

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 1st Quarter Ended 31 March 2026

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2026 RM'000	Preceding Year Quarter 31/03/2025 RM'000	Current Year To Date 31/03/2026 RM'000	Preceding Year To Date 31/03/2025 RM'000
Revenue	424,763	459,656	424,763	459,656
Cost of sales	(384,418)	(403,343)	(384,418)	(403,343)
Gross profit	40,345	56,313	40,345	56,313
Other operating income	1,179	875	1,179	875
Selling and administrative expenses	(14,905)	(13,436)	(14,905)	(13,436)
Finance costs	(8,808)	(8,714)	(8,808)	(8,714)
Share of gain of joint ventures	245	414	245	414
Share of loss of associate company	(331)	(160)	(331)	(160)
Profit before tax	17,725	35,292	17,725	35,292
Income tax expense	(5,657)	(10,233)	(5,657)	(10,233)
Profit net of tax	12,068	25,059	12,068	25,059
Other comprehensive (loss)/income	(7)	-	(7)	-
Total comprehensive income for the period	12,061	25,059	12,061	25,059
Profit/(loss) attributable to :				
Owners of the Company	11,249	25,207	11,249	25,207
Non-controlling interests	819	(148)	819	(148)
	12,068	25,059	12,068	25,059
Profit Per Share (Sen)				
- Basic (2)	2.89	7.13	2.89	7.13
- Diluted (2)	2.89	7.13	2.89	7.13
Total comprehensive income/(loss) attributable to :				
Owners of the Company	11,242	25,207	11,242	25,207
Non-controlling interests	819	(148)	819	(148)
	12,061	25,059	12,061	25,059

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 2025 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 2026

	Unaudited As at 31/03/2026 RM'000	Audited As at 31/12/2025 RM'000
Assets		
Non- current assets		
Property, plant and equipment	323,494	314,898
Right-of-use asset	9,538	4,910
Land held for property development	420,968	418,892
Investment properties	118	119
Other investments	75	75
Investment in joint ventures	4,075	3,650
Deferred tax assets	13,257	17,560
Goodwill	16	16
	<u>771,541</u>	<u>760,120</u>
Current assets		
Property development costs	294,495	309,337
Inventories	83,139	81,303
Contract cost assets	27,552	33,759
Trade and other receivables	921,608	633,639
Prepayment	9,942	11,254
Contract assets	332,162	555,074
Cash and bank balances	110,901	121,617
	<u>1,779,799</u>	<u>1,745,983</u>
TOTAL ASSETS	<u><u>2,551,340</u></u>	<u><u>2,506,103</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	555,498	491,299
Lease liability	3,987	2,700
Trade and other payables	613,337	647,026
Contract liabilities	91,125	74,269
Current tax liabilities	9,402	18,331
Provisions	25,267	23,044
	<u>1,298,616</u>	<u>1,256,669</u>
Net current assets	<u>481,183</u>	<u>489,314</u>
Non-current liabilities		
Loans and borrowings	276,924	286,004
Lease liabilities	5,774	2,406
Other payables	14,471	9,597
Deferred tax liabilities	-	7,933
	<u>297,169</u>	<u>305,940</u>
TOTAL LIABILITIES	<u>1,595,785</u>	<u>1,562,609</u>
Net assets	<u>955,555</u>	<u>943,494</u>
Equity		
Share capital	297,509	297,509
Treasury shares	(24)	(24)
Other reserves	(711)	(704)
Retained earnings	626,312	615,063
Equity attributable to owners of the Company	<u>923,086</u>	<u>911,844</u>
Non-controlling interests	32,469	31,650
Total equity	<u>955,555</u>	<u>943,494</u>
TOTAL EQUITY AND LIABILITIES	<u><u>2,551,340</u></u>	<u><u>2,506,103</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.37	2.35

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 2025 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 2026

