

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3rd Quarter Ended 30 September 2023

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/09/2023 RM'000	Preceding Year Quarter 30/09/2022 RM'000	Current Year To Date 30/09/2023 RM'000	Preceding Year To Date 30/09/2022 RM'000
Revenue	212,719	231,583	588,682	592,160
Cost of sales	(197,480)	(196,335)	(546,893)	(523,974)
Gross profit	15,239	35,248	41,789	68,186
Other income	1,090	1,717	3,011	4,197
Selling and administrative expenses	(11,305)	(8,758)	(27,351)	(31,093)
Finance costs	(3,865)	(3,365)	(11,451)	(9,515)
Share of loss of joint ventures	(473)	(1,844)	(1,837)	(2,523)
Profit before tax	686	22,998	4,161	29,252
Income tax expense	(839)	(6,779)	(3,897)	(10,364)
(Loss)/Profit net of tax	(153)	16,219	264	18,888
Other comprehensive income/(loss)	5	(966)	(57)	(92)
Total comprehensive (loss)/income for the period	<u>(148)</u>	<u>15,253</u>	<u>207</u>	<u>18,796</u>
(Loss)/Profit attributable to :				
Owners of the Company	(110)	16,217	402	18,996
Non-controlling interests	(43)	2	(138)	(108)
	<u>(153)</u>	<u>16,219</u>	<u>264</u>	<u>18,888</u>
(Loss)/Profit Per Share (Sen)				
- Basic (2)	(0.03)	4.59	0.11	5.38
- Diluted (2)	(0.03)	4.59	0.11	5.38
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(105)	15,251	345	18,904
Non-controlling interests	(43)	2	(138)	(108)
	<u>(148)</u>	<u>15,253</u>	<u>207</u>	<u>18,796</u>

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 30 September 2023

	Unaudited As at 30/09/2023 RM'000	Audited As at 31/12/2022 RM'000
Assets		
Non- current assets		
Property, plant and equipment	139,160	131,118
Right-of-use asset	4,510	5,984
Land held for property development	303,715	145,984
Investment properties	134	140
Other investments	75	75
Investment in joint ventures	13,756	15,240
Deferred tax assets	20,028	18,232
	<u>481,378</u>	<u>316,773</u>
Current assets		
Properties held for sale	14,125	14,125
Property Development costs	171,727	172,914
Inventories	66,573	67,450
Trade and other receivables	424,357	418,269
Prepayment	11,410	8,060
Contract assets	222,014	230,949
Cash and bank balances	43,430	72,229
	<u>953,636</u>	<u>983,996</u>
TOTAL ASSETS	<u><u>1,435,014</u></u>	<u><u>1,300,769</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	165,604	151,644
Lease liability	2,738	2,770
Trade and other payables	277,054	230,710
Contract liabilities	23,584	15,733
Current tax liabilities	1,782	3,772
Provisions	10,136	11,541
	<u>480,898</u>	<u>416,170</u>
Net current assets	<u>472,738</u>	<u>567,826</u>
Non-current liabilities		
Loans and borrowings	218,464	155,994
Lease liabilities	1,883	3,315
	<u>220,347</u>	<u>159,309</u>
TOTAL LIABILITIES	<u>701,245</u>	<u>575,479</u>
Net assets	<u>733,769</u>	<u>725,290</u>
Equity		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	33,437	33,494
Retained earnings	417,850	420,982
Equity attributable to owners of the Company	<u>707,207</u>	<u>710,396</u>
Non-controlling interests	26,562	14,894
Total equity	<u>733,769</u>	<u>725,290</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,435,014</u></u>	<u><u>1,300,769</u></u>

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

2.00

2.01

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 30 September 2023

	Attributable to owners of the Company						
	<----- Non-distributable ----->				Distributable		
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve	Retained earnings	Sub-Total	Non-controlling interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YTD ended 30 September 2023							
Balance At 1/1/2023	255,944	(24)	34,194	(700)	420,982	710,396	14,894
Total comprehensive income for the period	-	-	-	(57)	402	345	(138)
Transactions with owner							
Acquisition of non-controlling interest	-	-	-	-	-	-	11,806
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-
At 30/09/2023	255,944	(24)	34,194	(757)	417,850	707,207	26,562
YTD ended 30 September 2022							
Balance At 1/1/2022	255,944	(24)	34,194	(579)	431,744	721,279	9,770
Total comprehensive profit for the period	-	-	-	(92)	18,996	18,904	(108)
Transactions with owner							
Acquisition of non-controlling interest	-	-	-	-	-	-	407
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-
At 30/09/2022	255,944	(24)	34,194	(671)	447,206	736,649	10,069

