

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 1st Quarter Ended 31 March 2024

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2024 RM'000	Preceding Year Quarter 31/03/2023 RM'000	Current Year To Date 31/03/2024 RM'000	Preceding Year To Date 31/03/2023 RM'000
Revenue	205,059	173,171	205,059	173,171
Cost of sales	(188,343)	(158,707)	(188,343)	(158,707)
Gross profit	16,716	14,464	16,716	14,464
Other income	1,589	775	1,589	775
Selling and administrative expenses	(11,489)	(8,917)	(11,489)	(8,917)
Finance costs	(5,313)	(3,691)	(5,313)	(3,691)
Share of loss of joint ventures	(88)	(712)	(88)	(712)
Profit before tax	1,415	1,919	1,415	1,919
Income tax expense	(1,038)	(1,567)	(1,038)	(1,567)
Profit net of tax	377	352	377	352
Other comprehensive loss	(9)	(14)	(9)	(14)
Total comprehensive income for the period	368	338	368	338
Profit attributable to :				
Owners of the Company	537	412	537	412
Non-controlling interests	(160)	(60)	(160)	(60)
	377	352	377	352
Profit Per Share (Sen)				
- Basic (2)	0.15	0.12	0.15	0.12
- Diluted (2)	N/A	0.12	N/A	0.12
Total comprehensive income attributable to :				
Owners of the Company	528	398	528	398
Non-controlling interests	(160)	(60)	(160)	(60)
	368	338	368	338

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 31 March 2024

	Unaudited As at 31/03/2024 RM'000	Audited As at 31/12/2023 RM'000
Assets		
Non- current assets		
Property, plant and equipment	179,187	159,610
Right-of-use asset	6,283	5,168
Land held for property development	309,946	308,771
Investment properties	131	133
Other investments	75	75
Investment in joint ventures	2,159	12,493
Deferred tax assets	16,561	15,599
	<u>514,342</u>	<u>501,849</u>
Current assets		
Properties held for sale	14,125	14,125
Property Development costs	308,621	171,858
Inventories	68,703	59,753
Trade and other receivables	437,724	409,919
Prepayment	14,755	22,701
Contract assets	256,977	282,197
Current tax assets	-	711
Cash and bank balances	52,261	63,256
	<u>1,153,166</u>	<u>1,024,520</u>
TOTAL ASSETS	<u><u>1,667,508</u></u>	<u><u>1,526,369</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	275,034	217,433
Lease liability	3,307	2,528
Trade and other payables	341,522	337,367
Contract liabilities	24,657	20,016
Current tax liabilities	351	-
Provisions	10,413	9,980
	<u>655,284</u>	<u>587,324</u>
Net current assets	<u>497,882</u>	<u>437,196</u>
Non-current liabilities		
Loans and borrowings	247,208	195,941
Other payables	20,810	-
Lease liabilities	3,068	2,737
	<u>271,086</u>	<u>198,678</u>
TOTAL LIABILITIES	<u>926,370</u>	<u>786,002</u>
Net assets	<u>741,138</u>	<u>740,367</u>
Equity		
Share capital	290,145	255,944
Treasury shares	(24)	(24)
Other reserves	(727)	33,476
Retained earnings	424,983	424,447
Equity attributable to owners of the Company	<u>714,377</u>	<u>713,843</u>
Non-controlling interests	26,761	26,524
Total equity	<u>741,138</u>	<u>740,367</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,667,508</u></u>	<u><u>1,526,369</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.02	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 31 March 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 31 March 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	-	-	-	(9)	537	528	(160)	368
<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
At 31/03/2024	290,145	(24)	-	(727)	424,983	714,377	26,761	741,138
<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 profit for the period	-	-	-	(14)	412	398	(60)	338
<u>Transactions with owner</u>								
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

