

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 2nd Quarter Ended 30 June 2024

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/06/2024 RM'000	Preceding Year Quarter 30/06/2023 RM'000	Current Year To Date 30/06/2024 RM'000	Preceding Year To Date 30/06/2023 RM'000
Revenue	282,276	202,792	487,335	375,963
Cost of sales	(264,675)	(190,706)	(453,018)	(349,413)
Gross profit	17,601	12,086	34,317	26,550
Other income	43,946	1,146	45,535	1,921
Selling and administrative expenses	(13,309)	(7,129)	(24,798)	(16,046)
Finance costs	(5,896)	(3,895)	(11,209)	(7,586)
Share of loss of joint ventures	(10)	(652)	(98)	(1,364)
Profit before tax	42,332	1,556	43,747	3,475
Income tax expense	(11,197)	(1,491)	(12,235)	(3,058)
Profit net of tax	31,135	65	31,512	417
Other comprehensive income/(loss)	9	(48)	-	(62)
Total comprehensive income for the period	31,144	17	31,512	355
Profit attributable to :				
Owners of the Company	31,294	100	31,831	512
Non-controlling interests	(159)	(35)	(319)	(95)
	31,135	65	31,512	417
Profit Per Share (Sen)				
- Basic (2)	8.86	0.03	9.01	0.14
- Diluted (2)	8.86	0.03	9.01	0.14
Total comprehensive income attributable to :				
Owners of the Company	31,302	52	31,831	450
Non-controlling interests	(158)	(35)	(319)	(95)
	31,144	17	31,512	355

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 2023 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 June 2024

	Unaudited As at 30/06/2024 RM'000	Audited As at 31/12/2023 RM'000
Assets		
Non- current assets		
Property, plant and equipment	217,004	159,610
Right-of-use asset	6,321	5,168
Land held for property development	311,142	308,771
Investment properties	130	133
Other investments	75	75
Investment in joint ventures	2,144	12,493
Deferred tax assets	7,837	15,599
	<u>544,653</u>	<u>501,849</u>
Current assets		
Properties held for sale	14,125	14,125
Property Development costs	328,915	171,858
Inventories	67,963	59,753
Trade and other receivables	514,211	409,919
Prepayment	16,651	22,701
Contract assets	294,287	282,197
Current tax assets	-	711
Cash and bank balances	72,395	63,256
	<u>1,308,547</u>	<u>1,024,520</u>
TOTAL ASSETS	<u><u>1,853,200</u></u>	<u><u>1,526,369</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	337,456	217,433
Lease liability	2,708	2,528
Trade and other payables	403,152	337,367
Contract liabilities	32,672	20,016
Current tax liabilities	2,158	-
Provisions	11,186	9,980
	<u>789,332</u>	<u>587,324</u>
Net current assets	<u>519,215</u>	<u>437,196</u>
Non-current liabilities		
Loans and borrowings	270,209	195,941
Other payables	21,195	-
Lease liabilities	3,716	2,737
	<u>295,120</u>	<u>198,678</u>
TOTAL LIABILITIES	<u>1,084,452</u>	<u>786,002</u>
Net assets	<u>768,748</u>	<u>740,367</u>
Equity		
Share capital	290,145	255,944
Treasury shares	(24)	(24)
Other reserves	(718)	33,476
Retained earnings	452,743	424,447
Equity attributable to owners of the Company	<u>742,146</u>	<u>713,843</u>
Non-controlling interests	26,602	26,524
Total equity	<u>768,748</u>	<u>740,367</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,853,200</u></u>	<u><u>1,526,369</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.10	2.02

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 June 2024

	Attributable to owners of the Company							
	<----- Non-distributable ----->				Distributable	Sub-Total	Non-controlling interest (NCI)	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 30 June 2024</u>								
Balance At 1/1/2024	255,944	(24)	34,194	(718)	424,446	713,842	26,524	740,366
Total comprehensive income for the period	-	-	-	-	31,831	31,831	(319)	31,512
<u>Transactions with owner</u>								
Conversion of warrants	9	-	(2)	-	-	7	-	7
Expiry of warrants	34,192	-	(34,192)	-	-	-	-	-
NCI's share of fair value adjustment of assets	-	-	-	-	-	-	397	397
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/06/2024	290,145	(24)	-	(718)	452,743	742,146	26,602	768,748
<u>YTD ended 30 June 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	-	-	-	(62)	512	450	(95)	355
<u>Transactions with owner</u>								
Acquisition of non-controlling interest	-	-	-	-	-	-	11,806	11,806
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/06/2023	255,944	(24)	34,194	(762)	417,960	707,312	26,605	733,917