(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 30 September 2023

	Current Year To Date 30/09/2023	Preceding Year To Date 30/09/2022
Operating activities		
Profit before tax	4,161	29,252
Adjustment for :		
Reversal of allowance for impairment on trade receivables	(5)	-
Bad debts written off	14	28
Bad debts recovered	-	(47)
Unrealised foreign exchange gain	(7,095)	(4,389)
Depreciation	16,953	26,550
Depreciation of right-of-use assets	2,304	2,336
Depreciation of investment properties	5	5
Reversal of provision for defect liabilities costs	(1,405)	(3,846)
Gain on disposal of property, plant and equipment	(94)	(541)
Gain on derecognition of right-of-use assets	(3)	(2)
Fixed asset written off	1,052	329
Interest expenses	11,451	9,515
Interest income	(1,351)	(1,236)
Share of loss of joint ventures	1,837	2,523
Operating cash flows before changes in working capital	27,824	60,477
<u>Changes in working capital</u>		
Land held for property development	(143,877)	(1,108)
Property development costs	2,863	(6,002)
Inventories	877	17,339
Receivables	605	21,605
Other current assets	47,977	(55,783)
Payables	4,046	9,880
Other current liabilities	8,057	(5,063)
Cash flows (used in)/generated from operations	(51,628)	41,345
Interest paid	(14,213)	(9,005)
Tax paid	(7,684)	(3,609)
Interest received	724	1,329
Net cash flows (used in)/generated from operating activities	(72,801)	30,060
Investing activities		
Purchase of property, plant and equipment	(14,068)	(10,326)
Proceeds from disposal of property, plant & equipment	228	430
Net cash flows used in investing activities	(13,840)	(9,896)
Financing activities		
Dividends paid on ordinary shares	(3,534)	(3,534)
Proceeds from loans and borrowings	72,198	628
Advance from/(repayment to) a corporate shareholder of a subsidiary	616	(8,673)
Repayment to joint ventures	(3,612)	(14,458)
Repayment to hire purchase creditors	(8,401)	(13,018)
Repayment of lease liabilities	(2,290)	(2,274)
Uplift of fixed deposit with licensed banks	7,011	11,143
Net cash flows generated from/(used in) financing activities	61,988	(30,186)
Net decrease in cash and cash equivalents	(24,653)	(10,022)
Effects of exchange rate changes on cash and cash equivalents	2,346	1,999
Cash and cash equivalents at beginning of financial period	60,345	45,617
Cash and cash equivalents at end of financial period	38,038	37,594
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	43,430	50,370
Less: Pledge of fixed deposit with licensed banks	(4,873)	(12,776)
Bank overdrafts (included within short term borrowings)	(519)	-
	38,038	37,594

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 30 SEPTEMBER 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.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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

The final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2022 was paid on 20 July 2023.

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 not provided for as at 30 September 2023 are as follows:

	RM'000
Approved and contracted for	<u>9,864</u>

The capital commitment is mainly for the purchase of heavy machineries and trucks.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment ("PPE") amounting to RM26.18 million during the financial year-to-date, mainly incurred for the purchase of heavy machineries including road rollers, excavators and compactors, trucks, formworks and cranes.

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 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.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2023

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 30 SEPTEMBER 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 30 September 2023:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	430,965	140,468	17,239	10	0	588,682
Inter-segment sales	20,885	45,286	0	7,397	(73,568)	0
Total revenue	451,850	185,754	17,239	7,407	(73,568)	588,682
RESULTS						
Gross profit/(loss)	14,268	26,466	2,883	7,407	(9,235)	41,789
Other operating income						3,011
Selling and administrative expenses						(27,351)
Finance costs						(11,451)
Share of loss of joint ventures						(1,837)
Profit before tax						4,161
Income tax expense						(3,897)
Profit net of tax						264
Segment Assets	701,128	366,365	524,188	444,488	(601,155)	1,435,014
Segment Liabilities	360,260	146,708	311,487	127,446	(244,656)	701,245

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

The segment revenue and results for the financial period ended 30 September 2022:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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
RESULTS						
Gross profit/(loss)	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 loss of a joint venture						(2,523)
(Loss) before tax						29,252
Income tax credit						(10,364)
(Loss) net of tax						18,888
Segment Assets	713,609	383,885	347,598	399,686	(515,860)	1,328,918
Segment Liabilities	337,598	175,622	176,906	85,963	(193,889)	582,200

