

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 1st Quarter Ended 31 March 2023

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2023 RM'000	Preceding Year Quarter 31/03/2022 RM'000	Current Year To Date 31/03/2023 RM'000	Preceding Year To Date 31/03/2022 RM'000
Revenue	173,171	173,950	173,171	173,950
Cost of sales	(158,707)	(166,350)	(158,707)	(166,350)
Gross profit	14,464	7,600	14,464	7,600
Other income	775	858	775	858
Selling and administrative expenses	(8,917)	(11,616)	(8,917)	(11,616)
Finance costs	(3,691)	(3,088)	(3,691)	(3,088)
Share of loss of joint ventures	(712)	(361)	(712)	(361)
Profit/(Loss) before tax	1,919	(6,607)	1,919	(6,607)
Income tax expense	(1,567)	480	(1,567)	480
Profit/(Loss) net of tax	352	(6,127)	352	(6,127)
Other comprehensive (loss)/income	(14)	95	(14)	95
Total comprehensive income/(loss) for the period	338	(6,032)	338	(6,032)
Profit/(Loss) attributable to :				
Owners of the Company	412	(6,086)	412	(6,086)
Non-controlling interests	(60)	(41)	(60)	(41)
	352	(6,127)	352	(6,127)
Profit/(Loss) Per Share (Sen)				
- Basic (2)	0.12	(1.72)	0.12	(1.72)
- Diluted (2)	0.12	(1.72)	0.12	(1.72)
Total comprehensive income/(loss) attributable to :				
Owners of the Company	398	(5,991)	398	(5,991)
Non-controlling interests	(60)	(41)	(60)	(41)
	338	(6,032)	338	(6,032)

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 2022 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 31 March 2023

	Unaudited As at 31/03/2023 RM'000	Audited As at 31/12/2022 RM'000
Assets		
Non- current assets		
Property, plant and equipment	133,395	131,118
Right-of-use asset	5,416	5,984
Land held for property development	259,092	145,984
Investment properties	138	140
Other investments	75	75
Investment in joint ventures	14,885	15,240
Deferred tax assets	18,583	18,232
	<u>431,584</u>	<u>316,773</u>
Current assets		
Properties held for sale	14,125	14,125
Property Development costs	171,751	172,914
Inventories	65,903	67,450
Trade and other receivables	444,867	418,269
Prepayment	7,246	8,060
Contract assets	201,770	230,949
Cash and bank balances	60,084	72,229
	<u>965,746</u>	<u>983,996</u>
TOTAL ASSETS	<u><u>1,397,330</u></u>	<u><u>1,300,769</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	192,958	151,644
Lease liability	2,749	2,770
Trade and other payables	241,613	230,710
Contract liabilities	23,426	15,733
Current tax liabilities	933	3,772
Provisions	10,995	11,541
	<u>472,674</u>	<u>416,170</u>
Net current assets	<u>493,072</u>	<u>567,826</u>
Non-current liabilities		
Loans and borrowings	184,441	155,994
Lease liabilities	2,781	3,315
	<u>187,222</u>	<u>159,309</u>
TOTAL LIABILITIES	<u>659,896</u>	<u>575,479</u>
Net assets	<u>737,434</u>	<u>725,290</u>
Equity		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	33,480	33,494
Retained earnings	421,394	420,982
Equity attributable to owners of the Company	710,794	710,396
Non-controlling interests	26,640	14,894
Total equity	<u>737,434</u>	<u>725,290</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,397,330</u></u>	<u><u>1,300,769</u></u>

Net Assets Per Share Attributable to owners of the Company (RM)	2.01	2.01
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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 2022 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 31 March 2023

	Attributable to owners of the Company							
	<----- Non-distributable ----->				Distributable	Sub-Total	Non-controlling interest	Total Equity
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 31 March 2023</u>								
Balance At 1/1/2023	255,944	(24)	34,194	(700)	420,982	710,396	14,894	725,290
Total comprehensive income for the period	-	-	-	(14)	412	398	(60)	338
Transactions with owner								
Acquisition of non-controlling interest	-	-	-	-	-	-	11,806	11,806
At 31/03/2023	255,944	(24)	34,194	(714)	421,394	710,794	26,640	737,434
<u>YTD ended 31 March 2022</u>								
Balance At 1/1/2022	255,944	(24)	34,194	(579)	431,744	721,279	9,770	731,049
Total comprehensive loss for the period	-	-	-	95	(6,086)	(5,991)	(41)	(6,032)
At 31/03/2022	255,944	(24)	34,194	(484)	425,658	715,288	9,729	725,017

