

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2021 RM'000	30.09.2020 RM'000	CHANGES %	30.09.2021 RM'000	30.09.2020 RM'000	CHANGES %
Revenue	32,016	43,521	-26.4%	121,935	101,488	20.1%
Cost of sales	(26,080)	(36,900)	-29.3%	(103,601)	(84,647)	22.4%
Gross profit	5,936	6,621	-10.3%	18,334	16,841	8.9%
Other income	168	252	-33.3%	748	863	-13.3%
Administrative expenses	(4,518)	(4,065)	11.1%	(12,288)	(11,937)	2.9%
Finance costs	(762)	(591)	28.9%	(1,846)	(1,327)	39.1%
Profit before tax	824	2,217	-62.8%	4,948	4,440	11.4%
Income tax expense	(517)	(860)	-39.9%	(2,017)	(1,533)	31.6%
Profit for the financial period	307	1,357	-77.4%	2,931	2,907	0.8%
Attributable to:						
Owner of the Company	166	1,369	-94.5%	3,113	2,960	2.1%
Non-controlling interests	141	(12)	>100%	(182)	(53)	74%
	307	1,357	-74.9%	2,931	2,907	0.8%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	0.01	0.15		0.18	0.32	
Diluted	0.01	0.08		0.17	0.17	

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 2020 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	
	30.09.2021 RM'000	30.09.2020 RM'000	30.09.2021 RM'000	30.09.2020 RM'000
Profit for the financial period	307	1,357	2,931	2,907
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	36	7	61	4
Total comprehensive income for the financial period	<u>343</u>	<u>1,364</u>	<u>2,992</u>	<u>2,911</u>
Attributable to:				
Owner of the Company	202	1,376	3,174	2,964
Non-controlling interests	141	(12)	(182)	(53)
	<u>343</u>	<u>1,364</u>	<u>2,992</u>	<u>2,911</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 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30.09.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	20,120	7,068
Investment properties	8,357	5,879
Right-of-use assets	2,017	2,139
Intangible assets	982	982
Deferred tax assets	119	119
Trade receivables	15,352	8,088
	<u>46,947</u>	<u>24,275</u>
Current assets		
Inventories	332	325
Trade receivables	44,416	47,340
Other receivables, deposits and prepayments	18,330	6,767
Contract assets	54,092	57,883
Deposits with licensed banks	29,720	25,147
Cash and bank balances	3,204	3,004
	<u>150,095</u>	<u>140,466</u>
TOTAL ASSETS	<u>197,041</u>	<u>164,741</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	70,799	53,299
Translation reserve	54	(7)
Treasury shares	(4)	(4)
Retained profits	29,894	26,781
	<u>100,743</u>	<u>80,069</u>
Non-controlling interest	<u>(34)</u>	<u>(102)</u>
Total Equity	<u>100,709</u>	<u>79,967</u>
Non-current liabilities		
Finance lease liabilities	817	888
Term loan	8,625	4,897
Trade payables	4,516	2,836
	<u>13,958</u>	<u>8,621</u>
Current liabilities		
Trade payables	31,823	41,740
Other payables and accruals	2,871	2,944
Contract liabilities	8,121	7,984
Finance lease liabilities	348	363
Short-term borrowings	39,094	22,293
Current tax liabilities	117	829
	<u>82,374</u>	<u>76,153</u>
TOTAL LIABILITIES	<u>96,332</u>	<u>84,774</u>
TOTAL EQUITY AND LIABILITIES	<u>197,041</u>	<u>164,741</u>
Net asset per share (RM) ⁽²⁾	<u>0.06</u>	<u>0.10</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 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) 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 ----- >						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	Total RM'000			
Balance at 01.01.2021	53,299	(7)	(4)	26,781	80,069	(102)	79,967	
Total Comprehensive Income for the period	-	61	-	3,113	3,174	(182)	2,992	
Issue shares to non-controlling interest						280	280	
Issuance of new shares	17,500	-	-	-	17,500	-	17,500	
Increase in ownership without change in control						(30)	(30)	
Balance as at 30.09.2021	70,799	54	(4)	29,894	100,743	(34)	100,709	
Balance at 01.01.2020	48,299	-(2)	(241)	23,335	71,393	(36)	71,357	
Total Comprehensive Income for the period	-	(7)	-	5,287	5,280	(98)	5,182	
Dividend paid	-	-	237	(2,544)	(2,307)	-	(2,307)	
Acquisition of subsidiary companies	-	-	-	735	735	-	735	
Issuance of new shares	5,000	-	-	-	5,000	-	5,000	
Increase in ownership without change in control	-	-	-	(32)	(32)	32	-	
Balance as at 31.12.2020	53,299	(7)	(4)	26,781	80,069	(102)	79,967	