(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 2023 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 June 2024

	Current Year To Date 30/06/2024	Preceding Year To Date 30/06/2023
Operating activities		
Profit before tax	43,747	3,475
Adjustment for :		
Investment expenses written off	1	-
Gain on remeasurement of equity investment	(908)	-
Reversal of allowance for impairment on trade receivables and contract asset	(43,519)	(4)
Bad debts written off	-	14
Unrealised foreign exchange loss/(gain)	2,987	(7,244)
Depreciation	11,275	12,005
Depreciation of right-of-use assets	1,769	1,532
Depreciation of investment properties	3	3
Amortisation of quarry development expenditure	84	-
Provision/(Reversal of provision) for defect liabilities costs	1,206	(1,022)
Gain on disposal of property, plant and equipment	(198)	(44)
Gain on derecognition of right-of-use assets	(40)	(3)
Fixed asset written off	7	446
Interest expenses	11,209	7,586
Interest income	(707)	(879)
Share of loss of joint ventures	98	1,364
Operating cash flows before changes in working capital	27,014	17,229
<u>Changes in working capital</u>		
Land held for property development	-	(143,773)
Property development costs	(36,349)	1,213
Inventories	(234)	858
Receivables	(59,735)	(9,217)
Other current assets	(4,691)	63,286
Payables	18,033	2,302
Other current liabilities	12,266	4,969
Cash flows used in operations	(43,696)	(63,133)
Interest paid	(14,665)	(9,931)
Tax paid	(1,447)	(6,913)
Interest received	527	459
Net cash flows used in operating activities	(59,281)	(79,518)
Investing activities		
Purchase of property, plant and equipment	(38,330)	(2,348)
Net outflow on acquisition of a subsidiary	(10,983)	-
Additions to land held for property development	(107)	-
Proceeds from disposal of property, plant & equipment	265	66
Net cash flows used in investing activities	(49,155)	(2,282)
Financing activities		
Proceeds from conversion of warrants	7	-
Proceeds from loans and borrowings	121,760	79,885
Advance from a corporate shareholder of a subsidiary	731	494
Repayment to joint ventures	(2,975)	(2,649)
Repayment to hire purchase creditors	(6,221)	(5,951)
Repayment of lease liabilities	(1,722)	(1,512)
Uplift of fixed deposit with licensed banks	(291)	(862)
Net cash flows generated from financing activities	111,289	69,405
Net increase/(decrease) in cash and cash equivalents	2,853	(12,395)
Effects of exchange rate changes on cash and cash equivalents	1,766	1,385
Cash and cash equivalents at beginning of financial period	58,715	60,345
Cash and cash equivalents at end of financial period	63,334	49,335
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	72,395	62,081
Less: Pledge of fixed deposit with licensed banks	(4,832)	(12,746)
Bank overdrafts (included within short term borrowings)	(4,229)	-
	63,334	49,335

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 2023 and the accompanying notes attached to the interim financial statements

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

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 2023 (“FY2023 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 FY2023 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2024:

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 2023.

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) Issuance of 4,000 new ordinary shares in the Company for cash arose from the exercise of 4,000 units of the 2014/2024 warrants issued by the Company, at the exercise price of RM1.68 per warrant. The remaining unexercised 2014/2024 warrants have lapsed on 12 March 2024, and ceased to be exercisable thereafter.
- (b) redemption of 2 tranches of Islamic commercial papers ("ICP") with nominal value of RM12.86 million;
- (c) issuance of 2 tranches of 12 months ICP with aggregate nominal value of RM15.01 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 not provided for as at 30 June 2024 are as follows:

	RM'000
Approved and contracted for	<u>44,143</u>

The capital commitment is mainly for the purchase of heavy machinery and tunnel forms to meet the needs of construction projects, and expansion of manufacturing plant.

A11. Property, Plant and Equipment

The Group incurred capital expenditure on property, plant and equipment ("PPE") amounting to RM65.68 million during the financial year-to-date, mainly for the purchase of heavy machinery and tunnel forms to meet the needs of construction projects, and expansion of the manufacturing plant.

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 August 2024, 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

During the financial year-to-date, the Group increased its shareholding in its joint venture company, Posh Atlantic Sdn Bhd ("PASB"), from 51% to 100% by acquisition of all the shares held by the other shareholder of PASB ("Shares Acquisition").