(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 2022 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 March 2023

	Current Year To Date 31/03/2023	Preceding Year To Date 31/03/2022
Operating activities		
Profit before tax	1,919	(6,607)
Adjustment for :		
Reversal of allowance for impairment on trade receivables	-	(39)
Unrealised foreign exchange gain	(4,622)	(267)
Depreciation	6,273	9,041
Depreciation of right-of-use assets	764	772
Depreciation of investment properties	2	2
Reversal of provision for defect liabilities costs	(546)	(980)
(Gain)/Loss on disposal of property, plant and equipment	(36)	108
Gain on derecognition of right-of-use assets	(3)	(1)
Fixed asset written off	-	108
Interest expenses	3,691	3,088
Interest income	(426)	(343)
Share of loss of joint ventures	712	361
Operating cash flows before changes in working capital	7,728	5,243
<u>Changes in working capital</u>		
Land held for property development	(101,302)	(396)
Property development costs	1,715	(2,073)
Inventories	1,547	(6,441)
Receivables	(57,411)	15,999
Other current assets	72,763	(11,396)
Payables	544	(244)
Other current liabilities	7,751	40,612
Cash flows (used in)/generated from operations	(66,665)	41,304
Interest paid	(3,482)	(2,493)
Tax paid	(4,757)	(1,682)
Interest received	217	244
Net cash flows (used in)/generated from operating activities	(74,687)	37,373
Investing activities		
Purchase of property, plant and equipment	(7,748)	(2,727)
Proceeds from disposal of property, plant & equipment	41	29
Net cash flows used in investing activities	(7,707)	(2,698)
Financing activities		
Proceeds from/(Repayment of) loans and borrowings	71,356	(42,555)
Advance from a corporate shareholder of a subsidiary	265	294
Repayment to joint ventures	(661)	(1,209)
Repayment to hire purchase creditors	(2,768)	(4,697)
Repayment of lease liabilities	(749)	(747)
Pledge of fixed deposit with licensed banks	(710)	(240)
Net cash flows generated from/(used in) financing activities	66,733	(49,154)
Net decrease in cash and cash equivalents	(15,661)	(14,479)
Effects of exchange rate changes on cash and cash equivalents	2,440	(78)
Cash and cash equivalents at beginning of financial period	60,345	45,617
Cash and cash equivalents at end of financial period	47,124	31,060
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	60,084	55,219
Less: Pledge of fixed deposit with licensed banks	(12,594)	(24,159)
Bank overdrafts (included within short term borrowings)	(366)	-
	47,124	31,060

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 2022 and the accompanying notes attached to the interim financial statements

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

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 2022 (“FY2022 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 FY2022 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2023:

Amendments to MFRS 101: Disclosure of Accounting Policies

Amendments to MFRS 108: Definition of Accounting Estimates

Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2022.

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

- (a) redemption of 1 tranche of Islamic commercial papers ("ICP") with nominal value of RM5.9 million; and
- (b) issuance of two tranches of 12 months ICP with aggregate nominal value of RM12.86 million.

A8. Dividend Paid

There was no payment of dividend during the financial year-to-date.

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 31 March 2023 are as follows:

	RM'000
Approved and contracted for	<u>27,488</u>

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

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment ("PPE") amounting to RM8.56 million during the financial year-to-date, mainly incurred for the purchase of lorries and heavy machineries.

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 23 May 2023, 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.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

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
- c) investment

The segment revenue and results for the financial period ended 31 Mar 2023:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	119,944	48,388	4,835	4	0	173,171
Inter-segment sales	5,790	17,566	0	884	(24,240)	0
Total revenue	125,734	65,954	4,835	888	(24,240)	173,171
RESULTS						
Gross profit/(loss)	3,964	10,400	809	888	(1,597)	14,464
Other operating income						775
Selling and administrative expenses						(8,917)
Finance costs						(3,691)
Share of loss of joint ventures						(712)
Profit before tax						1,919
Income tax expense						(1,567)
Profit net of tax						352
Segment Assets	655,952	374,613	473,856	416,826	(523,917)	1,397,330
Segment Liabilities	315,905	157,960	255,314	99,049	(168,332)	659,896

