

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.12.2020 RM'000	31.12.2019 RM'000	CHANGES %	31.12.2020 RM'000	31.12.2019 RM'000	CHANGES %
Revenue	49,317	48,947	0.8%	150,805	159,619	-5.5%
Cost of sales	<u>(41,698)</u>	<u>(40,738)</u>	2.4%	<u>(126,346)</u>	<u>(130,401)</u>	-3.1%
Gross profit	7,619	8,209	-7.2%	24,459	29,218	-16.3%
Other income	953	190	>100%	1,252	380	>100%
Administrative expenses	(3,983)	(3,429)	16.2%	(15,921)	(13,884)	14.7%
Finance costs	<u>(380)</u>	<u>(210)</u>	81%	<u>(1,140)</u>	<u>(1,206)</u>	-5.4%
Profit before tax	4,209	4,760	-13.1%	8,649	14,508	-40.4%
Income tax expense	<u>(1,783)</u>	<u>(1,257)</u>	41.8%	<u>(3,316)</u>	<u>(4,102)</u>	-19.2%
Profit for the financial period	<u>2,426</u>	<u>3,503</u>	-30.7%	<u>5,334</u>	<u>10,406</u>	-48.7%
Attributable to:						
Owner of the Company	2,474	3,532	-29.9%	5,434	10,437	-47.9%
Non-controlling interests	<u>(48)</u>	<u>(29)</u>	66.3%	<u>(100)</u>	<u>(31)</u>	>100%
	<u>2,426</u>	<u>3,503</u>	-30.7%	<u>5,334</u>	<u>10,406</u>	-48.7%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	<u>0.27</u>	<u>1.00</u>		<u>0.58</u>	<u>3.05</u>	
Diluted	<u>0.25</u>	<u>0.86</u>		<u>0.56</u>	<u>2.63</u>	

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Earnings per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Profit for the financial period	2,426	3,503	5,334	10,406
Other comprehensive expenses				
Foreign currency translation differences for foreign operation ⁽²⁾	2	1	7	-
Total comprehensive income for the financial period	<u>2,428</u>	<u>3,504</u>	<u>5,341</u>	<u>10,406</u>
Attributable to:				
Owner of the Company	2,476	3,532	5,441	10,437
Non-controlling interests	(48)	(29)	(100)	(31)
	<u>2,428</u>	<u>3,503</u>	<u>5,341</u>	<u>10,406</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount less than RM1,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.12.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	9,207	7,801
Investment properties	5,879	6,607
Intangible assets	982	-
Deferred tax assets	119	119
Trade receivables	8,613	7,869
	<u>24,800</u>	<u>22,396</u>
Current assets		
Inventories	332	-
Trade receivables	47,502	40,445
Other receivables, deposits and prepayments	6,177	4,702
Contract assets	57,883	35,021
Deposits with licensed banks	25,147	20,089
Cash and bank balances	3,085	15,132
Tax recoverable	10	-
	<u>140,136</u>	<u>115,389</u>
TOTAL ASSETS	<u>164,936</u>	<u>137,785</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	53,299	48,299
Translation reserve ⁽²⁾	7	-
Treasury shares	(4)	(241)
Retained profits	26,928	23,335
	<u>80,230</u>	<u>71,393</u>
Non-controlling interest	<u>(104)</u>	<u>(36)</u>
Total Equity	<u>80,126</u>	<u>71,357</u>
Non-current liabilities		
Finance lease liabilities	887	779
Term loan	5,074	5,767
Trade payables	2,846	2,774
	<u>8,807</u>	<u>9,320</u>
Current liabilities		
Trade payables	41,402	41,428
Other payables and accruals	3,324	1,301
Contract liabilities	7,984	7,297
Finance lease liabilities	364	329
Short-term borrowings	22,218	5,721
Current tax liabilities	711	1,032
	<u>76,003</u>	<u>57,108</u>
TOTAL LIABILITIES	<u>84,810</u>	<u>66,428</u>
TOTAL EQUITY AND LIABILITIES	<u>164,936</u>	<u>137,785</u>
Net asset per share (RM) ⁽³⁾	<u>0.09</u>	<u>0.21</u>