(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 31 March 2024

	Current Year To Date 31/03/2024	Preceding Year To Date 31/03/2023
Operating activities		
Profit before tax	1,415	1,919
Adjustment for :		
Investment expenses written off	1	-
Gain on remeasurement of equity investment	(908)	-
Unrealised foreign exchange loss/(gain)	1,508	(4,622)
Depreciation	5,133	6,273
Depreciation of right-of-use assets	898	764
Depreciation of investment properties	2	2
Amortisation of quarry development expenditure	42	-
Reversal of provision for defect liabilities costs	433	(546)
Gain on disposal of property, plant and equipment	(216)	(36)
Gain on derecognition of right-of-use assets	(40)	(3)
Fixed asset written off	1	-
Reversal of provision of obsolete inventories	-	-
Interest expenses	5,313	3,691
Interest income	(416)	(426)
Share of loss of joint ventures	88	712
Operating cash flows before changes in working capital	13,254	7,728
Changes in working capital		
Land held for property development	-	(101,302)
Property development costs	(17,067)	1,715
Inventories	(1,258)	1,547
Receivables	(31,399)	(57,411)
Other current assets	35,101	72,763
Payables	(35,634)	544
Other current liabilities	4,709	7,751
Cash flows used in operations	(32,294)	(66,665)
Interest paid	(6,586)	(3,482)
Tax paid	(781)	(4,757)
Interest received	319	217
Net cash flows used in operating activities	(39,342)	(74,687)
Investing activities		
Purchase of property, plant and equipment	(16,888)	(7,748)
Net outflow on acquisition of a subsidiary	(10,983)	-
Additions to land held for property development	(47)	-
Proceeds from disposal of property, plant & equipment	229	41
Net cash flows used in investing activities	(27,689)	(7,707)
Financing activities		
Proceeds from conversion of warrants	7	-
Proceeds from loans and borrowings	59,189	71,356
Advance from a corporate shareholder of a subsidiary	401	265
Repayment to joint ventures	-	(661)
Repayment to hire purchase creditors	(2,619)	(2,768)
Repayment of lease liabilities	(863)	(749)
Uplift of fixed deposit with licensed banks	(105)	(710)
Net cash flows generated from financing activities	56,010	66,733
Net decrease in cash and cash equivalents	(11,021)	(15,661)
Effects of exchange rate changes on cash and cash equivalents	(79)	2,440
Cash and cash equivalents at beginning of financial period	58,715	60,345
Cash and cash equivalents at end of financial period	47,615	47,124
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	52,261	60,084
Less: Pledge of fixed deposit with licensed banks	(4,646)	(12,594)
Bank overdrafts (included within short term borrowings)	-	(366)
	47,615	47,124

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 31 MARCH 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 MFRSSs.

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, and land for development not provided for as at 31 March 2024 are as follows:

	RM'000
Approved and contracted for	<u>54,012</u>

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

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment ("PPE") amounting to RM21.62 million during the financial year-to-date, mainly incurred 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 23 May 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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 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 31 Mar 2024:

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
REVENUE						
External sales	158,776	43,511	2,767	5	0	205,059
Inter-segment sales	38,438	17,879	0	1,459	(57,776)	0
Total revenue	197,214	61,390	2,767	1,464	(57,776)	205,059
RESULTS						
Gross profit/(loss)	9,395	11,457	(258)	1,464	(5,342)	16,716
Other operating income						1,589
Selling and administrative expenses						(11,489)
Finance costs						(5,313)
Share of loss of joint ventures						(88)
Profit before tax						1,415
Income tax expense						(1,038)
Profit net of tax						377
Segment Assets	863,383	386,714	671,749	434,607	(688,945)	1,667,508
Segment Liabilities	515,917	156,563	461,991	128,603	(336,704)	926,370

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024

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

	Construction	Manufacturing & Trading	Property Development	Investment	Elimination	Consolidated
REVENUE	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
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 a joint venture						(712)
(Loss) before tax						1,919
Income tax credit						(1,567)
(Loss) 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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024