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Post the Shares Acquisition, PASB and its two subsidiaries became subsidiaries of the Group (PASB together with its subsidiaries are collectively “New Subsidiaries”).

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 30 JUNE 2024

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 June 2024:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	400,900	82,904	3,523	8	0	487,335
Inter-segment sales	55,068	36,852	0	2,926	(94,846)	0
Total revenue	455,968	119,756	3,523	2,934	(94,846)	487,335
RESULTS						
Gross profit/(loss)	20,654	22,290	(171)	2,934	(11,390)	34,317
Other operating income						45,535
Selling and administrative expenses						(24,798)
Finance costs						(11,209)
Share of loss of joint ventures						(98)
Profit before tax						43,747
Income tax expense						(12,235)
Profit net of tax						31,512
Segment Assets	1,027,858	430,246	684,496	434,311	(723,711)	1,853,200
Segment Liabilities	643,640	196,492	479,489	132,432	(367,601)	1,084,452

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

The segment revenue and results for the financial period ended 30 June 2023:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
External sales	268,991	96,570	10,396	6	0	375,963
Inter-segment sales	11,019	30,615	0	1,980	(43,614)	0
Total revenue	280,010	127,185	10,396	1,986	(43,614)	375,963
RESULTS						
Gross profit/(loss)	8,901	17,156	1,739	1,986	(3,232)	26,550
Other operating income						1,921
Selling and administrative expenses						(16,046)
Finance costs						(7,586)
Share of loss of a joint venture						(1,364)
(Loss) before tax						3,475
Income tax credit						(3,058)
(Loss) net of tax						417
Segment Assets	682,595	367,941	519,327	433,539	(575,262)	1,428,140
Segment Liabilities	342,246	147,632	303,650	119,882	(219,187)	694,223

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

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

	Individual Quarter (Quarter 2)		Changes		Cumulative Period		Changes		Preceding Quarter 31/3/2024 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/6/2024 RM'000	Preceding Year Quarter 30/6/2023 RM'000	Amount RM'000	%	Current Year To Date 30/6/2024 RM'000	Preceding Year To Date 30/6/2023 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	258,754	154,276	104,478	67.7%	455,968	280,010	175,958	62.8%	197,214	61,540	31.2%
Manufacturing & Trading	58,366	61,231	(2,865)	-4.7%	119,756	127,185	(7,429)	-5.8%	61,390	(3,024)	-4.9%
Property Development	756	5,561	(4,805)	-86.4%	3,523	10,396	(6,873)	-66.1%	2,767	(2,011)	-72.7%
Investment	1,470	1,098	372	33.9%	2,934	1,986	948	47.7%	1,464	6	0.4%
Elimination	(37,070)	(19,374)	(17,696)	91.3%	(94,846)	(43,614)	(51,232)	117.5%	(57,776)	20,706	-35.8%
Consolidated revenue	282,276	202,792	79,484	39.2%	487,335	375,963	111,372	29.6%	205,059	77,217	37.7%
Gross profit/(loss) ("GP")											
Construction	11,259	4,937	6,322	128.1%	20,654	8,901	11,753	132.0%	9,395	1,864	19.8%
Manufacturing & Trading	10,833	6,756	4,077	60.3%	22,290	17,156	5,134	29.9%	11,457	(624)	-5.4%
Property Development	87	930	(843)	-90.6%	(171)	1,739	(1,910)	-109.8%	(258)	345	-133.7%
Investment	1,470	1,098	372	33.9%	2,934	1,986	948	47.7%	1,464	6	0.4%
Elimination	(6,048)	(1,635)	(4,413)	269.9%	(11,390)	(3,232)	(8,158)	252.4%	(5,342)	(706)	13.2%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