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

The segment revenue and results for the financial period ended 31 March 2022:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	110,483	33,920	29,544	3	0	173,950
Inter-segment sales	2,121	5,945	0	1,149	(9,215)	0
Total revenue	112,604	39,865	29,544	1,152	(9,215)	173,950
RESULTS						
Gross profit/(loss)	(1,712)	5,468	3,638	1,152	(946)	7,600
Other operating income						858
Selling and administrative expenses						(11,616)
Finance costs						(3,088)
Share of loss of a joint venture						(361)
(Loss) before tax						(6,607)
Income tax credit						480
(Loss) net of tax						(6,127)
Segment Assets	712,781	333,818	346,575	403,423	(483,255)	1,313,342
Segment Liabilities	333,490	160,930	170,248	85,993	(162,336)	588,325

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

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

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2022 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2023 RM'000	Preceding Year Quarter 31/3/2022 RM'000	Amount RM'000	%	Current Year To Date 31/3/2023 RM'000	Preceding Year To Date 31/3/2022 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	125,734	112,604	13,130	11.7%	125,734	112,604	13,130	11.7%	118,321	7,413	6.3%
Manufacturing & Trading	65,954	39,865	26,089	65.4%	65,954	39,865	26,089	65.4%	82,055	(16,101)	-19.6%
Property Development	4,835	29,544	(24,709)	-83.6%	4,835	29,544	(24,709)	-83.6%	(574)	5,409	942.3%
Investment	888	1,152	(264)	-22.9%	888	1,152	(264)	-22.9%	6,154	(5,266)	-85.6%
Elimination	(24,240)	(9,215)	(15,025)	163.0%	(24,240)	(9,215)	(15,025)	163.0%	(41,982)	17,742	-42.3%
Consolidated revenue	173,171	173,950	(779)	-0.4%	173,171	173,950	(779)	-0.4%	163,974	9,197	5.6%
Gross profit/(loss) ("GP")											
Construction	3,964	(1,712)	5,676	331.5%	3,964	(1,712)	5,676	331.5%	2,287	1,677	73.3%
Manufacturing & Trading	10,400	5,468	4,932	90.2%	10,400	5,468	4,932	90.2%	17,318	(6,918)	-39.9%
Property Development	809	3,638	(2,829)	-77.8%	809	3,638	(2,829)	-77.8%	(622)	1,431	230.1%
Investment	888	1,152	(264)	-22.9%	888	1,152	(264)	-22.9%	6,154	(5,266)	-85.6%
Elimination	(1,597)	(946)	(651)	68.8%	(1,597)	(946)	(651)	68.8%	(6,782)	5,185	-76.5%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2022 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2023 RM'000	Preceding Year Quarter 31/3/2022 RM'000	Amount RM'000	%	Current Year To Date 31/3/2023 RM'000	Preceding Year To Date 31/3/2022 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	14,464	7,600	6,864	90.3%	14,464	7,600	6,864	90.3%	18,355	(3,891)	-21.2%
GP margin											
Construction	3.2%	-1.5%			3.2%	-1.5%			1.9%		
Manufacturing & Trading	15.8%	13.7%			15.8%	13.7%			21.1%		
Property Development	16.7%	12.3%			16.7%	12.3%			-108.4%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	8.4%	4.4%			8.4%	4.4%			11.2%		
Other income	775	858	(83)	-9.7%	775	858	(83)	-9.7%	4,023	(3,248)	-80.7%
Selling & administrative expenses	(8,917)	(11,616)	2,699	-23.2%	(8,917)	(11,616)	2,699	-23.2%	(51,644)	42,727	-82.7%
Finance costs	(3,691)	(3,088)	(603)	19.5%	(3,691)	(3,088)	(603)	19.5%	(3,305)	(386)	11.7%
Share of (loss) of joint ventures	(712)	(361)	(351)	97.2%	(712)	(361)	(351)	97.2%	(380)	(332)	87.4%
(Loss)/profit before tax	1,919	(6,607)	8,526	129.0%	1,919	(6,607)	8,526	129.0%	(32,951)	34,870	105.8%
(Loss)/profit net of tax	352	(6,127)	6,479	105.7%	352	(6,127)	6,479	105.7%	(26,179)	26,531	101.3%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

NOTES TO REPORT

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

B1. Operating Segments Review

- (a) Quarter 1 Financial Year Ending 31 December (“FY”) 2023 (“current quarter”) vs Quarter 1 FY2022

Consolidated revenue of RM173.17 million for the current quarter approximated revenue registered in Quarter 1 FY2022.

Consolidated gross profit (“GP”) of RM14.46 million for the current quarter was RM6.86 million (90.3%) higher compared to RM7.60 million recorded in Quarter 1 FY2022.

Profit net of tax of RM0.35 million was recorded for the current quarter, against loss net of tax of RM6.13 million recorded in Quarter 1 FY2022.