	Attributable to owners of the Company						Total Equity
	<-----Non-distributable ----->			Distributable		Non-controlling interest (NCI)	
	Share capital	Treasury shares	Foreign currency translation reserve	Retained earnings	Sub-Total		
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
YTD ended March 2026							
Balance At 1/1/2026	297,509	(24)	(704)	615,063	911,844	31,650	943,494
Total comprehensive income for the period	-	-	(7)	11,249	11,242	819	12,061
At 31/03/2026	297,509	(24)	(711)	626,312	923,086	32,469	955,555
YTD ended 31 March 2025							
Balance At 1/1/2025	255,953	(24)	(676)	506,349	761,602	26,312	787,914
Total comprehensive income for the period	-	-	-	25,207	25,207	(148)	25,059
At 31/03/2025	255,953	(24)	(676)	531,556	786,809	26,164	812,973

(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 2025 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 2026

	Current Year To Date 31/03/2026 RM'000	Preceding Year To Date 31/03/2025 RM'000
Operating activities		
Profit before tax	17,725	35,292
Adjustment for :		
Investment expenses written off	-	(1)
Unrealised foreign exchange loss/(gain)	1,202	(168)
Depreciation of :		
- property, plant and equipment	13,945	10,022
- right-of-use assets	1,071	1,046
- investment properties	2	2
Provision for defect liabilities costs	2,223	1,378
Gain on disposal of property, plant and equipment	(61)	(94)
Loss on derecognition due to lease modification	-	1
Fixed asset written off	7	-
Interest expenses	8,808	8,714
Interest income	(764)	(642)
Share of loss of associate company	331	160
Share of gain of joint ventures	(245)	(414)
Operating cash flows before changes in working capital	<u>44,244</u>	<u>55,296</u>
Changes in working capital		
Property development costs and contract cost assets	19,294	48,207
Inventories	(1,836)	1,065
Receivables	(317,902)	(92,247)
Other current assets	231,738	(71,379)
Payables	(14,717)	45,931
Other current liabilities	25,835	(6,529)
Cash flows used in operations	<u>(13,344)</u>	<u>(19,656)</u>
Interest paid	(10,701)	(9,540)
Tax paid	(18,166)	(1,263)
Interest received	695	297
Net cash flows used in operating activities	<u>(41,516)</u>	<u>(30,162)</u>
Investing activities		
Purchase of property, plant and equipment	(1,234)	(16,177)
Additions to land held for property development	(499)	(127)
Proceeds from disposal of property, plant & equipment	66	94
Net cash flows generated from/(used in) investing activities	<u>(1,667)</u>	<u>(16,210)</u>
Financing activities		
Proceeds from loans and borrowings	29,100	50,930
Advance from a corporate shareholder of a subsidiary	821	718
Advance to associate company	-	(10,195)
Advance to joint venture	(1,000)	-
Repayment to hire purchase creditors	(8,487)	(5,044)
Repayment of lease liabilities	(1,044)	(1,042)
Placement of fixed deposit with licensed banks	218	(906)
Net cash flows generated from financing activities	<u>19,608</u>	<u>34,461</u>
Net decrease in cash and cash equivalents	(23,575)	(11,911)
Effects of exchange rate changes on cash and cash equivalents	(162)	(313)
Cash and cash equivalents at beginning of financial period	<u>105,186</u>	<u>57,912</u>
Cash and cash equivalents at end of financial period	<u>81,449</u>	<u>45,688</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	110,901	59,881
Less: Pledge of fixed deposit with licensed banks	(11,479)	(6,600)
Bank overdrafts (included within short term borrowings)	<u>(17,973)</u>	<u>(7,593)</u>
	<u>81,449</u>	<u>45,688</u>

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 2025 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 2026**

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 2025 (“FY2025 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 FY2025 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2026:

Amendments to MFRS 9: Financial Instruments and MFRS 7: Financial Instruments: Disclosures
- Classification and Measurement of Financial Instruments
- Contracts Referencing Nature-dependent Electricity
Annual Improvements to MFRS Accounting Standards - Volume 11

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 2025.

A4. Seasonal or Cyclical Factors

The business operations of the Group were not significantly affected by any seasonal or cyclical factor.

A5. Items of Unusual Nature

There were no material unusual items affecting the assets, liabilities, equity, net income or cash flow during the financial year-to-date.

A6. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior financial years that have had a material effect in the financial year-to-date.

