

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2022 RM'000	30.09.2021 RM'000	CHANGES %	30.09.2022 RM'000	30.09.2021 RM'000	CHANGES %
Revenue	48,297	32,016	50.9%	143,923	121,935	18.0%
Cost of sales	(40,146)	(26,080)	53.9%	(122,210)	(103,601)	18.0%
Gross profit	8,151	5,936	37.3%	21,713	18,334	18.4%
Other income	161	168	-4.2%	425	748	-43.1%
Administrative expenses	(6,030)	(4,518)	33.5%	(16,081)	(12,288)	30.9%
Finance costs	(1,015)	(762)	33.2%	(3,068)	(1,846)	66.2%
Profit before tax	1,267	824	53.8%	2,989	4,948	-39.6%
Income tax expense	(196)	(517)	-62.0%	(688)	(2,017)	-65.9%
Profit for the financial year	1,071	307	>100%	2,301	2,931	-21.5%
Attributable to:						
Owner of the Company	1,046	166	>100%	2,284	3,113	-26.6%
Non-controlling interests	25	141	-89.1%	17	(182)	>100%
	1,071	307	>100%	2,301	2,931	-21.5%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	0.06	0.01		0.13	0.18	
Diluted	0.04	0.01		0.09	0.12	

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 2021 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 year.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Profit for the financial year	1,071	307	2,301	2,931
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	(0)	36	(5)	61
Total comprehensive income for the financial year	<u>1,071</u>	<u>343</u>	<u>2,296</u>	<u>2,992</u>
Attributable to:				
Owner of the Company	1,046	202	2,279	3,174
Non-controlling interests	25	141	17	(182)
	<u>1,071</u>	<u>343</u>	<u>2,296</u>	<u>2,992</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 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30.09.2022 RM'000	Audited As at 31.12.2021 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	41,199	41,067
Investment properties	14,810	11,037
Right-of-use assets	1,989	2,080
Intangible assets	8,466	8,327
Deferred tax assets	129	129
Trade receivables	16,855	11,065
	<u>83,448</u>	<u>73,705</u>
Current assets		
Inventories	926	891
Trade receivables	43,030	64,572
Other receivables, deposits and prepayments	15,788	13,884
Contract assets	64,533	60,951
Tax recoverable	976	-
Deposits with licensed banks	38,281	35,578
Cash and bank balances	9,804	8,781
	<u>173,338</u>	<u>184,657</u>
TOTAL ASSETS	<u>256,786</u>	<u>258,362</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	103,597	93,809
Translation reserve	28	33
Treasury shares	(4)	(4)
Retained profits	33,137	30,853
	<u>136,758</u>	<u>124,691</u>
Non-controlling interest	259	242
Total Equity	<u>137,017</u>	<u>124,933</u>
Non-current liabilities		
Finance lease liabilities	317	696
Term loan	38,363	29,248
Deferred tax liabilities	51	44
Trade payables	6,145	4,070
	<u>44,876</u>	<u>34,058</u>
Current liabilities		
Trade payables	36,214	43,638
Other payables and accruals	2,157	3,704
Contract liabilities	10,298	11,797
Finance lease liabilities	509	375
Short-term borrowings	25,715	38,871
Current tax liabilities	-	986
	<u>74,893</u>	<u>99,371</u>
TOTAL LIABILITIES	<u>119,769</u>	<u>133,429</u>
TOTAL EQUITY AND LIABILITIES	<u>256,786</u>	<u>258,362</u>
Net asset per share (RM) ⁽²⁾	<u>0.07</u>	<u>0.07</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 2021 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 year.