- (b) Performance review

The construction and manufacturing and trading division (“M&T division”) registered higher external revenue in the current quarter. Notwithstanding, the consolidated revenue was flat, as revenue of property development division declined in the absence of sales of Phase 1 of Bukit Bayu, Seksyen U10, Shah Alam project which, save for 1 unit, had been fully sold prior to current quarter.

Total construction revenue of RM125.73 million recorded in the current quarter was higher than RM112.60 million recorded in Quarter 1 FY2022 by RM13.13 million (11.7%) mainly attributable to the acceleration of construction progress of new projects secured in FY2022.

Total M&T revenue of RM65.95 million recorded in the current quarter was higher than RM39.87 million recorded in Quarter 1 FY2022 by RM26.09 million (65.4%) due to acceleration of production progress of orders in hand.

Consolidated GP improved from RM7.60 million in Quarter 1 FY2022 to RM14.46 million in current quarter, supported by improved consolidated GP margin.

Consolidated GP margin improved from 4.4% in Quarter 1 FY2022 to 8.4% in the current quarter as the larger business divisions achieved better GP margin in the current quarter on the back of:

- (i) higher construction revenue and M&T revenue enabled better absorption of sunk costs such as depreciation, payroll and rental; and
- (ii) higher proportion of property development revenue was contributed by better profit margin product.

Other income of RM0.78 million was slightly lower against Quarter 1 FY2022.

Selling and administrative (“S&A”) expenses of RM8.92 million in the current quarter was RM2.70 million (23.2%) lower compared to Quarter 1 FY2022, mainly due to lower sales

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2023

commission, marketing expenses and legal fees incurred by the property development division, in line with lower sales concluded in the current quarter.

Finance costs of RM3.69 million in the current quarter were RM0.60 million (19.5%) higher compared to Quarter 1 FY2022, mainly due to hike in interest rate.

Share of loss of joint ventures of RM0.71 million was higher by RM0.35 million (97.2%) compared to Quarter 1 FY2022, mainly due to low business activities of joint venture companies.

The Group recorded profit before taxation of RM1.92 million and profit net of taxation of RM0.35 million in the current quarter, against loss before taxation of RM6.61 million and loss net of taxation of RM6.13 million in Quarter 1 FY2022.

(c) Group Cash Flow Review

For the current period, the net cash used in operating activities was RM74.69 million, mainly as payment for land held for property development. Net cash used in investing activities of RM7.71 million was for the purchase of PPE. Net cash from financing activities of RM66.73 million was mainly from loan drawn down to pay for land held for property development.

B2. Material Changes In The Quarterly Results Compared To The Results Of The Preceding Quarter

Consolidated revenue recorded in the current quarter was RM9.20 million (5.6%) higher compared to the preceding quarter mainly attributable to higher external revenue generated by the construction and property development divisions, supported by the acceleration of construction progress of new construction projects secured in FY2022 and property development respectively. Conversely, external M&T revenue was lower by RM2.77 million (5.4%) against the preceding quarter.

Despite of higher revenue achieved in the current quarter, consolidated GP was lower due to:

- (i) lower revenue contribution by the more profitable M&T division; and
- (ii) manufacturing division's sunk costs remained substantially the same while its revenue decline.

S&A expenses were lower by RM42.73 million (82.7%) in the current quarter. S&A expenses were higher in the preceding quarter due to impairment of trade receivable and contract asset totaling RM43.52 million in relation to a hospital project.

Finance costs were higher by 11.7% due to higher utilisation of banking facilities during the current quarter.

The Group recorded profit before taxation of RM1.92 million and profit net of taxation of RM0.35 million in the current quarter, against loss before taxation of RM32.95 million and loss net of taxation of RM26.18 million in the preceding quarter.

B3. Prospects For 2023

The Group has an estimated construction and manufacturing balance order book of approximately RM1.42 billion and RM0.36 billion respectively as at 31 March 2023, contributed by numerous construction contracts and supply contracts. The balance order book is expected to support the Group's performance in 2023.

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Notwithstanding, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability.

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 China Communications Construction Company 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;
- (a) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 project for S\$23.92 million. The estimated completion period of the sales orders is year 2025; and
- (b) The supply of pre-cast concrete sleepers and tunnel lining segments ("TLS") to Singapore MRT project at aggregate contract value of S\$50.78 million. The estimated completion period of these sales orders is year 2026.

