,562	-14.1%	(3,062)	(303)	9.9%
Share of loss of joint ventures	(1,844)	(142)	(1,702)	1198.6%	(2,523)	(395)	(2,128)	-538.7%	(318)	(1,526)	479.9%
<b>Profit/(loss) before tax</b>	22,998	(9,606)	32,604	339.4%	29,252	6,024	23,228	385.6%	12,861	10,137	78.8%
<b>Profit/(Loss) net of tax</b>	16,219	(8,114)	24,333	299.9%	18,888	3,317	15,571	469.4%	8,796	7,423	84.4%

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

**(a) 3rd Quarter (“Q3”) financial year ending/ended 31 December (“FY”) 2022 compared to Q3 FY2021**

The Group recorded revenue of RM231.58 million in Q3 FY2022, which was RM124.36 million (116.0%) higher compared to RM107.22 million recorded in Q3 FY2021. The growth in revenue was mainly due to low base effects as the Group’s operation was substantially curtailed in Q3 FY2021, during the nationwide Full Movement Control Order 3.0 (“FMCO”) which commenced from 1 June 2021.

The Group achieved a stronger gross profit (“GP”) of RM35.25 million in Q3 FY2022, which was multifold higher than RM0.85 million of Q3 FY2021, on the back of higher revenue and improved GP margin of 15.2%.

The Group recorded lower GP margin of 0.8% in Q3 FY2021 as the Group continued to incur substantially the same amount of fixed and recurring expenses such as depreciation, payroll and rental expense whilst its revenue was severely reduced during FMCO.

The Group GP margin in Q3 FY2022 has benefited from the followings:

- (i) Higher proportion of the Group revenue was contributed by the more profitable M&T division;
- (ii) Stronger Singapore Dollar against Ringgit Malaysia enhanced the profitability of M&T division’s Singapore sales orders; and
- (iii) Better absorption of sunk costs enabled by higher level of operation.

Other income of RM1.72 million in Q3 FY2022 was marginally higher compared to Q3 FY2021.

Selling and administrative (“S&M”) expenses of RM8.76 million in Q3 FY2022 were slightly higher by RM0.59 million (7.2%) compared to RM8.17 million in Q3 FY2021.

Finance costs of RM3.37 million in Q3 FY2022 were RM0.32 million (8.8%) lower compared to RM3.69 million in Q3 FY2021, due to lower utilization of banking facilities during the period.

Share of loss of joint ventures was higher at RM1.84 million in Q3 FY2022 due to low business activities of joint venture companies, and incidental expenses incurred by a joint venture company in securing banking facilities.

As a result, the Group recorded profit before tax (“PBT”) of RM23.00 million and profit after tax (“PAT”) of RM16.22 million in Q3 FY2022 against loss before tax and loss after tax of RM9.61 million and RM8.11 million respectively in Q3 FY2021.

**(b) Year to date FY2022 (“YTD 2022”) compared to year to date FY2021 (“YTD 2021”)**

The Group recorded revenue of RM592.16 million in YTD 2022, which was RM60.33 million (11.3%) higher compared to RM531.83 million recorded in YTD 2021. The

**KIMLUN CORPORATION BERHAD (867077-X)**  
**UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2022**

growth in revenue was mainly due to low base effects as the Group's operation was substantially curtailed in YTD 2021, during the FMCO.

The Group recorded GP of RM68.19 million in YTD 2022, which is RM26.29 million (62.7%) higher against RM41.90 million of YTD 2021, on the back of higher revenue and improved GP margin.

The Group recorded a better GP margin of 11.5% in YTD 2022 against 7.9% in YTD 2021 due to the factors elaborated in note B1(a) above.

Conversely, the construction division recorded a lower GP margin in YTD 2022, mainly due to higher costs of raw materials, energy and commodities attributable to the pandemic-inflicted supply chain disruptions and supply constrictions, further exacerbated by the Russia-Ukraine war

Other income of RM4.20 million in YTD 2022 was RM1.69 million (28.8%) lower against RM5.89 million in YTD 2021, mainly due to higher gains from disposal of plant and machineries and recovery of bad debts in YTD 2021.

S&M expenses of RM31.09 million in YTD 2022 were marginally higher by RM0.80 million (2.6%) compared to YTD 2021.

Finance costs of RM9.52 million in YTD 2022 were RM1.56 million (14.1%) lower against RM11.08 million in YTD 2021, on lower utilization of banking facilities during the period.

Share of loss of joint ventures was higher at RM2.52 million in YTD 2022 due to the same factors elaborated in note B1(a) above.

As a result, Group recorded PBT of RM29.25 million and PAT of RM18.89 million in YTD 2022 against PBT and PAT of RM6.02 million and RM3.32 million respectively in YTD 2021.

**(c) Group Cash Flow Review**

For YTD 2022, the Group registered net cash generated from operating activities of RM30.06 million. Net cash used in investing activities of RM9.90 million was for the purchase of property, plant and equipment. Net cash used in financing activities of RM30.19 million was mainly for working capital contribution to joint ventures companies and repayment to hire purchase creditors.

Net decrease in cash and cash equivalent in YTD 2022 was RM10.02 million. Cash and cash equivalent as at 30 September 2022 was RM37.59 million.

**B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter (Q2 FY2022)**

Revenue recorded in Q3 FY2022 was higher compared to Q2 FY2022, mainly attributable to stronger revenue achieved by the construction division on higher execution of its new projects.