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	Translation Reserves RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Distributable		
Balance at 01.01.2022	93,809	33	(4)	30,853	124,691		242	124,933
Total Comprehensive Income for the year	-	(5)	-	2,284	2,279		17	2,296
Issuance of new shares	9,788	-	-	-	9,788		-	9,788
Balance as at 30.09.2022	103,597	28	(4)	33,137	136,758		259	137,017
Balance at 01.01.2021	53,299	(7)	(4)	26,781	80,069		(102)	79,967
Total Comprehensive Income for the year	-	40	-	4,072	4,112		28	4,140
Acquisition of subsidiary companies	-	-	-	-	-		316	316
Issuance of new shares	40,510	-	-	-	40,510		-	40,510
Balance as at 31.12.2021	93,809	33	(4)	30,853	124,691		242	124,933

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 2021 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	YEAR-TO-DATE ENDED	
	30.09.2022 RM'000	30.09.2021 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,989	4,948
Adjustments for:		
Depreciation of property, plant and equipment	2,597	454
Depreciation of right-of-use assets	471	377
Depreciation of investment properties	211	113
Reversal Impairment loss on receivables	(15)	(43)
Fair value discount on receivables	188	710
Fair value discount on payables	(105)	(238)
Written off of PPE	-	4
Interest expense	2,777	1,136
Interest income	(122)	(187)
Operating profit before changes in working capital	8,991	7,274
Net changes in inventories	(35)	(7)
Net changes in trade receivables	15,579	(5,008)
Net changes in other receivables, deposits and prepayments	(1,904)	(11,563)
Net changes in contract assets / liabilities	(5,082)	3,927
Net changes in trade payables	(5,265)	(7,973)
Net changes in other payables and accrual	(1,547)	(67)
Cash flows from operations	10,737	(13,417)
Interest paid	(2,777)	(1,136)
Interest received	122	187
Tax paid	(2,641)	(2,729)
Net cash used in operating activities	5,441	(17,095)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(2,333)	(13,712)
Purchase of right-of-use assets	(379)	(255)
Purchase of investment properties	(3,984)	(2,591)
Acquisition of subsidiary companies	(140)	-
Net cash used in investing activities	(6,836)	(16,558)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of share to non-controlling interest	-	249
Pledged of fixed deposits as securities	(7,564)	(9,934)
Drawdown of bank borrowings	55,046	48,819
Drawdown of finance lease liabilities	-	200
Repayment of bank's borrowings	(57,205)	(26,423)
Repayment of finance lease obligations	(246)	(86)
Proceeds from issuance of new shares	9,788	17,500
Net cash generated from / (used in) financing activities	(181)	30,325
NET INCREASE IN CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at beginning of the financial year	4,723	167
Effect of foreign exchange rate changes	(4)	(27)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	(3,143)	(3,188)
Cash and cash equivalents comprise:		
Deposits with licensed banks	38,281	29,720
Cash and bank balances	9,804	3,204
Bank overdrafts	(8,028)	(9,044)
	40,057	23,880
Less: Deposits pledged to licensed banks	(36,914)	(27,068)
	(3,143)	(3,188)

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 2021 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 2021.

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 2021, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2022:-

Amendments to MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvement to MFRS Standards 2018-2020 Cycle)
Amendments to MFRS 3	Business Combination – Reference to the Conceptual Framework
Amendments to MFRS 9	Financial Instruments (Annual improvements to MFRS 2018-2020 Cycle)
Amendments to MFRS 116	Property, Plants & Equipment – Property, Plants and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contract – Cost of Fulfilling a Contract
Amendments to MFRS 141	Agriculture (Annual Improvement to MFRS Standards 2018-2020 Cycle)

The adoption of the above amendments is 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 2021.

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.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A6 Changes in Estimates

There was no material change in estimates that have a material effect on the financial quarter and financial period 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 period, other than as disclosed.

On 31 January 2022, 20,000,000 Placement Shares 2021 were issued and the number of shares of the Company increased to 1.798 billion.

On 20 July 2022, 10,000,000 Placement Shares 2021 were issued and the number of shares of the Company increased to 1.808 billion.

A8 Dividends Paid

No dividend has been paid during the financial period ended 30 September 2022.