	Individual Quarter (Quarter 2)		Changes		Cumulative Period		Changes		Preceding Quarter 31/3/2024 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/6/2024 RM'000	Preceding Year Quarter 30/6/2023 RM'000	Amount RM'000	%	Current Year To Date 30/6/2024 RM'000	Preceding Year To Date 30/6/2023 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	17,601	12,086	5,515	45.6%	34,317	26,550	7,767	29.3%	16,716	885	5.3%
GP margin											
Construction	4.4%	3.2%			4.5%	3.2%			4.8%		
Manufacturing & Trading	18.6%	11.0%			18.6%	13.5%			18.7%		
Property Development	11.5%	16.7%			-4.9%	16.7%			-9.3%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	6.2%	6.0%			7.0%	7.1%			8.2%		
Other income	43,946	1,146	42,800	3735%	45,535	1,921	43,614	2270.4%	1,589	42,357	2666%
Selling & administrative expenses	(13,309)	(7,129)	(6,180)	86.7%	(24,798)	(16,046)	(8,752)	54.5%	(11,489)	(1,820)	15.8%
Finance costs	(5,896)	(3,895)	(2,001)	51.4%	(11,209)	(7,586)	(3,623)	47.8%	(5,313)	(583)	11.0%
Share of (loss) of joint ventures	(10)	(652)	642	-98.5%	(98)	(1,364)	1,266	-92.8%	(88)	78	-88.6%
(Loss)/profit before tax	42,332	1,556	40,776	2621%	43,747	3,475	40,272	1159%	1,415	40,917	2892%
(Loss)/profit net of tax	31,135	65	31,070	47800%	31,512	417	31,095	7457%	377	30,758	8159%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

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 2 Financial Year Ending 31 December (“FY”) 2024 (“current quarter”) vs Quarter 2 FY2023

Consolidated revenue of RM282.28 million for the current quarter was RM79.49 million (39.2%) higher compared to RM202.79 million recorded in Quarter 2 FY2023. Consolidated gross profit (“GP”) of RM17.60 million for the current quarter was RM5.51 million (45.6%) higher compared to RM12.09 million recorded in Quarter 2 FY2023.

Other income of RM43.95 million for the current quarter was multifold higher than RM1.15 million of Quarter 2 FY2023.

Selling and administrative (“S&A”) expenses of RM13.31 million for the current quarter was RM6.18 million (86.7%) higher compared to Quarter 2 FY2023.

Finance costs of RM5.90 million for the current quarter were RM2.00 million (51.4%) higher compared to Quarter 2 FY2023.

Share of loss of joint ventures of RM0.01 million for the current quarter was RM0.64 million (98.5%) lower compared to Quarter 2 FY2023.

Due to the variances stated above, the Group recorded a higher profit before tax (“PBT”) of RM42.33 million for the current quarter against RM1.56 million of Quarter 2 FY2023. Profit net of tax was accordingly higher at RM31.14 million in the current quarter.

- (b) Year to date FY2024 (“YTD 2024”) compared to year to date FY2023 (“YTD 2023”)

Consolidated revenue of RM487.34 million for YTD 2024 was RM111.38 million (29.6%) higher compared to RM375.96 million recorded in YTD 2023. Consolidated GP of RM34.32 million for YTD 2024 was RM7.77 million (29.3%) higher compared to RM26.55 million recorded in YTD 2023.

Other income of RM45.54 million for YTD 2024 was multifold higher compared to RM1.92 million of YTD 2023.

S&A expenses of RM24.80 million for YTD 2024 was RM8.75 million (54.5%) higher compared to YTD 2023.

Finance costs of RM11.21 million for YTD 2024 were RM3.62 million (47.8%) higher compared to YTD 2023.

Share of loss of joint ventures of RM0.10 million for YTD 2024 RM1.27 million (92.8%) was lower compared to YTD 2023.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 JUNE 2024

Due to the variances stated above, the Group recorded a higher PBT of RM43.75 million for YTD 2024 against RM3.48 million of YTD 2023. Profit net of tax was accordingly higher at RM31.51 million for YTD 2024.

(c) Performance review

For the current quarter and YTD 2024, the increase in the consolidated revenue was attributable to the increase in external sales revenue ("external revenue") generated by the construction divisions, partly offset by the decline in external revenue generated by other active business divisions.

The construction division's external revenue increased from RM149.05 million in Quarter 2 FY2023 to RM242.12 million in the current quarter, and from RM268.99 million in YTD 2023 to RM400.90 million in YTD 2024. The improvement in the division's external revenue was mainly attributable to revenue contribution from new projects secured in FY2023, and higher revenue arose from the acceleration of construction progress of the Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) ("SSRL Project").

Despite a large balance order in hand of RM0.3 billion brought down from last financial year, the manufacturing and trading ("M&T") division's external revenue decreased from RM48.18 million in Quarter 2 FY2023 to RM39.39 million in the current quarter, and from RM96.57 million in YTD 2023 to RM82.90 million in YTD 2024. This was mainly due to some of the larger size new orders were in design finalization stage or production planning stage, hence have yet to generate revenue.