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A7. Changes in Debt and Equity Securities

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

- (a) Redemption of 3 tranches of Islamic commercial papers (“ICP”) with nominal value of RM19.66 million; and
- (b) issuance of 2 tranches of ICP with tenure of 12 months, and with aggregate nominal value of RM20.96 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 2026 are as follows:

	RM'000
Approved and contracted for	<u>21,034</u>

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

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment (“PPE”) amounting to RM22.55 million during the financial year-to-date, mainly incurred for the purchase of trucks, heavy machineries and tunnel forms to meet the needs of construction projects.

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 May 2026, 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 was no change in composition of the group during the financial year-to-date.

A14. Contingent liabilities or contingent assets

There were no material contingent liabilities or contingent assets to be disclosed as at the date of this report.

A15. Significant Related Party Transactions

There was no significant related party transaction during the current quarter under review.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

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 2026:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	325,420	39,299	59,677	367	0	424,763
Inter-segment sales	44,651	17,138	0	1,304	(63,093)	0
Total revenue	<u>370,071</u>	<u>56,437</u>	<u>59,677</u>	<u>1,671</u>	<u>(63,093)</u>	<u>424,763</u>
RESULTS						
Gross profit/(loss)	22,003	9,497	15,603	1,671	(8,429)	40,345
Other operating income						1,179
Selling and administrative expenses						(14,905)
Finance costs						(8,808)
Share of loss of joint ventures						245
Share of loss of associate company						(331)
Profit before tax						<u>17,725</u>
Income tax expense						<u>(5,657)</u>
Profit net of tax						<u>12,068</u>
Segment Assets	1,518,378	473,152	961,016	463,855	(865,061)	2,551,340
Segment Liabilities	1,077,790	184,599	717,242	83,168	(467,014)	1,595,785

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

The segment revenue and results for the financial period ended 31 March 2025:

REVENUE	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
External sales	298,855	55,618	105,179	4	0	459,656
Inter-segment sales	47,379	19,282	0	1,448	(68,109)	0
Total revenue	346,234	74,900	105,179	1,452	(68,109)	459,656
RESULTS	23,052	15,178	24,371	1,452	(7,740)	56,313
Gross profit/(loss)						875
Other operating income						(13,436)
Selling and administrative expenses						(8,714)
Finance costs						414
Share of loss of a joint venture						(160)
(Loss) before tax						35,292
Income tax credit						(10,233)
(Loss) net of tax						25,059
Segment Assets	1,318,490	451,685	832,906	435,223	(844,644)	2,193,660
Segment Liabilities	903,210	197,349	621,792	131,289	(472,953)	1,380,687