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount less than RM1,000.
- (3) Net assets per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	<-Attributable to Owners of the Company->				Total RM'000	Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Non-distributable Translation Reserves RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000			
Balance at 01.01.2020	48,299	-(2)	(241)	23,335	71,393	(36)	71,357
Total Comprehensive Income for the period	-	7	-	5,434	5,441	(100)	5,341
Dividend paid	-	-	237	(2,544)	(2,307)	-	(2,307)
Acquisition of subsidiary companies	-	-	-	731	731	4	735
Issuance of new shares	5,000	-	-	-	5,000	-	5,000
Increase in ownership without change in control	-	-	-	(28)	(28)	28	-(2)
Balance as at 31.12.2020	53,299	7	(4)	26,928	80,230	(104)	80,126
Balance at 01.01.2019	32,000	-	-	16,262	48,262	(5)	48,257
Total Comprehensive Income for the period	-	-	-	10,437	10,437	(31)	10,406
Issuance of new shares	16,299	-	-	-	16,299	-	16,299
Shares repurchased	-	-	(241)	-	(241)	-	(241)
Dividend paid	-	-	-	(3,364)	(3,364)	-	(3,364)
Balance as at 31.12.2019	48,299	-	(241)	23,335	71,393	(36)	71,357

Note:

- (1) The basis of preparation of the Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Amount less than RM1,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	YEAR-TO-DATE ENDED	
	31.12.2020 RM'000	31.12.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	8,649	14,508
Adjustments for:		
Depreciation of property, plant and equipment	1,183	933
Depreciation of investment properties	128	66
Impairment loss on receivables	150	-
Fair value discount on receivables	86	269
Fair value discount on payables	55	(124)
Gain on disposal of PPE	(180)	-
Interest expense	1,054	937
Interest income	(887)	(136)
Operating profit before changes in working capital	10,238	16,453
Net changes in inventories	(332)	-
Net changes in trade receivables	(8,036)	(11,250)
Net changes in other receivables, deposits and prepayments	(1,474)	(1,202)
Net changes in contract assets / liabilities	(22,175)	(7,432)
Net changes in trade payables	(9)	11,030
Net changes in other payables and accrual	2,023	(1,167)
Cash flows from operations	(19,765)	6,432
Interest paid	(1,054)	(937)
Interest received	887	136
Tax paid	(3,647)	(3,747)
Net cash used in operating activities	(23,579)	1,884
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,900)	(891)
Proceeds from disposal of PPE	780	-
Purchase of investment properties	-	(343)
Acquisition of a subsidiary company	(240)	-
Acquisition of intangible assets	(150)	-
Net cash used in investing activities	(1,510)	(1,234)
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged of fixed deposits as securities	(4,046)	(3,894)
Drawdown of bank borrowings	28,742	6,383
Repayment of bank's borrowings	(23,889)	(2,668)
Repayment of finance lease obligations	(397)	(414)
Proceeds from issuance of new shares	5,000	16,299
Issue of shares to non-controlling interest ⁽²⁾	-	-
Buy-back of shares	-	(241)
Dividend paid	(2,307)	(3,364)
Net cash used in financing activities	3,103	12,101
NET INCREASE IN CASH AND CASH EQUIVALENTS	(21,986)	12,751
Cash and cash equivalents at beginning of the financial period	22,132	9,381
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	146	22,132
Cash and cash equivalents comprise :		
Deposits with licensed banks	25,147	20,088
Cash and bank balances	3,085	15,132
Bank overdrafts	(10,951)	-
	17,281	35,220
Less: Deposits pledged to licensed banks	(17,135)	(13,088)
	146	22,132

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount less than RM1,000.

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements.

The interim financial reports should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2019.

A2 Significant Accounting Policies

In addition to the accounting policies and presentations adopted by the Group for the audited financial statements for the year ended 31 December 2019, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2020:-

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statement
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement
Amendments to MFRS 7	Financial Instruments : Disclosures – Interest Ratee Benchmark Reform

The Group expect that the adoption of the above Standards, Amendments and IC interpretation are not expected to have any material financial impacts to the current period and prior period financial statement.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2019.

A4 Seasonal and Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial year under review.

A6 Changes in Estimates

There was no material change in estimates that have a material effect on the financial quarter and financial year under review.

A7 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial year, other than as disclosed.

On 26 February 2020, the number of issued shares of the Company were increased from 370,230,000 to 925,574,998 by way of subdivision of every 2 existing shares into 5 subdivided shares.