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 2020 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	
	30.09.2021 RM'000	30.09.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,948	4,440
Adjustments for:		
Depreciation of property, plant and equipment	454	468
Depreciation of right-of-use assets	377	408
Depreciation of investment properties	113	97
Reversal Impairment loss on receivables	(43)	150
Fair value discount on receivables	710	652
Fair value discount on payables	(238)	(367)
Gain on disposal of PPE	4	(180)
Interest expense	1,136	675
Interest income	(187)	(217)
Operating profit before changes in working capital	7,274	6,126
Net changes in inventories	(7)	-
Net changes in trade receivables	(5,008)	(2,888)
Net changes in other receivables, deposits and prepayments	(11,563)	877
Net changes in contract assets / liabilities	3,927	(16,105)
Net changes in trade payables	(7,973)	(3,449)
Net changes in other payables and accrual	(67)	399
Cash flows from operations	(13,417)	(15,040)
Interest paid	(1,136)	(675)
Interest received	187	217
Tax paid	(2,729)	(2,926)
Net cash used in operating activities	(17,095)	(18,424)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(13,712)	(1,150)
Proceeds from disposal of PPE	-	780-
Purchase of right-of-use assets	(255)	-
Purchase of investment properties	(2,591)	-
Acquisition of a subsidiary company	-	(666)
Acquisition of investment	-	-
Net cash used in investing activities	(16,558)	(1,036)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of shares to non-controlling interest	249	30
Pledged of fixed deposits as securities	(9,934)	(2,962)
Drawdown of bank borrowings	48,819	15,025
Drawdown of finance lease liabilities	200	540
Repayment of bank's borrowings	(26,423)	(11,567)
Repayment of finance lease obligations	(86)	(322)
Proceeds from issuance of new shares	17,500	-
Dividend paid	-	(2,307)
Net cash generated from / (used in) financing activities	30,325	(1,563)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(3,328)	(21,023)
Cash and cash equivalents at beginning of the financial period	167	22,132
Effect of foreign exchange rate changes	(27)	4
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	(3,188)	1,113
Cash and cash equivalents comprise:		
Deposits with licensed banks	29,720	20,217
Cash and bank balances	3,204	3,794
Bank overdrafts	(9,044)	(6,847)
	23,880	17,164
Less: Deposits pledged to licensed banks	(27,068)	(16,051)
	(3,188)	1,113

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 2020 and the accompanying explanatory notes attached to this interim financial report.

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 2020.

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 2020, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2021:-

Amendments to MFRS 16	Leases – Covid-19 Related Rent Concessions Beyond 30 June 2021
Amendments to MFRS 101	Disclosure Of Accounting Policies

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 2020.

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 period 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 quarter, other than as disclosed.

On 10 February 2021, 8,333,100 Placement Shares were issued and the number of shares of the Company increased to 939,941,698.

On 8 April 2021, the number of issued shares of the Company were increased from 939,941,698 to 1,691,894,669 by way of subdivision of every 10 existing shares into 18 subdivided shares.

25 million Placement Shares were issued pursuant to the General Mandate, the number of issued shares of the Company increased to 1,761,894,669 in current quarter.

With regards to treasury shares, the number held in hand as at the financial quarter under review after taking into consideration the share split on 8 April 2021 was:

	No. of Shares
Total treasury shares as at 1 January 2021	49,388
Effect of subdivision of shares issued on 8 April 2021	88,898

A8 Dividends Paid

No dividend has been paid during the financial quarter ended 30 September 2021.

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 period.

A11 Changes in the Composition of the Group

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

- (i) 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% to 85% and subsequently on 25 January 2021, the Company had further increased its shareholdings in KSSE who became 100% owned subsidiary company.