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

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 31/12/2025 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2026 RM'000	Preceding Year Quarter 31/3/2025 RM'000	Amount RM'000	%	Current Year To Date 31/3/2026 RM'000	Preceding Year To Date 31/3/2025 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	370,071	346,234	23,837	6.9%	370,071	346,234	23,837	6.9%	434,944	(64,873)	-14.9%
Manufacturing & Trading	56,437	74,900	(18,463)	-24.7%	56,437	74,900	(18,463)	-24.7%	85,864	(29,427)	-34.3%
Property Development	59,677	105,179	(45,502)	-43.3%	59,677	105,179	(45,502)	-43.3%	101,574	(41,897)	-41.2%
Investment	1,671	1,452	219	15.1%	1,671	1,452	219	15.1%	1,971	(300)	-15.2%
Elimination	(63,093)	(68,109)	5,016	-7.4%	(63,093)	(68,109)	5,016	-7.4%	(57,787)	(5,306)	9.2%
Consolidated revenue	424,763	459,656	(34,893)	-7.6%	424,763	459,656	(34,893)	-7.6%	566,566	(141,803)	-25.0%
Gross profit/(loss) ("GP")											
Construction	22,003	23,052	(1,049)	-4.6%	22,003	23,052	(1,049)	-4.6%	28,890	(6,887)	-23.8%
Manufacturing & Trading	9,497	15,178	(5,681)	-37.4%	9,497	15,178	(5,681)	-37.4%	17,601	(8,104)	-46.0%
Property Development	15,603	24,371	(8,768)	-36.0%	15,603	24,371	(8,768)	-36.0%	29,188	(13,585)	-46.5%
Investment	1,671	1,452	219	15.1%	1,671	1,452	219	15.1%	1,971	(300)	-15.2%
Elimination	(8,429)	(7,740)	(689)	8.9%	(8,429)	(7,740)	(689)	8.9%	1,297	(9,726)	-750%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2025 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2026 RM'000	Preceding Year Quarter 31/3/2025 RM'000	Amount RM'000	%	Current Year To Date 31/3/2026 RM'000	Preceding Year To Date 31/3/2025 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	40,345	56,313	(15,968)	-28.4%	40,345	56,313	(15,968)	-28.4%	78,947	(38,602)	-48.9%
GP margin											
Construction	5.9%	6.7%			5.9%	6.7%			6.6%		
Manufacturing & Trading	16.8%	20.3%			16.8%	20.3%			20.5%		
Property Development	26.1%	23.2%			26.1%	23.2%			28.7%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	9.5%	12.3%			9.5%	12.3%			13.9%		
Other income	1,179	875	304	34.7%	1,179	875	304	34.7%	1,735	(556)	-32.0%
Selling & administrative expenses	(14,905)	(13,436)	(1,469)	10.9%	(14,905)	(13,436)	(1,469)	10.9%	(23,714)	8,809	-37.1%
Finance costs	(8,808)	(8,714)	(94)	1.1%	(8,808)	(8,714)	(94)	1.1%	(10,205)	1,397	-13.7%
Share of profit/ (loss) of joint ventures	245	414	(169)	-40.8%	245	414	(169)	-40.8%	650	(405)	-62.3%
Share of (loss) of associate company	(331)	(160)	(171)	106.9%	(331)	(160)	(171)	106.9%	(656)	325	-49.5%
(Loss)/profit before tax	17,725	35,292	(17,567)	-49.8%	17,725	35,292	(17,567)	-49.8%	46,757	(29,032)	-62.1%
(Loss)/profit net of tax	12,068	25,059	(12,991)	-51.8%	12,068	25,059	(12,991)	-51.8%	39,759	(27,691)	-69.6%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

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”) 2026 (“current quarter”) vs Quarter 1 FY2025

Revenue of RM424.76 million for the current quarter was RM34.90 million (7.6%) lower compared to RM459.66 million recorded in Quarter 1 FY2025.

Gross profit (“GP”) of RM40.34 million for the current quarter was RM15.97 million (28.4%) lower compared to RM56.31 million recorded in Quarter 1 FY2025.

Other income of RM1.18 million for the current quarter was RM0.30 million (34.7%) higher against Quarter 1 FY2025.

Selling and administrative (“S&A”) expenses of RM14.91 million for the current quarter were RM1.47 million (10.9%) higher compared to Quarter 1 FY2025.

Finance costs, and share of results of joint ventures and associated company broadly consistent with Quarter 1 FY2025.

Overall, the Group recorded a lower profit before tax (“PBT”) of RM17.73 million for the current quarter compared to RM35.29 million of Quarter 1 FY2025, profit net of tax (“PAT”) of RM12.07 million for the current quarter compared to RM25.06 million of Quarter 1 FY2025.

- (b) Performance review

The Group’s consolidated revenue declined in Quarter 1 FY2026, primarily due to lower contributions from the Manufacturing & Trading (“M&T”) and Property Development (“PD”) divisions, partially offset by higher revenue from the Construction division.

- M&T Division: Revenue was lower due to timing differences between completed and new sales orders, coupled with the weaker Singapore Dollar against Ringgit Malaysia, which impacted revenue from the Singapore market.

- PD Division: Revenue declined as Quarter 1 FY2025 included lumpy revenue from Pinegate Residency (“PR”) Phase 1 launched in Quarter 1 FY2025, driven by brisk sales and high progress billing (the project was 50% constructed at launch).

- Construction Division: Revenue increased, supported by a substantial carried forward order book of RM4.47 billion as at 31 December 2025.