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 31/12/2023 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2024 RM'000	Preceding Year Quarter 31/3/2023 RM'000	Amount RM'000	%	Current Year To Date 31/3/2024 RM'000	Preceding Year To Date 31/3/2023 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	197,214	125,734	71,480	56.9%	197,214	125,734	71,480	56.9%	227,854	(30,640)	-13.4%
Manufacturing & Trading	61,390	65,954	(4,564)	-6.9%	61,390	65,954	(4,564)	-6.9%	64,245	(2,855)	-4.4%
Property Development	2,767	4,835	(2,068)	-42.8%	2,767	4,835	(2,068)	-42.8%	6,570	(3,803)	-57.9%
Investment	1,464	888	576	64.9%	1,464	888	576	64.9%	1,500	(36)	-2.4%
Elimination	(57,776)	(24,240)	(33,536)	138.3%	(57,776)	(24,240)	(33,536)	138.3%	(36,283)	(21,493)	59.2%
Consolidated revenue	205,059	173,171	31,888	18.4%	205,059	173,171	31,888	18.4%	263,886	(58,827)	-22.3%
Gross profit/(loss) ("GP")											
Construction	9,395	3,964	5,431	137.0%	9,395	3,964	5,431	137.0%	10,788	(1,393)	-12.9%
Manufacturing & Trading	11,457	10,400	1,057	10.2%	11,457	10,400	1,057	10.2%	10,547	910	8.6%
Property Development	(258)	809	(1,067)	-131.9%	(258)	809	(1,067)	-131.9%	1,099	(1,357)	-123%
Investment	1,464	888	576	64.9%	1,464	888	576	64.9%	1,500	(36)	-2.4%
Elimination	(5,342)	(1,597)	(3,745)	234.5%	(5,342)	(1,597)	(3,745)	234.5%	(4,141)	(1,201)	29.0%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2023 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2024 RM'000	Preceding Year Quarter 31/3/2023 RM'000	Amount RM'000	%	Current Year To Date 31/3/2024 RM'000	Preceding Year To Date 31/3/2023 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	16,716	14,464	2,252	15.6%	16,716	14,464	2,252	15.6%	19,793	(3,077)	-15.5%
GP margin											
Construction	4.8%	3.2%			4.8%	3.2%			4.7%		
Manufacturing & Trading	18.7%	15.8%			18.7%	15.8%			16.4%		
Property Development	-9.3%	16.7%			-9.3%	16.7%			16.7%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	8.2%	8.4%			8.2%	8.4%			7.5%		
Other income	1,589	775	814	105.0%	1,589	775	814	105.0%	5,359	(3,770)	-70.3%
Selling & administrative expenses	(11,489)	(8,917)	(2,572)	28.8%	(11,489)	(8,917)	(2,572)	28.8%	(10,833)	(656)	6.1%
Finance costs	(5,313)	(3,691)	(1,622)	43.9%	(5,313)	(3,691)	(1,622)	43.9%	(4,119)	(1,194)	29.0%
Share of (loss) of joint ventures	(88)	(712)	624	-87.6%	(88)	(712)	624	87.6%	(1,306)	1,218	-93.3%
(Loss)/profit before tax	1,415	1,919	(504)	-26.3%	1,415	1,919	(504)	-26.3%	8,894	(7,479)	-84.1%
(Loss)/profit net of tax	377	352	25	7.1%	377	352	25	7.1%	6,614	(6,237)	-94.3%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 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 1 Financial Year Ending 31 December (“FY”) 2024 (“current quarter”) vs Quarter 1 FY2023

Revenue of RM205.06 million for the current quarter was RM31.89 million (18.4%) higher compared to RM173.17 million recorded in Quarter 1 FY2023.

Gross profit (“GP”) of RM16.72 million for the current quarter was RM2.26 million (15.6%) higher compared to RM14.46 million recorded in Quarter 1 FY2023.

Other income of RM1.59 million for the current quarter was RM0.81 million (105.0%) higher against Quarter 1 FY2023.

Selling and administrative (“S&A”) expenses of RM11.49 million for the current quarter was RM2.57 million (28.8%) higher compared to Quarter 1 FY2023.

Finance costs of RM5.31 million for the current quarter were RM1.62 million (43.9%) higher compared to Quarter 1 FY2023.

Share of loss of joint ventures of RM0.09 million for the current quarter was RM0.62 million (87.6%) lower compared to Quarter 1 FY2023.

Due to the variances stated above, the Group recorded a lower profit before tax (“PBT”) of RM1.42 million for the current quarter compared to RM1.92 million of Quarter 1 FY2023. Profit net of tax (“PAT”) of RM0.38 million for the current quarter was flat compared to Quarter 1 FY2023.

- (b) Performance review

The improvement in the consolidated revenue in the current quarter was mainly attributable to higher external sales revenue (“external revenue”) generated by the construction division, partly offset by the decrease in external revenue generated by other business divisions.

The construction division’s external revenue increased by RM38.84 million (32.4%) from RM119.94 million in Quarter 1 FY2023 to RM158.78 million in the current quarter, 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”).