KSSE is principally engage in provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

- (ii) KAB Energy Holdings Sdn Bhd (“KABEH”) was incorporated on 9 April 2021 under the Companies Act 2016. The Company is holding 100% shares in KABEH. The entire issued and paid-up share capital is RM1.00 comprising of 1 ordinary shares.

KABEH is principally engaged in investment holding.

- (iii) KAB Core Connect O&M Services Sdn Bhd (“KABCC”) was incorporated on 5 May 2021 under the Companies Act 2016. KABEH is holding 100% shares in KABCC. The entire issued and paid-up share capital is RM1.00 comprising of 1 ordinary shares.

KABCC is principally engaged in operation and maintenance services.

- (iv) KAB Gree Solar Sdn Bhd (“KABGS”) was incorporated on 18 June 2021 under the Companies Act 2016. KSSE is holding 100% in KABGS. The entire issued and paid-up share capital is RM1.00 comprising of 1 ordinary shares.

KABGS is principally engaged in developing, financing, constructing, operating and maintaining solar photovoltaic systems and green technology engineering services.

- (v) TVT Link Tech Solutions Sdn Bhd (“TVT”) was incorporated on 18 June 2021 under the Companies Act 2016. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

The Company’s wholly-owned subsidiary, KAB Technologies Sdn Bhd is holding 60% in TVT and the balance 40% shares allotted to Vodex Technical Services Sdn Bhd.

TVT is principally engaged in providing maintenance services to electrical equipment and facilities.

- (vi) V-Tez intelligent Solution (V) Co. Ltd (“V-Tez”) was incorporated on 17 May 2021. The Company’s wholly-owned subsidiary, KAB (HK) Investment Co., Ltd is holding 100% in V-Tez. The entire issued and paid-up share capital is USD20,000.

V-Tez is principally engaged in electrical installation and other specialised construction activities, including technical consultancy services.

- (vii) KAB Telco Sdn Bhd (“KABTEL”) was incorporated on 27 July 2021 under the Companies Act 2016. KAB is holding 100% in KABTEL. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

KABTEL intended to engage principally in construction of telco tower.

- (viii) KAB Signature Management Sdn Bhd (“KABSM”) was incorporated on 2 September 2021 under the Companies Act 2016. KAB is holding 100% in KABSM. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

KABSM is principally engaged in provisioning services of accounting, finance, administrative, human resource and management to its related companies.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

- (ix) KAB Robotic and Automation Solutions Sdn Bhd (“KABRBT”) was incorporated on 8 September 2021 under the Companies Act 2016. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

The Company is holding 70% in KABRBT and the balance 30% shares allotted to YL Global Venture Sdn Bhd.

KABRBT is principally engaged in distributing, marketing, selling and other ancillary services for ultraviolet C disinfection system and other robotic solutions.

A12 Contingent Liabilities and Contingent Assets

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

	As at 30.09.2021 RM'000	As at 31.12.2020 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	25,012	22,764

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	1,536
- Investment properties	400

A14 Significant related party transactions

There was no significant related party transaction in the current financial period under review, except as disclosed in B6(vii).

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 RM32.02 million and financial period of RM121.94 million as compared to its preceding year's corresponding quarter ended 30 September 2020 of RM43.52 million and corresponding period of RM101.49 million, representing a decrease of RM11.50 million but an increase of RM20.45 million respectively.

Along with the decrease in revenues, profit before tax ("PBT") during the current quarter was stated at RM0.82 million and year-to-date of RM4.94 million, representing a decrease of RM1.4 million compared to its corresponding quarter of RM2.22million, but an increase of RM0.51million from preceding year's corresponding period of RM4.44 million.

Since 1 June 2020, our Government had uplifted the suspension placed on construction activities, a containment measure implemented during the Movement Control Orders (MCO), the Group has slowly recovered to its pre-MCO business activities level. However, the construction activities halted again in affected area following the implementation of MCO 3.0 since May 2021.

The unprecedented pandemic has resulted in closed national borders and affected the supply chain of metals, namely copper and iron ore. The recent hike in commodity prices of these metals has impacted our profit margin for the completed and on-going projects.