With regards to treasury shares, the number held in hand as at the financial year under review after taking into consideration the share split on 26 February 2020 was:

	No. of Shares
Total treasury shares as at 1 January 2020	1,126,900
Effect of subdivision of shares issued on 26 February 2020	1,690,350
Distribution of 3 treasury shares as dividend for every 1,000 ordinary shares held on 14 April 2020	<u>(2,767,862)</u>
Total treasury shares as at 31 December 2020	<u>49,388</u>

A8 Dividends Paid

	RM'000
(i) 1 st interim single-tier dividend of RM0.0025 per share paid on 14 April 2020 in respect of financial year ending 2020	2,307
(ii) A total of 2,767,876 treasury shares were distributed as shares dividend and credited into the entitled shareholders' securities account maintained with Bursa Malaysia Depository Sdn Bhd on 14 April 2020	<u>237</u>
	<u>2,544</u>

A9 Segmental Reporting

The Group is principally involved in the provision of electrical and mechanical engineering services. As such, the revenue of the Group for the current financial year under review is derived mainly from its electrical and mechanical engineering services.

No geographical analysis has been prepared as the Group operates mainly in Malaysia.

A10 Material Events after the End of the Reporting Period

Save for those disclosed in Note B6 "Status of Corporate Proposals", there were no other material events subsequent to the end of the current financial year.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial year, except as disclosed below:

- (i) KAB Technologies Thai Co. Ltd (“KABTT”) was established on 20 July 2018 as a limited company under Thai law. The entire issued and paid-up share capital is THB2,000,000.00 comprising of 20,000 shares. The Company’s wholly-owned subsidiary, KAB Technology Sdn Bhd is holding 100% in KABTT.

KABTT is principally engaged in investment holding of shares.

- (ii) Energy Optimization (Thailand) Co., Ltd (“EOT”) was established on 31 July 2000 as a limited company under Thai law. The entire issued and paid-up share capital is THB3,000,000.00 comprising of 15,001 ordinary shares and 14,999 preferred shares.

Upon completion of the proposed acquisition in EOT on 26 March 2020, KABTT is holding 49.997% or 14,999 preferred shares of THB100 each. The voting right of the preferred shares is 4 votes per 1 preferred share and the entitlement of dividend and profit sharing allocated to the preferred shareholder are 80%. 14,700 ordinary shares with 1 voting right per 1 share are held by Chanchai Kitprotpisuth being the minority shareholder, who is also the director in EOT.

EOT is principally engaged in design and implementation of energy saving equipment.

- (iii) KAB Smart Solar Energy Sdn Bhd (formerly known as KAB Construction Sdn Bhd, “KSSE”) was incorporated on 3 April 2018 under the Companies Act 2016. The entire issued and paid-up share capital is RM1,000.00 comprising of 1,000 ordinary shares. On 19 August 2020, the Company had increased its shareholdings from 51% and KSSE became 85% owned subsidiary company.

KSSE intended to principally engaged in supplying and installation of solar panel.

- (iv) Eliq Management Sdn Bhd (“ELIQ”) was incorporated on 4 September 2020 under the Companies Act 2016. The Company is holding 100% shares in ELIQ. The entire issued and paid-up share capital is RM100.00 comprising of 100 ordinary shares.

ELIQ is principally engaged in property investment and management.

- (v) KAB Energy Power Sdn Bhd (“KABEP”) was incorporated on 22 November 2019 under the Companies Act 2016. The entire issued and paid-up share capital is RM1,000.00 comprising of 1,000 ordinary shares. On 3 September 2020, the Company had increased its shareholdings from 90% and KABEP became 100% owned subsidiary company.

KABEP is principally engaged in design, supply and installation of power generation systems with natural resources or with the recovery or utilisation of heat.

A12 Contingent Liabilities and Contingent Assets

The changes in contingent liabilities of the Group are as follows:-

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	22,764	21,942

There was no contingent asset as at the date of this interim report.

A13 Capital Commitments

Capital commitment for financial quarter under review are as follows:-

	RM'000
Approved and contracted but not provided for:	
- Property, plant and equipment	1,097

A14 Significant related party transactions

There was no significant related party transaction in the current financial year under review.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of Group Performance

For the current financial quarter under review, the Group posted revenues of RM49.32 million and RM150.81 million for the financial year as compared to its preceding year's corresponding quarter ended 31 December 2019 of RM48.95 million and corresponding year of RM159.62 million, representing a slight increase RM0.37 million of quarter on quarter basis but a decrease of RM8.81 million year on year basis.