GP was lower, reflecting reduced revenue and margin compression. Margins were lower due to a higher proportion of revenue was from less profitable divisions, and the weaker Singapore Dollar.

S&A expenses rose, mainly due to higher marketing costs and foreign exchange losses on weaker Singapore Dollar.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026

(c) Group cash flow review

RM41.52 million net cash was used in operating activities, in line with the scale of operation. RM1.67 million net cash was used in investing activities, mainly for the acquisition of PPE. RM19.61 million net cash was generated from financing activities, mainly attributable to higher utilization of bank facilities for working capital and acquisition of PPE.

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

Revenue recorded in the current quarter was lower due to lower revenue from all the business divisions as below:

- Construction Division: revenue was lower mainly due to two festive season holidays.
- M&T Division: revenue was lower due to the factors stated in Section B1(b).
- PD Division: revenue was lower as preceding quarter included higher land disposal revenue.

GP was lower in line with lower revenue and margin compression attributable to the factors stated in Section B1(b).

S&A expenses were lower, reflecting reduced bonus provisions, lower impairment of receivables, and foreign exchange losses.

Overall, the Group recorded lower PBT and PAT compared to the preceding quarter.

B3. Prospects For 2026

Construction and Manufacturing Divisions

As at 31 March 2026, the Group's outstanding order book stood at approximately RM4.49 billion for construction and RM0.26 billion for manufacturing, contributed by numerous construction and supply contracts.

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) Main building works for 2 blocks of serviced apartments and ancillary buildings in Mukim of Pulai, Daerah Johor Bahru, Johor for a contract sum of RM271.55 million. The estimated completion period of the project is year 2028; 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.

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2026**

Property Development Division

The Group's on-going developments, PR Phase 1, PR Phase 2 and Taman Nusa Melati, with a combined estimated gross development value ("GDV") of approximately RM890 million, are expected to contribute to the revenue and profitability of the Group with unbilled revenue of RM130 million from secured sales as at 31 March 2026, and further sales in 2026.

Further, the Arden Residence development, with an estimated GDV of approximately RM810 million, by the Group's associate company, Astaka Kimlun Sdn Bhd, is expected to contribute profit to the Group in the next few years with unbilled revenue of RM535 million from secured sales as at 31 March 2026, and further sales in year 2026.

Subject to market sentiment and barring unforeseen circumstances, the Group expects to launch Lino Residence in the last quarter of 2026, with an estimated GDV of approximately RM205 million.

Barring unforeseen circumstances, the sizeable construction and manufacturing balance orders, together with unbilled property sales, provides strong earnings visibility and is expected to sustain the Group's activities over the next few years.

Challenges and Risks

The Group is exposed to challenges arising from geopolitical tensions. The ongoing Middle East conflict has disrupted global crude oil supply, driving energy prices higher and cascading into transport, logistics, and manufacturing sectors.

Construction material costs are also escalating. If this trend continues, margins are expected to come under pressure, and some developers may defer new projects. As the conflict continues to evolve, the extent and duration of its impact on our businesses remain difficult to predict.

In response, the Group will adopt a cautious approach to bidding and new launches, while leveraging its strong track record, extensive industry experience, and continued support from bankers to navigate uncertainties.

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:

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	Current Quarter 3 months ended 31.3.2026 RM'000	Cumulative Quarter 3 months ended 31.3.2026 RM'000
(a) interest income	764	764
(b) other income including investment Income	354	354
(c) interest expense	8,808	8,808
(d) depreciation and amortization	15,018	15,018
(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	(61)	(61)
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	1,060	1,060
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

B6. Taxation

	Current Quarter 3 months ended 31.3.2026 RM'000	Cumulative Quarter 3 months ended 31.3.2026 RM'000
In respect of the current period		
- Income tax	9,285	9,285
- Deferred tax	<u>(3,480)</u>	<u>(3,480)</u>
	5,805	5,805
In respect of prior year		
- Income tax	2	2
- Deferred tax	<u>(150)</u>	<u>(150)</u>
	<u><u>5,657</u></u>	<u><u>5,657</u></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 were not recognised on prudent basis.