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	30.09.2021	30.06.2021	Changes	
	RM'000	RM'000	RM'000	%
Revenue	32,016	40,162	(8,146)	-20%
Gross Profit	5,936	4,716	1,220	26%
Profit Before Tax	824	1,547	(723)	-47%

The Group recorded a lower revenue of RM32.02million for current quarter as compared to RM40.16 million in the previous quarter ended 30 June 2021. An increase in gross profit is achieved for the current quarter despite the lower revenue, compared to RM4.72million in the previous quarter ended 30 June 2021.

The Group's PBT of RM0.84million for the current quarter was lower than the previous quarter ended 30 June 2021 at RM0.72million. The decrease in revenue was mainly due to construction activities were halted during the MCO 3.0 imposed by the Government of Malaysia, while the improved gross profit is mainly due to recovering of cost via variation order for several near to complete projects.

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) offer customized robust green services in energy solutions;
- (ii) expanding its customer base in energy sector;
- (iii) expansion beyond Klang Valley;
- (iv) explore opportunity to replenish order book; and
- (v) venture into neighbouring ASEAN countries.

Despite the significant economic uncertainty resulted by the unprecedented global pandemic of COVID-19, the Group is able to carry on its business and operation through strict compliance with the relevant SOPs and does not foresee any material disruptions to its projects' timelines.

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.

The Group will focus on identifying customers who are keen on optimizing operational cost by improving energy efficiencies through the solution provided.

As at 30 September 2021, the Group's order book and tenders for electrical engineering are as follows:-

- (i) order book balance under electrical engineering is approximately RM358 million; and
- (ii) approximately RM337 million worth of tenders for electrical engineering still pending.

The Group has also secured contract for solar photovoltaic systems of approximately 12,085kWp. In addition, we have completed the construction of the cogen plant in Negeri Sembilan and completed the acquisition of Konpro Industries Sdn Bhd, the Group's total power generation capacity will increase to 5.7 megawatt upon completion of proposed acquisition of Meru One Sdn Bhd. In total, the Group has built up to RM229 million order book for energy business.

The Board will continue to review and monitor the pandemic and economic situation while exercising prudence in spending to sustain with the current challenges and market 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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Income tax	500	860	2,000	1,533
Under/ (over) provided in prior year	17	-	17	-
Deferred tax	-	-	-	-
	<u>517</u>	<u>860</u>	<u>2,017</u>	<u>1,533</u>
Effective tax rate ⁽¹⁾	63%	39%	41%	35%

Note:

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. Bursa Securities had further approved the latest extension of time to 16 April 2021 for the Company to complete the implementation.

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.

The Company had issued the Placement Shares on various dates to the identified investors:

- On 29 November 2019, 16,230,000 Placement Shares had been issued at RM0.5853 per Placement Share;
- On 13 November 2020, 6,033,600 Placement Shares had been issued at RM0.8287 per Placement Share; and
- On 9 February 2021 issued 8,333,100 Placement Shares had been issued at RM0.9000 per Placement Share.

There are up to 39,977,900 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 99,944,750 remaining Placement Shares to be allotted and issued under the Private Placement upon application.

On 16 April 2021, Mercury announced on behalf of the Board that the Company has decided not to place out the remaining Placement Shares of the Private Placement. As such, the Private Placement is deemed completed.

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

On 25 March 2020, KAB Energy Power Sdn Bhd (“KABEP”), a wholly owned subsidiary of the Company had entered into a Provisional Agreement with INVEN to acquire:-

- a. 2,000,000 ordinary shares in KISB; and
- b. 600,000 ordinary shares in MOSB.

Both representing 80% each of the total paid up share capital in KISB and MOSB, for a total cash consideration of RM7,260,000 and to resume liabilities totalling RM4,240,000.

On 5 March 2021, KABEP entered into separate Share Purchase Agreement to acquire the followings:-

- a. 2,500,000 ordinary shares, representing 100% of the total paid up share capital in KISB for a total cash consideration of RM7,930,000 instead of proposed acquisition of 2,000,000 ordinary shares for a total consideration of RM5,100,000; and
- b. 750,000 ordinary shares, representing 100% of the total paid up share capital in MOSB for a total cash consideration of RM4,100,000 instead of proposed acquisition of 600,000 ordinary shares for a total consideration of RM2,160,000 and to assume liabilities of RM4,240,000.