Profit before tax ("PBT") for current quarter dropped to RM4.21 million, representing a decrease of RM0.55 million from its preceding year's corresponding quarter ended 31 December 2019 of RM4.76 million, as well as a decrease of RM5.86 million from preceding year's PBT of RM14.51 million.

After taking into account the effects of the Coronavirus Disease 2019 ("COVID-19") pandemic and the Movement Control Orders (MCO) implemented by the Government of Malaysia, the results had declined significantly due to construction activities were halted during the MCO.

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	31.12.2020	30.09.2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	49,317	43,521	5,796	13%
Gross Profit	7,619	6,621	998	15%
Profit Before Tax	4,209	2,217	1,992	90%

The Group recorded a gross profit of RM7.62 million for the current quarter as compared to RM6.62 million in the previous quarter ended 30 September 2020. This is in line with an increase in revenue of RM49.32 million for current quarter as compared to RM43.52 million in the previous quarter ended 30 September 2020.

The Group's PBT of RM4.21 million for the current quarter was 90% higher than the PBT of RM2.22 million achieved in the previous quarter ended 30 September 2020. The overall increase was mainly due to the increase in the business activity when the Group resumed its full operation on 1 June 2020.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B3 Prospects for the Financial Year

The Group will continue to focus on the following future plans and business strategies for the future growth and expansion of its business:-

- (i) expansion beyond Klang Valley, as well as venturing into neighbouring ASEAN countries;
- (ii) supporting the building and financing of energy efficiency systems and taking a share of the savings in energy costs; and
- (iii) diversifying service base to offer customised energy efficiency solutions, which relies on various interrelated technologies to achieve energy savings.

The unprecedented global pandemic of COVID-19 has brought significant economic uncertainty, the Malaysian economy is currently experiencing a sharp decline in its economic activities across most sectors as movement of all persons involved in non-essential industries were restricted. The Malaysian Government imposed MCO with renewed restrictions in most states across Malaysia commenced from 13 January 2021 (“MCO 2.0”) to curb the sharp spike in COVID-19.

Under the MCO 2.0, activities under the construction industry were allowed to operate with strict adherence to the relevant SOPs, the Group is able to carry out its business and operations through complying with the relevant SOPs and does not foresee any material disruptions to its projects’ timelines and its business operations.

The Group is expected to be able to continue to meet all obligations in accordance to the respective project timelines as agreed with the project owner and/or main contractor during the award of respective projects.

As at 31 December 2020, the Group’s order book, contracts secured and tenders are as follows:-

- (i) order book balance is approximately RM325 million; and
- (ii) approximately RM261 million worth of tenders still pending.

The Board will continue to review and monitor the pandemic and economic situation while exercising prudence in spending to sustain with the current market challenges and conditions.

B4 Profit Forecast

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 Taxation

	3-MONTHS ENDED		YEAR-TO-DATE-ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM’000	RM’000	RM’000	RM’000
Income tax	1,795	1,257	3,328	4,088
Under/ (over) provided in prior year	(12)	-	(12)	14
Deferred tax	-	-	-	-
	<u>1,783</u>	<u>1,257</u>	<u>3,316</u>	<u>4,102</u>
Effective tax rate ⁽¹⁾	42%	26%	38%	28%

Note:

- (1) The effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to losses incurred by certain subsidiary companies are not available for set-off and adjustment for non-deductible expenses.

B6 Status of Corporate Proposals

(i) Private Placement

On 10 October 2019, Mercury Securities Sdn Bhd (“Mercury”) had announced on behalf of the Board of Directors of KAB (“Board”) that the Company proposed to undertake a private placement of up to 70,574,600 new ordinary shares in KAB (“Placement Shares”) representing up to 20% of the total number of issued shares of KAB, to independent third-party investors to be identified later, at an issue price to be determined later (“Proposed Private Placement”).

Bursa Malaysia Securities Berhad (“Bursa Securities”) had on 17 October 2019 approved the listing and quotation of up to 70,574,600 Placement Shares to be issued pursuant to the proposed Private Placement.

The shareholders of the Company had approved the Proposed Private Placement at an extraordinary general meeting (“EGM”) of the Company held on 8 November 2019.

On 25 November 2019, Mercury announced on behalf of the Board that the issue price for the private placement of 16,230,000 Placement Shares has been fixed at RM0.5853 per Placement Share. The Company had on 29 November 2019 issued 16,230,000 Placement Shares to the identified investors and there are up to 54,344,600 remaining Placement Shares to be allotted and issued under the Private Placement.