A9 Segmental Reporting

The segments are reported in a manner that is consistent with the internal reporting provided to the decision makers. The operations and performance of the reporting segments on a regular basis as follows:

	Mechanical and Electrical Engineering ("M&E") RM'000	Sustainable Energy Solutions ("SES") RM'000	Others RM'000	Elimination RM'000	Consolidated RM'000
Revenue					
External revenue	132,356	11,801	1,332	-	145,489
Inter-segment revenue				(1,566)	(1,566)
Total revenue					<u>143,923</u>
Results					
Segment results	5,219	2,475	(1,637)	-	6,057
Finance costs					(3,068)
Profit before tax					<u>2,989</u>
Income tax expense					(688)
Profit for the financial year					<u>2,301</u>
Assets					
Segment assets	183,802	55,228	16,652	-	255,682
Unallocated					1,104
Total assets					<u>256,786</u>
Liabilities					
Segment liabilities	84,717	34,716	285	-	119,718
Unallocated					51
Total liabilities					<u>119,769</u>

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 year, except as disclosed below”-

- (i) that KAB Integrated Networks Sdn Bhd (“KABTGN”) was incorporated on 20 April 2022 under the Companies Act 2016. The entire issued and paid-up share capital is RM1,000 comprising of 1,000 ordinary shares.

KAB Telco Sdn Bhd, a 100% owned subsidiary of the Company, is holding 60% shares in KABTGN and the balance 40% shares allotted to MRH Empire Sdn Bhd. On 27 October 2022, the Company had increased its shareholdings from 60% and KABTNG became 100% owned subsidiary company.

KABTGN is principally engaged to operate a network of multi-operator telecommunications towers at strategic locations and providing facilities and services relating to maintenance of telecommunication powers, own the telecommunication structure and fibre for in building coverage.

- (ii) KAB M&E Sdn Bhd (“KABM&E”) was incorporated on 25 Aug 2022 under the Companies Act 2016. KAB is holding 100% in KABM&E. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

The intended principal activity of KABM&E is to provide mechanical & engineering services.

- (iii) Genplan Advisory & Management Sdn Bhd (“GPLAN”) was incorporated on 19 Sep 2022 under the Companies Act 2016. KABEH is holding 100% in GPLAN. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

GPLAN intended to principally engage in construction, operation and maintenance of generation facilities that produce electric energy.

- (iv) Z Energy Power Sdn Bhd (“ZEN”) was incorporated on 19 Sep 2022 under the Companies Act 2016. KABEH is holding 100% in ZEN. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

ZEN intended to principally engage in operation of generation facilities that produce electric energy and transmission, distribution and sales of electricity.

- (v) Fortune Electrical Services Sdn Bhd (“FRTN”) was incorporated on 19 Sep 2022 under the Companies Act 2016. KAB is holding 51% in FRTN and the balance 49% shares allotted to Ong Kian Boon. The entire issued and paid-up share capital is RM100 comprising of 100 ordinary shares.

The intended principal activity of FRTN is to provide mechanical & engineering services.

A12 Contingent Liabilities and Contingent Assets

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

	As at 30.09.2022 RM'000	As at 31.12.2021 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	19,545	24,872

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

A13 Capital Commitments

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

	RM'000
Approved and contracted but not provided for:	
- Property, plant and equipment	1,144
- Investment properties	101
	<u>1,245</u>

A14 Significant related party transactions

There was no significant related party transaction in the current financial period 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 RM42.64 million as compared to its preceding year's corresponding quarter ended 30 September 2021 of RM32.02 million, representing an increase of RM16.28 million.

Despite of the increase in revenue, profit before tax during the current quarter was stated at RM1.27 million, representing a decrease of RM0.45 million compared to its corresponding quarter of RM0.82 million.

The Group has slowly recovered to its pre-MCO business activities level following the vaccination campaign. The unprecedented pandemic has resulted in closed national borders and affected the supply chain of metals, namely copper and iron ore..