On 25 October 2021, the Board announced that the acquisition of KISB was completed, while the transaction on MOSB was further extended to 30 November 2021.

- (iii) 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.

The shareholders of the Company had approved the Proposed Share Split at an Extraordinary General Meeting (“EGM”) of the Company held on 25 March 2021.

On 8 April 2021, Mercury announced on behalf of the Board that based on the books closure date, a total of 1,691,894,669 Split Shares (including 88,898 treasury shares) will be listed and quoted on the Main Market of Bursa Securities with effect from 9 February 2021.

On 9 April 2021, Mercury announced on behalf of the Board that the Share Split has been completed following the listing and quotation of 1,691,894,669 Split Shares (including 88,898 treasury shares) on the Main Market of Bursa Securities.

(iv) 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.

The shareholders of the Company had approved the Proposed Share Split at an EGM of the Company held on 25 March 2021.

On 13 April 2021, Mercury announced on behalf of the Board that the Company had resolved to fix the exercise price at RM1.20 per Warrant.

On 3 May 2021, the Company announced that a total of 845,902,607 Warrants will be listed and quoted on the Main Market of Bursa Securities with effect from 5 May 2021.

On 5 May 2021, Mercury announced on behalf of the Board that the Bonus Issue of Warrants has been completed following the listing and quotation of 845,902,607 Warrants on the Main Market of Bursa Securities.

(v) 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.

The Board announced on 8 July 2021 that the transaction was completed.

(vi) Proposed Private Placement under General Mandate

On 15 July 2021, Mercury had announced on behalf of the Board that the Company proposed to undertake a private placement of up to 169,180,000 new ordinary shares in KAB (“Placement Shares 2021”) representing up to 10% of the total number of issued shares (excluding treasury shares), to independent third-party investor(s) to be identified and at an issue price to be determined later (“Proposed Private Placement 2021”).

The Company had obtained the approval from its shareholders at its last annual general meeting held on 20 May 2021, authorising the Directors to issue and allot new shares pursuant to Sections 75 and 76 of the Companies Act 2016, provided that the aggregate number of new shares to be issued does not exceed 20% of the total number of the issued shares.

Bursa Securities had on 22 July 2021 approved the listing and quotation of up to 169,180,000 shares to be issued pursuant to the Proposed Private Placement 2021.

The Company had issued the Placement Shares on various dates to the identified investors:

- a. On 13 September 2021, 23,000,000 Placement Shares had been issued at RM0.40 per Placement Share 2021;
- b. On 14 September 2021, 2,000,000 Placement Shares had been issued at RM0.40 per Placement Share 2021; and
- c. On 7 October 2021, 32,500,000 Placement Shares had been issued at RM0.35 per Placement Share 2021.
- d. On 16 November 2021, 28,600,000 Placement Shares had been issued at RM0.35 per Placement Share 2021.

There are up to 83,080,000 remaining Placement Shares to be allotted and issued under the Private Placement.

(vii) Proposed Joint Venture (“JV”) with YL Global Venture Sdn Bhd (“YLVG”)

On 14 September 2021, the Company entered into JV term sheet with YLVG to establish KABRBT as the JV company, to venture into robotics distribution business.

On 28 October 2021, KABRBT entered into Share Sale Agreement with YLVG to acquire 1,000 ordinary shares in ISENZE Sdn Bhd (“ISENZE”), representing 100% of the total issued and paid-up share capital in ISENZE, for a cash consideration of RM745,006.

(viii) Multi-Currency Islamic Medium Term Note Programme of up to RM500 million (Sukuk Programme)

On 29 September 2021, KABEP, a wholly-owned subsidiary of KAB, has lodged with Securities Commission Malaysia, the required information and relevant documents in relation to the issuance of the Sukuk Programme.

The Sukuk Programme shall have a tenure of 30 years from the date of the first issuance and will provide KAB Group with the flexibility in its fund raising exercise with varying amount and tenures for optimal asset-liability match through the capital markets.