Pursuant to the completion of the Company’s Share Split exercised on 27 February 2020, the remaining Placement Shares is consequentially subdivided to 135,861,500 remaining Placement Shares to be allotted and issued under the Private Placement upon application.

On 18 March 2020, Mercury announced on behalf of the Board that the Company has submitted an application to seek Bursa Securities’ approval for an extension of time of 6 months from 16 April 2020 up to 16 October 2020 for the Company to complete the implementation of the Private Placement.

On 27 March 2020, Mercury announced on behalf of the Board that the Company had obtained the approval of Bursa Securities vide its letter dated 26 March 2020 (which was received on 27 March 2020) for an extension of time of 6 months up to 16 October 2020 for the Company to complete the implementation of the Private Placement.

On 2 October 2020, Mercury announced on behalf of the Board that the Company had submitted an application to seek Bursa Securities’ approval for an extension of time of 6 months from 17 October 2020 up to 16 April 2021 for the Company to complete the implementation of the Private Placement.

On 13 October 2020, Mercury announced on behalf of the Board that the Company had obtained the approval of Bursa Securities vide its letter for an extension of time of 6 months up to 16 April 2021 for the Company to complete the implementation of the Private Placement.

On 5 November 2020, Mercury announced on behalf of the Board that the issue price for the private placement of 6,033,600 Placement Shares has been fixed at RM0.8287 per Placement Share. The Company had on 13 November 2020 issued 6,033,600 Placement Shares to the identified investors and there are up to 48,311,000 remaining Placement Shares to be allotted and issued under the Private Placement.

On 2 February 2021, Mercury announced on behalf of the Board that the issue price for the private placement of 8,333,100 Placement Shares has been fixed at RM0.90 per Placement Share. The Company had on 10 February 2021 issued 8,333,100 Placement Shares to the identified investors and there are up to 39,977,900 remaining Placement Shares to be allotted and issued under the Private Placement.

(ii) Proposed Acquisition of KIEV CRG Sdn Bhd (“KIEV”)

On 5 February 2020, KAB Energy Power Sdn Bhd (“KABEP”), a 90% owned subsidiary of the Company had entered into a Sale and Purchase Agreement with KIEV Energy Sdn Bhd and Tree Hill Sdn Bhd to acquire 70% of the issued shares in KIEV, for a total cash consideration of RM250,000.

KIEV is principally engaged in operating power generation facilities that produce electric energy.

The Board announced the transaction was completed on 23 July 2020.

KAB had subsequently increased its shareholding in KABEP from 90% to 100% on 3 September 2020. Thereafter, KABEP acquired the remaining 3 ordinary shares in KIEV, representing 30% of the total issued share capital in KIEV, for a cash consideration of RM75,000, which has been completed on 5 October 2020. Since then, KIEV is a wholly-owned subsidiary of KAB.

- (iii) Proposed Acquisition of Konpro Industries Sdn Bhd (“Konpro”) and Meru One Sdn Bhd (“Meru”) from Invest Energy Sdn Bhd (“INVEN”) (“Proposed Acquisitions”)

On 25 March 2020, KAB Energy Power Sdn Bhd (“KABEP”), a 90% owned subsidiary of the Company had entered into a Provisional Agreement with INVEN to acquire 2,000,000 Ordinary Shares in Konpro and 600,000 Ordinary Shares in Meru for a total cash consideration of RM7,260,000.00 and to assume liabilities totalling RM4,240,000.00.

On 24 April 2020, the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 60 days from 24 April 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions subject to satisfactory due diligence review.

On 23 June 2020 the Company announced due to the COVID-19 pandemic and the implementation of the MCO, the due diligence process in connection with these acquisitions was unable to be finalised in time. Both parties had mutually agreed to further extend the period for additional 60 days to enter into formal agreements for the Proposed Acquisitions subject to satisfactory due diligence.

On 26 August 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 27 days to 22 September 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

On 25 September 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 28 days to 22 October 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

On 28 October 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 30 days to 22 November 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

As at the date of this announcement, KABEP is in the midst of negotiating and finalising the definitive agreements which are subject to, among others, the satisfactory outcome of the legal, financial and technical the due diligence review.