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2022 RM'000	30.09.2021 RM'000	CHANGES %	30.09.2022 RM'000	30.09.2021 RM'000	CHANGES %
Revenue						
M&E	44,599	31,772	40.4%	132,356	121,185	9.2%
SES	3,631	513	>100%	11,801	1,049	>100%
Others	469	101	>100%	1,332	101	>100%
Elimination	(402)	(370)		(1,566)	(400)	
	<u>48,297</u>	<u>32,016</u>	50.9%	<u>143,923</u>	<u>121,935</u>	18.0%
Segment results						
M&E	2,014	2,391	-15.8%	5,219	8,420	-38.0%
SES	219	(462)	>100%	2,475	(1,282)	>100%
Others	49	(343)	>100%	(1,637)	(344)	>100%
Operating profit	<u>2,282</u>	<u>1,586</u>	43.9%	<u>6,057</u>	<u>6,794</u>	-10.8%
Finance costs	(1,015)	(762)	33.2%	(3,068)	(1,846)	66.2%
Profit before tax	<u>1,267</u>	<u>824</u>	53.8%	<u>2,989</u>	<u>4,948</u>	-39.6%
Income tax expense	(196)	(517)	-62.1%	(688)	(2,017)	-65.9%
Profit for the financial year	<u>1,071</u>	<u>307</u>	>100%	<u>2,301</u>	<u>2,931</u>	-21.5%

M&E

M&E segment recorded a higher revenue at RM44.60 million and RM132.36 million for current quarter and current YTD, an increase of 40.4% and 9.2% respectively. Operating profit is RM2.01 million and RM5.22 million, a decrease of RM0.48 million and RM3.20 million for current quarter and current YTD respectively, which was caused mainly by the hike in commodity prices for copper and iron ore.

SES

SES segment reported revenue at RM3.63 million and RM11.80 million for current quarter and current YTD, an increase of more than 100% due to a power plant newly acquired in last quarter of 2021 and solar systems which started to generate revenue in early 2022. Accordingly, the segment shown an operating profit of RM0.22 million and RM2.48 million compared to a loss of RM0.46 million and RM1.28 million incurred in the preceding year's corresponding period.

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 30.09.2022 RM'000	3-MONTHS ENDED 31.06.2022 RM'000	-----> Changes RM'000	%
Revenue	48,297	42,641	5,656	13.2%
Gross Profit	8,151	6,802	1,349	19.8%
Profit Before Tax	1,267	951	316	33.2%

The Group recorded a higher revenue of RM48.28 million for current quarter as compared to RM42.64 million in the previous quarter ended 30 June 2022.

The Group's PBT of RM1.27 million for the current quarter was higher than the PBT of RM0.95 million achieved in the previous quarter ended 30 June 2022.

Higher revenue reported for the current quarter, profit margin improved with the adjustment made to cost incurred for completed and close to complete M&E projects, as well as better profit margin with a stabilised commodity price on materials.

B3 Prospects for the Financial Year

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

- (i) expanding its customer base in energy sector;
- (ii) exploring into Telecommunication Infrastructure Industry;
- (iii) replenishing order book; and
- (iv) venturing into neighbouring ASEAN countries.

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 2022, the Group's order book and tenders are as follows:-

- (i) order book balance under M&E and SES is approximately RM238 million and RM473 million respectively; and
- (ii) approximately RM269 million and RM175 million worth of tenders for M&E and SES respectively still pending.

The Board will continue to review and monitor the 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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Income tax	196	517	688	2,017
Under/ (over) provided in prior year	-	-	-	-
Deferred tax	-	-	-	-
	<u>196</u>	<u>517</u>	<u>688</u>	<u>2,017</u>
Effective tax rate ⁽¹⁾	33%	32%	29%	36%

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) Proposed Private Placement under General Mandate**

On 15 July 2021, Mercury Securities Sdn Bhd (“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.

On 7 January 2022, 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 22 January 2022 up to 21 July 2022 for the Company to complete the implementation of the Proposed Private Placement 2021. Approval of Bursa Securities was received and announced on 13 January 2022.