Save as above, there was no corporate proposal announced.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

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	(6,630)	-	Within 24 months
Estimated expenses for the proposed Special Issue	170	(170)	-	Immediate
Total	6,800	(6,800)	-	

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 ⁽¹⁾ RM'000	Actual Proceed ⁽²⁾ RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Expansion of customised energy efficiency solutions business	17,000	13,803	(12,473)	1,330	Within 24 months
Project costs and expenses	4,500	3,654	(3,654)	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	3,811	(3,811)	-	Within 24 months
Estimated expenses for the proposed Private Placement	900	731	(356)	375	Immediate
Total	27,094	21,999	(20,294)	1,705	

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 24 October 2019.
- (2) The Private Placement is deemed completed on 16 April 2021 with actual proceeds of RM22 million received. Please refer B6 for more information.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

(iii) Private Placement 2021

The proposed utilisation of the gross proceeds from the Private Placement amounting to RM106,127million is as follows:

Purposes	Proposed Utilisation ⁽¹⁾ RM'000	Actual Proceed ⁽²⁾ RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Repayment of Bank Borrowings	25,000	9,798	(9,798)	-	Within 6 months
Working Capital	15,000	-	-	-	Within 24 months
Funding for Energy Projects	50,000	-	-	-	Within 36 months
Tender Deposit, tender bond or performance bonds	15,507	-	-	-	Within 12 months
Estimated expenses for the proposed Private Placement	620	202	(202)	-	Immediate
Total	106,217	10,000	(10,000)	-	

Notes:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 15 July 2021.
- (2) On 13 September 2021, the Company had issued 23,000,000 Placement Shares at RM0.40 per Placement Share to arrive at total fund of RM10 million.

B8 Group's Borrowings and Debt Securities

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

			As at 30.09.2021	As at 30.09.2020
		Foreign Currency '000	Equivalent RM'000	Equivalent RM'000
Long term:				
Term loans	RM		8,298	5,000
Term loans	THB	2,646	327	-
Finance lease liabilities			817	938
			<u>9,442</u>	<u>5,938</u>
Short term:				
Term loans	RM		391	352
Term loans	THB	1,998	247	-
Finance lease liabilities			348	388
Bank overdrafts			9,044	6,847
Trade finance			29,412	10,462
			<u>39,442</u>	<u>18,049</u>

All the Group's borrowings are secured and mainly denominated in Ringgit Malaysia, except as disclosed above.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B9 Material Litigation

There was no material litigation since 31 December 2020, except as disclose below.

KAB Technologies Sdn Bhd, the wholly-owned subsidiary (“KABT / Plaintiff”), had 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”).

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.

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.

On 26 June 2020, the Defendants had 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.

On 26 February 2021, the Plaintiff and the Defendant resolved the claims and entered into a Settlement Agreement to record the terms of the global settlement as full and final settlement in relation to all the Legal Proceedings filed by the parties.

Among the term of the Settlement Agreement on Breach of Contract Suit, Plaintiff shall effect payment of a total sum RM120,000 in spite of Defendant Claims as full and final settlement. Plaintiff had made payment of the said sum during the financial period.

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 quarter 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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM’000	RM’000	RM’000	RM’000
Net fair value loss	235	200	471	285

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
Profit after tax attributable to owners of the Company (RM'000)	166	1,369	3,113	2,960
Weighted average number of ordinary shares in issue ('000)	1,708,094	925,575	1,684,180	926,333
Adjustment for assumed issuance of Placement Shares ('000)	-	8,333	-	6,492
Adjustment for share split ('000)	-	749,185	-	749,185
Adjustment for assumed issuance of Placement Shares 2021 ('000)	144,180	-	144,180	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,852,274	1,683,093	1,828,360	1,682,010
Basic earnings per share (sen) ⁽¹⁾	0.01	0.15	0.18	0.32
Diluted earnings per share (sen)	0.01	0.08	0.17	0.18

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	
	30.09.2021	30.09.2020	30.09.2021	30.09.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(16)	(86)	(187)	(217)
Interest expense	429	279	1,136	675
Depreciation of property, plant and machinery	159	120	454	408
Depreciation of right-of-use assets	130	169	377	468
Depreciation of investment properties	46	30	113	97