The property development ("PD") division recorded a lower revenue in the current quarter and YTD 2024 as its on-going development project was at tail end.

The improvement in the consolidated GP in the current quarter and YTD 2024 was attributable to the followings:

- (i) higher GP generated by the construction division on the back of higher revenue and better GP margin on economic of scale from higher level of operation. Construction division's GP margin improved from 3.2% in Quarter 2 FY2023 to 4.4% in the current quarter, and from 3.2% in YTD 2023 to 4.5% in YTD 2024.

There was a higher elimination of inter-segment GP, mainly in relation to construction division GP generated from construction work rendered to PD division's yet-to-launch property development project. The GP eliminated will be progressively recognised in the near future in tandem with the sale of the development project.

- (ii) higher GP generated by the M&T division, benefitted from saving in production costs and better performance of the quarry business. M&T division's GP margin improved from 11.0% in Quarter 2 FY2023 to 18.6% in the current quarter, and from 13.5% in YTD 2023 to 18.6% in YTD 2024.

Other income was higher in the current quarter and YTD 2024 due to the full reversal of allowance of impairment on trade receivable and contract asset aggregating RM43.52 million in relation to a hospital project ("Reversal of Impairment"), as the amount had been collected.

S&A expenses were higher in the current quarter and YTD 2024 mainly due to foreign exchange loss resulted from the strengthening of Ringgit Malaysia against Singapore Dollar during the period, details as below:

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	Current Quarter	Quarter 2 FY2023	Variance	YTD 2024	YTD 2023	Variance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange (gains)/loss	1,690	(3,224)	(4,914)	2,173*	(4,181)	(6,354)

- Inclusive of unrealized foreign exchange loss of RM2.99 million.

Finance costs were higher in the current quarter and YTD 2024 mainly due to higher utilization of bank facilities and finance costs incurred by the New Subsidiaries.

Share of loss of joint ventures was lower mainly due to PASB ceased to be a joint venture company of the Group.

(d) Group Cash Flow Review

RM59.28 million net cash was used in operating activities, in line with working capital requirements of larger scale of operation and preliminary costs of new projects. RM49.16 million net cash was used in investing activities, mainly for the acquisition of PPE and shares in PASB. RM111.29 million net cash was generated from financing activities, mainly attributable to higher utilization of bank facilities for working capital requirements, acquisition of PPE and shares in PASB.

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

Consolidated revenue recorded in the current quarter was RM77.22 million (37.7%) 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 the SSRL Project and new construction projects secured in FY2023.

GP in the current quarter was RM0.89 million (5.3%) higher compared to the preceding quarter on the back of higher revenue generated in the current quarter.

Other income in the current quarter was multifold higher by RM42.36 million compared to the preceding quarter due to the Reversal of Impairment.

S&A expenses in the current quarter were RM1.82 million (15.8%) higher compared to the preceding quarter mainly due to higher foreign exchange loss during the current quarter.

The higher finance costs and lower share of loss of joint ventures in the current quarter were mainly caused by the factors stated in section B1(b) above.

Due to the variances stated above, the Group recorded a higher PBT and PAT for the current quarter compared to the preceding quarter.

B3. Prospects For 2024

The Group has an estimated construction and manufacturing balance order book of approximately RM3.15 billion and RM0.33 billion respectively as at 30 June 2024, contributed by numerous

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construction contracts and supply contracts. The balance order book provides a good earnings visibility to the Group and is expected to keep the Group busy for the next 2 to 3 years.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Eco World Development Group Berhad group, 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 SSRL Project for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2026;
- (b) Design and build project for 1 block of service apartment and amenities in Johor for a contract sum of RM98.85 million. The estimated completion period of the project is year 2026; and
- (c) Few sales orders for the supply of IBS components and tunnel lining segments ("TLS") to Singapore MRT project. The estimated completion period of these sales orders is year 2026.

The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2024, thus offer order book replenishment prospects.

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2024:

Highway projects in East Malaysia;

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.

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand, i.e. the value of construction contracts to be awarded, to range between S\$32 billion and S\$38 billion in nominal terms in 2024.

The public sector is expected to drive total construction demand in 2024, reaching between S\$18 billion and S\$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board's (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works.

Private sector construction demand is projected to be between S\$14 billion and S\$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

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BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

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, and Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, are expected to contribute positively to the Group’s revenue and profit, with further construction progress and further sales. The collective gross development value (“GDV”) of these 2 developments is approximately RM110 million.