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B7. Status of Corporate Proposals

- (a) The Board proposed a final single tier dividend of RM0.04 per ordinary share in the Company in respect of the financial year ended 31 December 2025 ("FYE 2025 Final Dividend"), subject to approval being obtained from the shareholders in the forthcoming Annual General Meeting ("17th AGM") for the declaration of the final dividend. The Board has determined that the Dividend Reinvestment Plan will not apply to the final dividend; and
- (b) The Company proposed to undertake a private placement of up to 35,336,200 new ordinary shares in the Company ("Placement Share"), representing up to approximately 10% of the total number of issued shares of the Company (excluding treasury shares), pursuant to Sections 75 and 76 of the Companies Act 2016 ("Proposed Private Placement"). The issue price was fixed at RM1.19 per Placement Share ("Issue Price"), which represents a discount of approximately RM0.0476 or 3.8% to the 5-day volume weighted average market price of the Company's shares up to and including 18 August 2025 of RM1.2376.

The Private Placement has been completed on 29 August 2025 following the listing of and quotation for 35,336,200 Placement Shares on the Main Market of Bursa Securities, raising gross proceeds of RM42,050,078 ("Gross Proceeds").

The status of utilization of the Gross Proceeds is as follows:

Purpose	Intended timeframe for utilisation from the date of listing of the Placement Shares	Proposed Utilisation	Actual Utilisation	Balance		Explanation (if the deviation is 5% or more)
		RM'000	RM'000	RM'000	%	
Property development expenditure for the Group's property development projects	Within 12 months	30,000	26,758	3,242	10.8%	(1)
Staff costs		7,000	7,000	0	0.0%	
Marketing and general operating expenses		4,430	2,954	1,476	33.3%	
Estimated expenses in relation to the Proposed Private Placement	Within 1 month	620	494	126	20.3%	(2)
Total Proceeds		42,050	37,206	4,844		

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Note:-

- (1) Private Placement proceeds will be utilized within the estimated timeframe. The Group does not expect any material deviation as at the date of this report.
(2) The deviation is due to the actual professional fees is lesser than the estimated fees. The difference will be utilised for working capital.

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 31 March 2026 are as follows:

	Interest rate per annum YTD 2026	As at 31.3.2026 RM'000	As at 31.3.2025 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.99% to 3.61%	48,192	35,590
Term loans and revolving credits	4.57% to 7.14%	228,732	177,807
<u>Unsecured:</u>			
IMTN	N/A	-	30,000
		<u>276,924</u>	<u>243,397</u>
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.66% to 7.64%	17,973	7,593
Hire purchase creditors	1.99% to 3.61%	26,790	18,113
Bankers' acceptance	4.14% to 4.66%	72,595	71,474
Invoice financing	2.41% to 7.20%	284,547	258,686
Term loans and revolving credits	4.57% to 7.14%	76,633	36,597
<u>Unsecured:</u>			
IMTN and ICP	4.95% to 5.25%	76,960	89,310
		<u>555,498</u>	<u>481,773</u>

The borrowings are denominated in the following currencies:

	As at 31.3.2026 RM'000	As at 31.3.2025 RM'000
Short term borrowings		
Ringgit Malaysia	550,758	474,976
Singapore Dollar	4,740	6,797
	<u>555,498</u>	<u>481,773</u>

All long term borrowing is denominated in Ringgit Malaysia.

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

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B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2026. However, the Board of Directors recommended the payment of FYE 2025 Final Dividend which is subject to the approval of the shareholders at the 17th 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 2026.

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

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

	Current Quarter Ended		Year to-Date Ended	
	31.3.2026	31.3.2025	31.3.2026	31.3.2025
Profit/(loss) attributable to owners of the Company (RM'000)	11,249	25,207	11,249	25,207
Weighted average number of ordinary shares in issue ('000)	388,699	353,363	388,699	353,363
Assumed shares issued from the exercise of warrants ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares in issue ('000)	388,699	353,363	388,699	353,363
Basic earnings/(loss) per share ("BELPS") (Sen)	2.89	7.13	2.89	7.13
Diluted earnings/(loss) per share ("DELPS") (Sen)	2.89	7.13	2.89	7.13

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.