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

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

	Individual Quarter (Quarter 3)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2023 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2023 RM'000	Preceding Year Quarter 30/9/2022 RM'000	Amount RM'000	%	Current Year To Date 30/9/2023 RM'000	Preceding Year To Date 30/9/2022 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	171,840	184,638	(12,798)	-6.9%	451,850	431,887	19,963	4.6%	154,276	17,564	11.4%
Manufacturing & Trading	58,569	139,685	(81,116)	-58.1%	185,754	284,098	(98,344)	-34.6%	61,231	(2,662)	-4.3%
Property Development	6,843	1,164	5,679	487.9%	17,239	32,197	(14,958)	-46.5%	5,561	1,282	23.1%
Investment	5,421	1,174	4,247	361.8%	7,407	3,520	3,887	110.4%	1,098	4,323	393.7%
Elimination	(29,954)	(95,078)	65,124	-68.5%	(73,568)	(159,542)	85,974	-53.9%	(19,374)	(10,580)	54.6%
Consolidated revenue	212,719	231,583	(18,864)	-8.1%	588,682	592,160	(3,478)	-0.6%	202,792	9,927	4.9%
Gross profit/(loss) ("GP")											
Construction	5,367	3,141	2,226	70.9%	14,268	4,416	9,852	223.1%	4,937	430	8.7%
Manufacturing & Trading	9,310	31,806	(22,496)	-70.7%	26,466	59,202	(32,736)	-55.3%	6,756	2,554	37.8%
Property Development	1,144	251	893	355.8%	2,883	4,211	(1,328)	-31.5%	930	214	23.0%
Investment	5,421	1,174	4,247	361.8%	7,407	3,520	3,887	110.4%	1,098	4,323	393.7%
Elimination	(6,003)	(1,124)	(4,879)	434.1%	(9,235)	(3,163)	(6,072)	192.0%	(1,635)	(4,368)	267.2%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

	Individual Quarter (Quarter 3)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2023 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2023 RM'000	Preceding Year Quarter 30/9/2022 RM'000	Amount RM'000	%	Current Year To Date 30/9/2023 RM'000	Preceding Year To Date 30/9/2022 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	15,239	35,248	(20,009)	-56.8%	41,789	68,186	(26,397)	-38.7%	12,086	3,153	26.1%
GP margin											
Construction	3.1%	1.7%			3.2%	1.0%			3.2%		
Manufacturing & Trading	15.9%	22.8%			14.2%	20.8%			11.0%		
Property Development	16.7%	21.6%			16.7%	13.1%			16.7%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	7.2%	15.2%			7.1%	11.5%			6.0%		
Other income	1,090	1,717	(627)	-36.5%	3,011	4,197	(1,186)	-28.3%	1,146	(56)	-4.9%
Selling & administrative expenses	(11,305)	(8,758)	(2,547)	29.1%	(27,351)	(31,093)	3,742	-12.0%	(7,129)	(4,176)	58.6%
Finance costs	(3,865)	(3,365)	(500)	14.9%	(11,451)	(9,515)	(1,936)	20.3%	(3,895)	30	-0.8%
Share of (loss) of joint ventures	(473)	(1,844)	1,371	-74.3%	(1,837)	(2,523)	686	27.2%	(652)	179	-27.5%
(Loss)/profit before tax	686	22,998	(22,312)	-97.0%	4,161	29,252	(25,091)	-85.8%	1,556	(870)	-55.9%
(Loss)/profit net of tax	(153)	16,219	(16,372)	-100.9%	264	18,888	(18,624)	-98.6%	65	(218)	-335%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 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 3 Financial Year Ending 31 December (“FY”) 2023 (“current quarter”) vs Quarter 3 FY2022

Consolidated revenue of RM212.72 million for the current quarter was RM18.86 million (8.1%) lower compared to RM231.58 million recorded in Quarter 3 FY2022. Consolidated gross profit (“GP”) of RM15.24 million for the current quarter was RM20.01 million (56.8%) lower compared to RM35.25 million recorded in Quarter 3 FY2022.

Other income of RM1.09 million for the current quarter was RM0.63 million (36.5%) lower against Quarter 3 FY2022.

Selling and administrative (“S&A”) expenses of RM11.31 million for the current quarter was RM2.55 million (29.1%) higher compared to Quarter 3 FY2022.

Finance costs of RM3.87 million for the current quarter were RM0.50 million (14.9%) higher compared to Quarter 3 FY2022.