The M&T division external revenue decreased by RM4.88 million (10.1%) from RM48.39 million in Quarter 1 FY2023 to RM43.51 million in the current quarter, despite a large balance order in hand of RM0.3 billion brought down from last financial year. This was mainly due to some of the larger size new orders were still in design stage or early preparation stage, hence have yet to begin revenue generation.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2024

The property development ("PD") division recorded a lower revenue as its on-going development project was at tail end.

The improvement in the consolidated GP in the current quarter was mainly attributable to higher GP generated by the construction division on the back of higher revenue, as well as better GP margin on economic of scale from higher level of operation. 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.

Other income was higher in the current quarter due to gain on remeasurement of equity investment of RM0.91 million.

S&A expenses was higher in the current quarter mainly due to less favorable foreign exchange difference of RM1.44 million, and legal fee and stamp duty incurred on bank facilities documentations.

Finance costs was higher in the current quarter mainly due to higher utilization of bank facilities and finance cost 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.

(c) Group cash flow review the current financial year-to-date

RM39.34 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. RM27.69 million net cash was used in investing activities, mainly for the acquisition of PPE and shares in PASB. RM56.01 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 RM58.83 million (22.3%) lower compared to the preceding quarter mainly attributable to timing lag between the decline in revenue from older projects and acceleration in revenue from new projects.

GP in the current quarter was RM3.08 million (15.5%) lower compared to the preceding quarter in line with the lower revenue.

Other income in the current quarter was RM3.77 million (70.3%) lower compared to the preceding quarter. The variance was due to the reversal of impairment loss on land held for property development of RM3.90 million in the preceding quarter.

S&A expenses in the current quarter were RM0.66 million (6.1%) higher compared to the preceding quarter due to less favorable foreign exchange difference.

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.

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Due to the variances stated above, the Group recorded a lower 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 RM2.26 billion and RM0.37 billion respectively as at 31 March 2024, contributed by numerous 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 2025;
- (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;

Flood mitigation projects;

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

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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.

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.

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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 31.3.2024 RM'000	Cumulative Quarter 3 months ended 31.3.2024 RM'000
(a) interest income	416	416
(b) other income including investment Income	957	957
(c) interest expense	5,313	5,313
(d) depreciation and amortization	6,075	6,075
(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	(216)	(216)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	483	483
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2024 RM'000	Cumulative Quarter 3 months ended 31.3.2024 RM'000
In respect of the current period		
- Income tax	1,785	1,785
- Deferred tax	(747)	(747)
	<u>1,038</u>	<u>1,038</u>
In respect of prior year		
- Income tax	-	-
- Deferred tax	-	-
	<u>1,038</u>	<u>1,038</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

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 2023 ("FYE 2023 Final Dividend"), subject to approval being obtained from the shareholders in the forthcoming Annual General Meeting ("15th 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 31.3.2024 RM'000	As at 31.3.2023 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.88% to 4.06%	19,221	6,065
Term loans	5.06% to 6.84%	172,987	103,376
<u>Unsecured:</u>			
IMTN	4.87% to 5.06%	55,000	75,000
		<u>247,208</u>	<u>184,441</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.91% to 7.89%	-	366
Hire purchase creditors	1.88% to 4.06%	9,834	6,941
Bankers' acceptance	4.06% to 4.98%	80,378	60,104
Invoice financing	4.26% to 7.45%	121,497	48,938
Term loans and revolving credits	5.06% to 6.84%	28,315	63,749
<u>Unsecured:</u>			
IMTN and ICP	4.49% to 5.25%	35,010	12,860
		<u>275,034</u>	<u>192,958</u>

The borrowings are denominated in the following currencies:

	As at 31.3.2024 RM'000	As at 31.3.2023 RM'000
Short term borrowings		
Ringgit Malaysia	272,850	192,958
Singapore Dollar	2,184	-
	<u>275,034</u>	<u>192,958</u>

All long term borrowing is denominated in Ringgit Malaysia.

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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

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2024. However, the Board of Directors recommended the payment of FYE 2023 Final Dividend which is subject to the approval of the shareholders at the 15th 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 2024.

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

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

	Current Quarter Ended		Year to-Date Ended	
	31.3.2024	31.3.2023	31.3.2024	31.3.2023
Profit/(loss) attributable to owners of the Company (RM'000)	537	412	537	412
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/(loss) per share ("BELPS") (Sen)	0.15	0.12	0.15	0.12
Diluted earnings/(loss) per share ("DELPS") (Sen)	0.15	0.12	0.15	0.12

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.