The Company had issued the Placement Shares 2021 on various dates to the identified investors:

- On 13 September 2021, 23,000,000 Placement Shares 2021 had been issued at RM0.40 per Placement Share 2021;
- On 14 September 2021, 2,000,000 Placement Shares 2021 had been issued at RM0.40 per Placement Share 2021;
- On 7 October 2021, 32,500,000 Placement Shares 2021 had been issued at RM0.40 per Placement Share 2021; and
- On 16 November 2021, 28,600,000 Placement Shares 2021 had been issued at RM0.35 per Placement Share 2021.
- On 28 January 2022, 20,000,000 Placement Shares 2021 had been issued at RM0.3019 per Placement Share 2021.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

- f. On 19 July 2022, 10,000,000 Placement Shares 2021 had been issued at RM0.375 per Placement Share 2021.

On 20 July 2022, Mercury announced on behalf of the Board that the Company has decided not to place out the 53,080,000 remaining Placement Shares of the Private Placement 2021. As such, the Private Placement is deemed completed.

- (ii) Proposed Acquisition of PT Inpola Mitra Elektrindo (“PTIME”) from Sarawak Cable Berhad (“SCB”) (“Proposed Acquisition”)

On 19 January 2022, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, had entered into a Term Sheet with SCB to acquire 300,000 ordinary shares in PTIME, representing 100% of the total paid-up capital in PTIME.

On 29 July 2022, KABEH entered into a conditional share purchase agreement with SCB and 3 individuals for the Proposed Acquisition for a cash consideration of RM10,000. In addition, KABEH will facilitate the settlement of debts, liabilities and shareholders’ advances of PTIME capped at RM74.99 million.

On 17 October 2022, Kenanga Investment Bank Berhad (“Kenanga IB”) had announced on behalf of the Board that the Company received a letter dated 13 October 2022 from SCB, notifying KAB that SCB had obtained a restraining order in the High Court of Kuching (“**Court**”) pursuant to Section 368 of the Act (“**Restraining Order**”). SCB informed that it would be unable to proceed with the fulfilment of conditions precedent and pre-handover issues of the SPA during the period of the Restraining Order. SCB also stated in the letter that it would notify KAB when the Restraining Order is lifted by the Court.

On 21 October 2022, the Company announced that it intends to defer the tabling of the Proposed Acquisition for shareholders’ approval in the EGM.

An application seeking Bursa Malaysia Securities Berhad’s (Bursa Securities) approval for an extension of time of 4 months to issue the circular in relation to the Proposed Acquisition was announced on 1 November 2022 upon submission made to Bursa Securities.

As at the date of this report, the Company are still in the discussion with SCB and lawyers in relation to the process and completion for the Proposed Acquisition.

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

On 31 January 2022, KABEP had made the first issuance of Sukuk Murabahah of RM19.95 million. The proceeds were utilised to advance to KABEP’s wholly-owned subsidiary, Dynagen Power (M) Sdn Bhd (formerly known as Konpro Industries Sdn Bhd), to redeem its existing conventionally financing facility and the balance to fund the minimum balance and build-up requirement in the designated bank accounts.

- (iv) Proposed Acquisition of Matahari Suria Sdn Bhd (“MSSB”) from Unique Forging & Components Sdn Bhd (“UFC”) (“Proposed Acquisition of MSSB”)

On 18 August 2022, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, has entered into a Share Sale Agreement with UFC to acquire 1,000,000 ordinary shares in MSSB, representing 100% of the total paid-up capital in MSSB, for a cash consideration of RM5.30 million.

As at the date of this report, both Parties are in the midst of process to fulfil the relevant condition precedent.

(v) Proposed Diversification

On 7 September 2022, Kenanga IB announced on behalf of the Board that the Company proposed to undertake a diversification of the business of KAB and its subsidiaries to include the provision of sustainable energy solution.

The shareholders of the Company had approved the Proposed Diversification at an extraordinary general meeting ("EGM") of the Company held on 17 November 2022.