Share of loss of joint ventures of RM0.47 million for the current quarter was lower by RM1.37 million (74.3%) compared to Quarter 3 FY2022.

Due to the variances stated above, the Group recorded a lower profit before tax (“PBT”) of RM0.69 million for the current quarter against RM23.00 million of Quarter 3 FY2022. Loss net of tax of RM0.15 million was recorded in the current quarter, compared to profit after tax of RM16.22 million in Quarter 3 FY2022.

- (b) Year to date FY2023 (“YTD 2023”) compared to year to date FY2022 (“YTD 2022”)

Consolidated revenue of RM588.68 million for YTD 2023 was RM3.48 million (0.6%) lower compared to RM592.16 million recorded in YTD 2022. Consolidated GP of RM41.79 million for YTD 2023 was RM26.40 million (38.7%) lower compared to RM68.19 million recorded in YTD 2022.

Other income of RM3.01 million for YTD 2023 was RM1.19 million (28.3%) lower against YTD 2022.

S&A expenses of RM27.35 million for YTD 2023 were RM3.74 million (12.0%) lower compared to YTD 2022.

Finance costs of RM11.45 million for YTD 2023 were RM1.94 million (20.3%) higher compared to YTD 2022.

Share of loss of joint ventures of RM1.84 million for YTD 2023 was lower by RM0.69 million (27.2%) compared to YTD 2022.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2023

Due to the variances stated above, the Group recorded a lower PBT of RM4.16 million for YTD 2023 against RM29.25 million of YTD 2022. Profit net of tax was likewise lower at RM0.26 million for YTD 2023, against RM18.89 million recorded in YTD 2022.

(c) Performance review

For the current quarter, the decrease in the consolidated revenue was attributable to the decrease in external sales revenue ("external revenue") generated by the construction and manufacturing and trading ("M&T") divisions, partly offset by the increase in property development ("PD") external revenue.

Despite of the strong balance order book in hand and high new orders secured, the construction division's external revenue decreased from RM181.60 million in Quarter 3 FY2022 to RM161.97 million in the current quarter, due to some older projects were at tail end while new orders were mainly in early stage of implementation.

Despite of the strong balance order book in hand, high new orders secured, the M&T division's external revenue decreased from RM48.81 million in Quarter 3 FY2022 to RM43.90 million in the current quarter, due to the timing lag between the completion of some fast track projects and revenue generation from new orders. Most of the new manufacturing sales projects are currently in production planning or/and product design submission stage.

The PD division's external revenue increased from RM1.16 million in Quarter 3 FY2022 to RM6.84 million in the current quarter on further sales and construction progress of the 100 Trees Private Estate development project.

For YTD 2023, the decrease in the consolidated revenue was mainly attributable to the decrease in external revenue generated by the PD division, partly offset by a slight increase in external revenue generated by the construction and M&T divisions.

The PD division's external revenue decreased from RM32.20 million in YTD 2022 to RM17.24 million in YTD 2023 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 in FY 2022.

In line with lower consolidated revenue and lower consolidated GP margin, the consolidated GP for the current quarter and YTD 2023 were lower compared to last year's corresponding period.

Consolidated GP margin of 7.2% for the current quarter and 7.1% for YTD 2023, were lower against 15.2% of Quarter 3 2022 and 11.5% of YTD 2022 respectively.

The decline in the consolidated GP margin was due to lower profitability achieved by the M&T division while other business divisions achieved some improvement in GP margin.

M&T division's GP decreased from RM31.81 million in Quarter 3 FY2022 to RM9.31 million in the current quarter, and from RM59.20 million in YTD 2022 to RM26.47 million in YTD 2023, due to lower total revenue and lower GP margin achieved in the current quarter and YTD 2023.

The total revenue of the M&T division is as follow:

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	Current Quarter	Quarter 3 FY2022	YTD 2023	YTD 2022
Revenue from:	RM'000	RM'000	RM'000	RM'000
External sales	43,899	48,811	140,468	135,184
Inter-segment sales	14,671	90,873	45,286	148,914
Total	58,570	139,685	185,754	284,098

The significant decrease in the inter-segment sales was due to a large order which contributed significantly to the inter-segment sales in the preceding year was near completion in the current quarter.

M&T division's GP margin declined from 22.8% in Quarter 3 FY2022 to 15.9% in the current quarter, and from 20.8% in YTD 2022 to 14.2% in YTD 2023, due to sunk costs such as depreciation and human resource costs did not decrease proportionately to the decrease in revenue.

Other income was lower in the current quarter and YTD 2023 mainly due to lower gains from disposal of PPE and used moulds.