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 2023 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 2023:

Phase 2 of Pan Borneo Highway Sarawak;

Flood mitigation projects;

Johor-Singapore Rapid Transit System;

Road upgrading works in Johor:

Klang Valley MRT Line 3; 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.

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Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand in 2023 (i.e. the value of construction contracts to be awarded) to range 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 a continued strong pipeline of public housing projects amid Housing Development Board's (HDB) ramping up of Build-To-Order (BTO) flats supply. Industrial and institutional building construction is expected to contribute strongly to public sector demand, with more projects for the construction of water treatment plants, educational buildings and community clubs. Civil engineering construction demand is anticipated to stay firm with continued support from MRT line construction and other infrastructure works.

Private sector construction demand is projected to be between S\$11 billion and S\$13 billion in 2023, comparable with 2022 figures. Both residential and industrial building construction demand are expected to be similar to last year's level, underpinned by the development of new condominiums and high-specification industrial buildings. Due to the rescheduling of some major projects from 2022 to 2023 as well as the redevelopment of old commercial premises to enhance asset values, commercial building demand is anticipated to increase.

Over the medium-term, BCA expects the total construction demand to reach between \$25 billion and \$32 billion per year from 2024 to 2027.

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 Group's on-going 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, is expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales.

The Group expects to launch Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, with GDV exceeding RM48 million, in the second quarter of 2023.

The Group expects to submit its development planning application in relation to few of its land bank for the relevant authorities' approval this year.

B4. Profit Forecast And Profit Estimate

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

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B5. Profit Before Tax

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

	Current Quarter 3 months ended 31.3.2023 RM'000	Cumulative Quarter 3 months ended 31.3.2023 RM'000
(a) interest income	426	426
(b) other income including investment Income	312	312
(c) interest expense	3,691	3,691
(d) depreciation and amortization	7,039	7,039
(e) provision for and write off of receivables	0	0
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(36)	(36)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	(957)	(957)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2023 RM'000	Cumulative Quarter 3 months ended 31.3.2023 RM'000
In respect of the current period		
- Income tax	1,915	1,915
- Deferred tax	(348)	(348)
	<u>1,567</u>	<u>1,567</u>
In respect of prior year		
- Income tax	-	-
- Deferred tax	-	-
	<u>1,567</u>	<u>1,567</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 on unutilized tax losses and unabsorbed capital allowances were not recognised on prudent basis.

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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 was completed on 4 April 2023.

- (b) The Board proposed a final single tier dividend of RM0.01 per ordinary share in the Company in respect of the financial year ended 31 December 2022 ("FYE 2022 Final Dividend"), subject to approval being obtained from the shareholders in the forthcoming Annual General Meeting ("14th AGM") for the declaration of the final dividend. The Board has determined that the Dividend Reinvestment Plan will not apply to the final dividend.

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 31 March 2022 are as follows:

	Interest rate per annum YTD 2023	As at 31.3.2023 RM'000	As at 31.3.2022 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	6,065	6,797
Term loans	5.32% to 6.70%	103,376	51,899
<u>Unsecured:</u>			
IMTN	4.49% to 5.07%	75,000	75,000
		<u>184,441</u>	<u>133,696</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.76% to 7.64%	366	-
Hire purchase creditors	1.68% to 4.06%	6,941	12,937
Bankers' acceptance	3.75% to 4.95%	60,104	35,507
Invoice financing	4.41% to 6.27%	48,938	31,074
Term loans and revolving credits	4.44% to 6.70%	63,749	37,689
<u>Unsecured:</u>			
ICP	5.00%	12,860	8,900
		<u>192,958</u>	<u>126,107</u>

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The borrowings are denominated in the following currencies:

	As at 31.3.2023 RM'000	As at 31.3.2022 RM'000
Long term borrowings		
Ringgit Malaysia	184,441	133,696
Short term borrowings		
Ringgit Malaysia	192,958	125,463
Singapore Dollar	-	644
	192,958	126,107

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

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2023. However, the Board of Directors recommended the payment of FYE 2022 Final Dividend which is subject to the approval of the shareholders at the 14th AGM. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2023.

No dividend was declared in the previous year's corresponding quarter.

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

	Current Quarter Ended		Year to-Date Ended	
	31.3.2023	31.3.2022	31.3.2023	31.3.2022
Profit/(loss) attributable to owners of the Company (RM'000)	412	(6,086)	412	(6,086)
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

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Basic earnings/(loss) per share ("BELPS") (Sen)	0.12	(1.72)	0.12	(1.72)
Diluted earnings/(loss) per share ("DELPS") (Sen)	0.12	(1.72)	0.12	(1.72)

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

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