(vi) Proposed Private Placement 2022

On 7 September 2022, Kenanga IB had announced on behalf of the Board that the Company proposed to undertake a private placement of up to 351,581,000 new ordinary shares in KAB ("Placement Shares 2022") representing up to 20% of the total number of issued shares, to independent third-party investor(s) to be identified and at an issue price to be determined later.

Bursa Securities had on 11 October 2022 approved the listing and quotation of up to 351,581,000 shares to be issued pursuant to the Proposed Private Placement 2022 with conditions.

The shareholders of the Company had approved the Proposed Private Placement 2022 at an extraordinary general meeting ("EGM") of the Company held on 17 November 2022.

(vii) Proposed Acquisition of Future Biomass Gasification Sdn Bhd ("FBG") from Future NRG Sdn Bhd ("FNSB") ("Proposed Acquisition of FBG")

On 9 November 2022, KAB Energy Holdings Sdn Bhd ("KABEH"), a wholly-owned subsidiary of KAB, has entered into a term sheet with FNSB to acquire 380,000 ordinary shares in FBG, representing 100% of the total paid-up capital in FBG, for a cash consideration of RM15 million.

As at the date of this report, KABEH is in the midst of conducting due diligence review.

Save as above, there was no corporate proposal announced.

B7 Utilisation of Proceeds

(i) Private Placement 2021

The proposed utilisation of the gross proceeds from the Private Placement amounting to RM106.13 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
Repayment of Bank Borrowings	25,000	25,000	(25,000)	-	Within 6 months
Working Capital	15,000	15,000	(15,000)	-	Within 24 months
Funding for Energy Projects	50,000	2,397	(2,397)	-	Within 36 months
Tender Deposit, tender bond or performance bonds	15,507	-	-	-	Within 12 months

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

Estimated expenses for the proposed Private Placement	620	401	(401)	-	Immediate
Total	106,127	42,798	(42,798)	-	

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) As at the date of this report, the Company had issued a total of 116,100,000 Placement Shares 2021 at various prices (please refer to B6(i) for details) to arrive at total proceeds of RM42.80 million.

B8 Group's Borrowings and Debt Securities

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

		As at 30.09.2022		As at 30.09.2021	
		Foreign Currency '000	Equivalent RM'000	Foreign Currency '000	Equivalent RM'000
Long term:					
Term loans	RM		31,488		8,230
Term loans	THB	55,096	6,875	3,050	395
Finance lease liabilities			317		817
			<u>38,680</u>		<u>9,442</u>
Short term:					
Term loans	RM		687		379
Term loans	THB	1,998	249	1,998	259
Finance lease liabilities			509		348
Bank overdrafts			8,028		9,044
Trade finance			16,751		29,412
			<u>26,224</u>		<u>39,442</u>

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

B9 Material Litigation

There was no material litigation since 31 December 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	
	30.09.2022 RM'000	30.09.2021 RM'000	30.09.2022 RM'000	30.09.2021 RM'000
Net fair value loss	131	235	83	471

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
Profit after tax attributable to owners of the Company (RM'000)	1,046	166	2,284	3,113
Weighted average number of ordinary shares in issue ('000)	1,807,995	1,708,094	1,798,471	1,684,180
Adjustment for assumed exercise of warrants for shares ('000)	845,903	845,903	845,903	845,903
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	2,653,898	2,553,997	2,644,374	2,530,083
Basic earnings per share (sen) ⁽¹⁾	0.06	0.01	0.13	0.18
Diluted earnings per share (sen)	0.04	0.01	0.09	0.12

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	
	30.09.2022	30.09.2021	30.09.2022	30.09.2021
	RM'000	RM'000	RM'000	RM'000
Interest income	(85)	(16)	(122)	(187)
Interest expense	913	429	2,777	1,136
Depreciation of property, plant and machinery	862	159	2,597	454
Depreciation of right-of-use assets	155	130	471	377
Depreciation of investment properties	76	46	211	113