S&A expenses were higher in the current quarter mainly due to foreign exchange loss of RM0.84 million in current quarter, compared to foreign exchange gains of RM1.84 million in Quarter 3 FY2022. S&A expenses were lower in YTD 2023 due to more favourable foreign exchange differences compared to YTD 2022.

Finance costs were higher in the current quarter and YTD 2023 mainly due to higher utilization of bank facilities and hike in interest rate.

Share of loss of joint ventures was lower in the current quarter and YTD 2023 mainly due to improvement in the operation of business activities of a joint venture company, and absence of expenses in relation to obtainment of additional bank facilities.

(d) Group Cash Flow Review

For the current period, the net cash used in operating activities was RM72.80 million, mainly as payment for land held for property development. Net cash used in investing activities of RM13.84 million was for the purchase of PPE. Net cash from financing activities of RM61.99 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 RM9.93 million (4.9%) higher compared to the preceding quarter mainly attributable to higher external revenue generated by the construction division, supported by the acceleration of construction progress of new construction projects secured in FY2022.

On the back of higher revenue achieved in the current quarter, consolidated GP was RM3.15 million (26.1%) higher.

Despite of a higher GP, profit before tax was lower in the current quarter as S&A was higher in the current quarter due to less favorable foreign exchange differences in the current quarter.

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B3. Prospects For 2023

The Group has an estimated construction and manufacturing balance order book of approximately RM1.86 billion and RM0.29 billion respectively as at 30 September 2023, contributed by numerous construction contracts and supply contracts. The balance order book is expected to support the Group's performance in 2023.

Notwithstanding, rising cost of raw materials, higher energy costs and commodity prices 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, 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

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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.

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 half 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 30.9.2023 RM'000	Cumulative Quarter 9 months ended 30.9.2023 RM'000
(a) interest income	472	1,351
(b) other income including investment Income	567	1,566
(c) interest expense	3,865	11,451
(d) depreciation and amortization	5,722	19,262
(e) provision for and write off of receivables	0	10
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	(50)	(94)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	840	(3,341)
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 30.9.2023 RM'000	Cumulative Quarter 9 months ended 30.9.2023 RM'000
In respect of the current period		
- Income tax	1,819	5,753
- Deferred tax	(707)	(1,583)
	<u>1,112</u>	<u>4,170</u>
In respect of prior year		
- Income tax	(60)	(60)
- Deferred tax	(213)	(213)
	<u>839</u>	<u>3,897</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 of certain subsidiary companies 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) At the Annual General Meeting held on 2 June 2023 ("14th 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 2022 ("FYE 2022 Final Dividend"). The FYE 2022 Final Dividend was paid on 20 July 2023.

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 30 September 2023 are as follows:

	Interest rate per annum YTD 2023	As at 30.9.2023 RM'000	As at 30.9.2022 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.88% to 4.06%	11,810	7,620
Term loans	5.32% to 6.70%	131,654	72,136
<u>Unsecured:</u>			
IMTN	4.49% to 5.06%	75,000	75,000
		<u>218,464</u>	<u>154,756</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.76% to 7.89%	519	-
Hire purchase creditors	1.88% to 4.06%	6,869	10,395
Bankers' acceptance	3.90% to 5.05%	66,720	62,564
Invoice financing	4.55% to 5.30%	45,021	28,953
Term loans and revolving credits	4.86% to 6.70%	33,615	35,526
<u>Unsecured:</u>			
ICP	5.00%	12,860	8,900
		<u>165,604</u>	<u>146,338</u>

The borrowings are denominated in the following currencies:

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	As at 30.9.2023 RM'000	As at 30.9.2022 RM'000
Long term borrowings		
Ringgit Malaysia	218,464	154,756
Short term borrowings		
Ringgit Malaysia	166,604	145,509
Singapore Dollar	-	829
	166,604	146,338

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

- (a) The FYE 2022 Final Dividend was approved by the Shareholders at the 14th AGM, as detailed in Note B7(b).
- (b) The Board of Directors does not recommend the payment of any interim dividend for the financial quarter ended 30 September 2023.
- (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 2021.

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

	Current Quarter Ended		Year to-Date Ended	
	30.9.2023	30.9.2022	30.9.2023	30.9.2022
Profit/(loss) attributable to owners of the Company (RM'000)	(110)	16,217	402	18,996
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)	(0.03)	4.59	0.11	5.38
Diluted earnings/(loss) per share ("DELPS") (Sen)	(0.03)	4.59	0.11	5.38

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.