GP was higher in Q3 FY2022 compared to Q2 FY2022, supported by higher revenue and stronger GP margin. The M&T division's profitability enhanced by the synergistic benefit from

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higher business volume and the factors elaborated in note B(1)(a)(ii) and B(1)(a)(ii), has contributed to the improvement in the Group GP margin.

S&M expenses were lower in Q3 FY2022, mainly due to foreign exchange gains arose from the strengthening of Singapore Dollar against Ringgit Malaysia.

Finance costs was higher in Q3 FY2022 due to higher interest rate.

Share of loss of joint ventures was higher in Q3 FY2022 due to the reasons elaborated in note B1(a) above.

Consequently, the Group recorded a better PBT and PAT in Q3 FY2022.

**B3. Prospects For 2022**

The Group has an estimated construction and manufacturing balance order book of approximately RM1.39 billion and RM0.35 billion respectively as at 30 September 2022, contributed by numerous construction contracts and supply contracts. The balance order book is expected to support the Group's performance in 2022.

Notwithstanding, the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability. The supply chain constrictions and commodity price escalation are further compounded by the Russia-Ukraine war.

In response to these challenges, the Group has taken measures such as placement of advance bulk purchase orders to lock in raw materials supply at a better bulk purchase price, adoption of IBS construction whenever possible to reduce reliance on labour, and negotiate with suppliers for early payment discount.

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, 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 2 blocks of apartments in Selangor for a contract sum of RM204.40 million. The estimated completion period of the project is year 2023;
- (c) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 project for S\$15.39 million. The estimated completion period of the sales orders is year 2023; and
- (d) 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 aggregate contract value of S\$36.27 million. The estimated completion period of these sales orders is year 2023.

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The Group will continue to bid 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.

***Malaysia Construction Sector***

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;

Klang Valley MRT Line 3;

Some hospitals projects; and

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 (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.

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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 Group launched a development project, namely 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, in late 2021. 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 building plan approval from the authority for its Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, with GDV exceeding RM40 million.

**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:

	<b>Current Quarter 3 months ended 30.9.2022 RM'000</b>	<b>Cumulative Quarter 9 months ended 30.9.2022 RM'000</b>
(a) interest income	514	1,236
(b) other income including investment Income	555	2,420
(c) interest expense	3,365	9,515
(d) depreciation and amortization	9,094	28,891
(e) provision for and write off of receivables	8	28
(f) provision for and write off of inventories	-	-
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(648)	(541)
(h) impairment of assets	-	-
(i) foreign exchange (gain) or loss	(1,842)	(1,627)
(j) gain or loss on derivatives	-	-
(k) exceptional items	-	-

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**B6. Taxation**

	Current Quarter 3 months ended 30.9.2022 RM'000	Cumulative Quarter 9 months ended 30.9.2022 RM'000
In respect of the current period		
- Income tax	8,982	15,061
- Deferred tax	<u>(1,727)</u>	<u>(4,239)</u>
	7,255	10,822
In respect of prior year		
- Income tax	(369)	(369)
- Deferred tax	<u>(107)</u>	<u>(89)</u>
	<u>6,779</u>	<u>10,364</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) At the Annual General Meeting held on 2 June 2022 ("13th AGM"), 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 2021 ("FYE 2021 Final Dividend"). The FYE 2021 Final Dividend was paid on 15 July 2022.



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**B8. Group Borrowing and Debts Securities**

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

	<b>Interest rate per annum YTD 2022</b>	<b>As at 30.9.2022 RM'000</b>	<b>As a 30.9.2021 RM'000</b>
<b>Long term borrowings</b>			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	7,620	11,202
Term loans	4.30% to 6.20%	72,136	81,773
<u>Unsecured:</u>			
IMTN	4.49% to 5.06%	75,000	-
		<u>154,756</u>	<u>92,975</u>
<b>Short term borrowings</b>			
<u>Secured:</u>			
Bank overdraft	3.63% to 7.39%	-	27,691
Hire purchase creditors	1.68% to 4.06%	10,395	18,563
Bankers' acceptance	2.59% to 5.00%	62,564	41,751
Invoices financing	1.80% to 4.65%	28,953	151,834
Term loans and revolving credits	4.30% to 6.20%	35,526	31,913
<u>Unsecured:</u>			
ICP	4.00%	8,900	-
		<u>146,338</u>	<u>271,752</u>

The borrowings are denominated in the following currencies

	<b>As at 30.9.2022 RM'000</b>	<b>As at 30.9.2021 RM'000</b>
<b>Long term borrowings</b>		
Ringgit Malaysia	<u>154,756</u>	<u>92,975</u>
<b>Short term borrowings</b>		
Ringgit Malaysia	145,509	270,000
Singapore Dollar	829	1,752
	<u>146,338</u>	<u>271,752</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 2021 Final Dividend was approved by the Shareholders at the 13<sup>th</sup> AGM, as detailed in Note B7(c).
- (b) The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 30 September 2022.
- (c) Dividend declared during the previous year's corresponding period:  
  
A final single-tier dividend of RM0.01 per share in respect of the financial year ended 31 December 2020.

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

	<b>Current Quarter Ended</b>		<b>Year to-Date Ended</b>	
	<b>30.9.2022</b>	<b>30.9.2021</b>	<b>30.9.2022</b>	<b>30.9.2021</b>
Profit/(loss) attributable to owners of the Company (RM'000)	16,217	(8,038)	18,996	3,459
Weighted average number of ordinary shares in issue ('000)	353,358	353,358	353,358	353,358
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	353,358	353,358	353,358
Basic ELPS (Sen)	4.59	(2.27)	5.38	0.98
Diluted ELPS (Sen)	4.59	(2.27)	5.38	0.98

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.