The Group expects to launch one service apartment development comprising 896 apartment units in Johor, with estimated GDV of approximately RM300 million, in the second half of year 2024.

B4. Profit Forecast And Profit Estimate

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

B5. Profit Before Tax

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

	Current Quarter 3 months ended 30.6.2024 RM'000	Cumulative Quarter 6 months ended 30.6.2024 RM'000
(a) interest income	291	707
(b) other income including investment Income	43,655	44,630
(c) interest expense	5,896	11,209
(d) depreciation and amortization	7,056	13,131
(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	18	(198)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	1,690	2,173

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(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 30.6.2024 RM'000	Cumulative Quarter 6 months ended 30.6.2024 RM'000
In respect of the current period		
- Income tax	2,471	4,256
- Deferred tax	8,726	7,979
	<u>11,197</u>	<u>12,235</u>
In respect of prior year		
- Income tax	-	-
- Deferred tax	-	-
	<u>11,197</u>	<u>12,235</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.

B7. Status of Corporate Proposals

- (a) On 12 July 2024, the Company's subsidiary, Kii Amber Sdn Bhd ("KIASB") entered into a legally binding term sheet ("Term Sheet") with Astaka Capital Sdn Bhd ("ACSB"), Astaka Padu Sdn Bhd ("APSB") and Seaview Holdings Sdn Bhd ("SHSB") (collectively, the "Parties"), of which KIASB and ACSB shall establish a joint venture ("JVCo") for the purpose of jointly developing an identified parcel of land measuring approximately 1.662 acres in area ("Project Land") (to be subdivided from a master freehold land in Johor Bahru, Johor, ("Master Land")) into a residential serviced apartment ("Project").

The provisions of the Term Sheet are intended to be used as basis for the Parties to enter into the definitive agreements ("Definitive Agreements") as follows:

- (i) a subscription and shareholders' agreement between KIASB and ACSB for the incorporation of the JVCo and the development of the Project Land into a residential serviced apartment, pursuant to the Project ("Proposed Joint Venture"); and
- (ii) a sale and purchase agreement between the JVCo, APSB and SHSB for the sale and purchase of the Project Land by the JVCo from APSB (as registered proprietor of the Master Land) and SHSB (as beneficial owner of the Master Land) ("Proposed Acquisition").

The Definitive Agreements are in advance stage of drafting.

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- (b) At the Annual General Meeting held on 4 June 2024 ("15th 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 2023 ("FYE 2023 Final Dividend"). The FYE 2023 Final Dividend was paid on 25 July 2024.

B8. Group Borrowings and Debts Securities

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

	Interest rate per annum YTD 2024	As at 30.6.2024 RM'000	As at 30.6.2023 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.88% to 4.06%	32,797	11,827
Term loans	5.06% to 6.84%	182,412	137,590
<u>Unsecured:</u>			
IMTN	4.87% to 5.06%	55,000	75,000
		<u>270,209</u>	<u>224,417</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.80% to 7.89%	4,229	-
Hire purchase creditors	1.88% to 4.06%	14,085	7,293
Bankers' acceptance	4.13% to 4.98%	95,674	66,987
Invoice financing	4.14% to 7.45%	158,229	44,042
Term loans and revolving credits	5.09% to 6.84%	30,229	36,077
<u>Unsecured:</u>			
IMTN and ICP	4.49% to 5.25%	35,010	12,860
		<u>337,456</u>	<u>167,259</u>

The borrowings are denominated in the following currencies:

	As at 30.6.2024 RM'000	As at 30.6.2023 RM'000
Long term borrowings		
Ringgit Malaysia	<u>270,209</u>	<u>224,417</u>
Short term borrowings		
Ringgit Malaysia	331,110	167,259
Singapore Dollar	6,346	-
	<u>337,456</u>	<u>167,259</u>

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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 2023 Final Dividend was approved by the Shareholders at the 15th 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 June 2024.
- (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 2022.

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

	Current Quarter Ended		Year to-Date Ended	
	30.6.2024	30.6.2023	30.6.2024	30.6.2023
Profit/(loss) attributable to owners of the Company (RM'000)	31,294	100	31,831	512
Weighted average number of ordinary shares in issue ('000)	353,360	353,358	353,360	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)	353,360	353,358	353,360	353,358
Basic earnings per share ("BEPS") (Sen)	8.86	0.03	9.01	0.14
Diluted earnings per share ("DEPS") (Sen)	8.86	0.03	9.01	0.14

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

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