- (iv) Proposed Share Split

On 10 February 2021, Mercury announced on behalf of the Board that the Company proposed to undertake the Proposed Share Split involving the subdivision of every 10 existing ordinary shares in the Company into 18 Shares. The entitlement date will be determined and announced on a later date.

- (v) Proposed Bonus Issue of Warrants

On 10 February 2021, Mercury announced on behalf of the Board that the Company proposed to undertake the Proposed Bonus Issue of up to 881,927,638 Free Warrants in the Company on the basis of 1 warrant for every 2 ordinary shares held on a date to be determined and announced later by the Board.

(vi) Proposed Subscription in Mayang Hijau Sdn Bhd (“MHSB”) (“Proposed Subscription”)

On 16 February 2021, KAB Smart Solar Energy Sdn Bhd (“KSSE”), a wholly-owned subsidiary of KAB has entered into a Binding Term Sheet with MHSB, Evergreen Thumbsup Sdn Bhd (“ETSB”) and Mr Heng Boon Liang to subscribe 800,000 ordinary shares in MHSB, representing 80% of the total proposed enlarged paid up share capital in MHSB, for a total cash consideration of RM800,000.00.

MHSB is principally engaged in developing, financing, constructing, operating and maintaining solar photovoltaic projects.

Upon the completion of the proposed subscription, MHSB will become an 80% owned indirect subsidiary of KAB, and the remaining 20% will be held by ETSB.

Save as above, there was no corporate proposal announced.

B7 Utilisation of Proceeds

(i) Special Issue

The utilisation of the gross proceeds from the Special Issue amounting to RM6.80 million is as follows:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Acquisition and/or investment in other complementary business and/or assets ⁽¹⁾	6,630	(629)	6,001	Within 24 months
Estimated expenses for the proposed Special Issue	170	(170)	-	Immediate
Total	6,800	(799)	6,001	

Notes:

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 19 December 2018.

(ii) Private Placement

The proposed utilisation of the gross proceeds from the Private Placement amounting to RM27.1 million is as follows:

Purposes	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Expansion of customised energy efficiency solutions business	17,000	-	17,000	Within 24 months
Project costs and expenses	4,500	(4,500)	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	(2,847)	1,847	Within 24 months
Estimated expenses for the proposed Private Placement	900	(317)	583	Immediate
Total	27,094	(7,664)	19,430	

Notes:

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 24 October 2019.

On 2 December 2019, the Company had issued 16,230,000 Placement Shares at RM0.5853 per Placement Share to arrive at total fund of RM9.5 million.

On 16 November 2020, the Company had issued 6,033,600 Placement Shares at RM0.8287 per Placement Share to arrive at total fund of RM5.0 million.

On 10 February 2021, the Company had issued 8,333,100 Placement Shares at RM0.90 per Placement Share to arrive at total fund of RM7.5 million.

B8 Group's Borrowings and Debt Securities

The details of the borrowings of the Group are as follows:-

	As at 31.12.2020 RM'000	As at 31.12.2019 RM'000
Long term:		
Term loans	5,074	5,767
Finance lease liabilities	887	779
	5,961	6,546
Short term:		
Term loans	357	349
Finance lease liabilities	364	329
Bank overdrafts	10,951	-
Trade finance	10,910	5,372
	22,582	6,050

All the Group's borrowings are secured and denominated in Ringgit Malaysia.

B9 Material Litigation

KAB Technologies Sdn Bhd, the wholly-owned subsidiary ("KABT / Plaintiff"), has on 26 June 2020 commenced a Writ action against ICEE International Sdn Bhd (the "1st Defendant") and ICEE Energy Services Sdn Bhd (the "2nd Defendant") before the High Court of Malaya at Kuala Lumpur under Civil Suit No.: WA-22NCVC-330-06/2020.

The claim against the 2nd Defendant is premised on a Work Order dated 01.04.2019 ("Work Order") entered between KABT on the one part and the 2nd Defendant on the other part wherein the 2nd Defendant is required by contract to ensure that KABT receives its annual guaranteed savings of 8% which corresponds with an amount of monetary return of RM8,329.72 per month for a period of five (5) years i.e. 60 months. KABT alleges that the 2nd Defendant has breached the material terms of the Work Order causing KABT to have suffered and continue to suffer loss and damage in so far as the Pullman Hotel, Kuching project is concerned.

KABT's claim against the 2nd Defendant is for amongst others a declaration that the 2nd Defendant has breached the express and/or implied terms of the Work Order, the outstanding shortfalls under the Work Order in the sum of RM12,418.20, general damages, special damages in the sum of RM813,709.19, interest at 5% per annum on judgement sum and costs.

The claim against the 1st Defendant is premised on an Agreement dated 07.08.2019 ("2019 Agreement") entered between KABT on the one part and the 1st Defendant on the other part wherein the 1st Defendant is required by contract to ensure that KABT receives its guaranteed savings of 10% which corresponds with an amount of monetary return of RM6,680.40 and RM6,958.75 for a period of forty-eight (48) months, respectively in respect of the projects at Robinson Rama 9 and Robinson Prachinburi in Thailand. KABT alleges that the 1st Defendant has breached the material terms of the 2019 Agreement causing KABT to have suffered and continue to suffer loss and damage.

KABT's claim against the 1st Defendant is for amongst others a declaration that the 1st Defendant has breached the express and/or implied terms of the 2019 Agreement, the outstanding shortfalls under the 2019 Agreement totalling a sum of RM15,132.98, general damages, special damages totalling a sum of RM1,431,099.49, interest at 5% per annum on judgement sum and costs.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

On 26 June 2020, the Defendants have entered a defence and filed a counterclaim for the Initial Suit which was subsequently amended by an amended defence and counterclaim filed by the Defendants on 10 July 2020, and added KAB as a party (“Counterclaim”). The Defendants’ Counterclaim is for passing-off, breach of confidential information, breach of fiduciary duty, the abuse of process and conspiracy to injure. In the Counterclaim, the Defendants had further claimed for monetary damages totalling up to RM17,827,777.01 which include:-

- (i) damages that are allegedly suffered by the Defendants in relation to past or existing projects totalling up to an amount of RM618,247.09; and
- (ii) damages in relation to future projects that the Defendants allegedly lost, the loss of future income and the loss of the value of ICEE, amounting to a total of up to RM17,209,529.92.

The suit is only at the stage of pleadings and the pleadings is not closed yet. At this early stage, it is premature and hence difficult to quantify the potential liability to KAB Group.

Based on opinion rendered by solicitors representing Plaintiffs, Messrs Ken St James, the Plaintiffs have a good chance of succeeding in obtaining the Declaratory Orders sought in the Initial Suit. Further, Messrs Ken St James also conclude that it is more likely than not that the Defendants will not fully succeed in their Counterclaim. As such, the Counterclaim is not expected to have material financial or operational impact on KAB Group.

The Plaintiffs have attended a case management on 29 June 2020, 11 August 2020, 12 October 2020, 13 January 2021 and 22 February 2021. The next case management is scheduled on 16 March 2021 for all parties to comply with the pre-trial directions. The matter has been scheduled for trial on 8 June 2021 to 10 June 2021.

B10 Dividends Proposed or Declared

The Board does not recommend any interim dividend for current quarter.

B11 Derivatives and Fair Value Changes of Financial Liabilities

- (i) There were no derivatives as at the current financial year under review.
- (ii) The fair value changes arising from discounting future retention sums receivable and retention sums payable to present value for the current quarter under review has been accounted for accordingly.

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
	RM'000	RM'000	RM'000	RM'000
Net fair value loss / (gain)	422	(170)	707	145

B12 Earnings Per Share

The basic and diluted earnings per share for the financial period is computed as follows:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Profit after tax attributable to owners of the Company (RM'000)	2,474	3,532	5,434	10,437
Weighted average number of ordinary shares in issue ('000)	931,409	354,000	929,151	341,733
Adjustment for assumed issuance of Placement Shares ('000)	48,311	54,345	48,311	54,345
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	979,720	408,345	977,462	396,078
Basic earnings per share (sen) ⁽¹⁾	0.27	1.00	0.58	3.05
Diluted earnings per share (sen)	0.25	0.86	0.56	2.63

Notes:

- (1) The basic earnings per share is computed based on the profit attributable to the equity shareholders of the Company divided by weighted average number of ordinary shares in issue for the financial period under review.

B13 Notes to the Statement of Comprehensive Income

Profit before tax is arrived at after (crediting) / charging:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.12.2020 RM'000	31.12.2019 RM'000	31.12.2020 RM'000	31.12.2019 RM'000
Interest income	(670)	(36)	(887)	(136)
Interest expense	379	256	1,054	937
Depreciation of property, plant and machinery	307	249	1,183	933
Depreciation of investment properties	31	21	128	66