

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2023 RM'000	30.09.2022 RM'000	CHANGES %	30.09.2023 RM'000	30.09.2022 RM'000	CHANGES %
Revenue	48,623	48,297	0.7%	136,463	143,923	-5.2%
Cost of sales	(37,384)	(40,146)	-6.9%	(109,153)	(122,210)	-10.7%
Gross profit	11,239	8,151	37.9%	27,310	21,713	25.8%
Other income	16,836	161	>100%	19,588	425	>100%
Administrative Expenses	(6,597)	(6,030)	9.4%	(16,456)	(16,081)	2.3%
Finance costs	(601)	(1,015)	-40.8%	(3,164)	(3,068)	3.1%
Profit before tax	20,877	1,267	>100%	27,278	2,989	>100%
Income tax expense	(559)	(196)	>100%	(1,046)	(688)	52.0%
Profit for the financial period	20,318	1,071	>100%	26,232	2,301	>100%
Attributable to:						
Owner of the Company	20,359	1,046	>100%	26,137	2,284	>100%
Non-controlling interests	(41)	25	>-100%	95	17	>100%
	20,318	1,071	>100%	26,232	2,301	>100%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	1.13	0.06		1.45	0.13	
Diluted	0.68	0.04		0.87	0.09	

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 2022 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.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Profit for the financial year	20,318	1,071	26,232	2,301
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	(17)	-	(36)	(5)
Total comprehensive income for the financial year	<u>20,301</u>	<u>1,071</u>	<u>26,196</u>	<u>2,296</u>
Attributable to:				
Owner of the Company	20,187	1,046	26,101	2,279
Non-controlling interests	114	25	95	17
	<u>20,301</u>	<u>1,071</u>	<u>26,196</u>	<u>2,296</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 2022 and the accompanying explanatory notes attached to this interim financial report.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30.09.2023 RM'000	Audited As at 31.12.2022 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	60,185	46,710
Investment properties	20,663	20,631
Right-of-use assets	3,265	2,127
Intangible assets	7,642	8,654
Deferred tax assets	173	348
Other investment	7,759	5,679
Trade receivables	8,264	9,679
Other financial assets	111,410	-
	<u>219,361</u>	<u>93,828</u>
Current assets		
Inventories	551	587
Trade receivables	61,393	72,640
Other receivables, deposits and prepayments	7,937	3,741
Contract assets	51,342	68,387
Tax recoverable	-	246
Deposits with licensed banks	38,058	34,836
Cash and bank balances	24,830	12,653
	<u>184,111</u>	<u>193,090</u>
TOTAL ASSETS	<u>403,472</u>	<u>286,918</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	103,597	103,597
Translation reserve	(8)	(3)
Treasury shares	(4)	(4)
Retained profits	59,389	33,252
	<u>162,974</u>	<u>136,842</u>
Non-controlling interest	266	175
Total Equity	<u>163,240</u>	<u>137,017</u>
Non-current liabilities		
Finance lease liabilities	1,339	365
Term loan	46,113	34,960
Deferred tax liabilities	5,081	1,148
Post employee benefit	57	-
Trade payables	5,504	4,168
	<u>58,094</u>	<u>40,641</u>
Current liabilities		
Trade payables	50,579	54,161
Other payables and accruals	30,863	2,129
Contract liabilities	38,096	10,095
Finance lease liabilities	508	280
Short-term borrowings	59,382	42,595
Income tax payable	2,710	-
	<u>182,138</u>	<u>109,260</u>
TOTAL LIABILITIES	<u>240,232</u>	<u>149,901</u>
TOTAL EQUITY AND LIABILITIES	<u>403,472</u>	<u>286,918</u>
Net asset per share (RM) ⁽²⁾	<u>0.09</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 2022 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.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	< ----- Attributable to Owners of the Company ----- >						Total Equity RM'000
	Share Capital RM'000	Translation Reserves RM'000	Treasury Shares RM'000	Retained Profits RM'000	Total RM'000	Non-controlling Interest RM'000	
Balance at 01.01.2023	103,597	(3)	(4)	33,252	136,842	175	137,017
Total Comprehensive Income for the year	-	(36)	-	26,137	26,101	95	26,196
Acquisition of non-controlling interest in subsidiary company	-	31	-	-	31	(4)	(27)
Balance as at 30.09.2023	103,597	(8)	(4)	59,389	162,974	266	163,240
Balance at 01.01.2022	93,809	33	(4)	30,396	124,234	242	124,476
Total Comprehensive Income for the year	-	(36)	-	2,856	2,820	(67)	2,753
Issuance of new shares	9,788	-	-	-	9,788	-	9,788
Balance as at 31.12.2022	103,597	(3)	(4)	33,252	136,842	175	137,017

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 2022 and the accompanying explanatory notes attached to this interim financial report.

KINERGY ADVANCEMENT BERHAD (FORMERLY KNOWN AS KEJURUTERAAN ASASTERA BERHAD) (199701005009 (420505-H))

UNAUDITED INTERIM FINANCIAL REPORT FOR THIRD QUARTER ENDED 30 SEPTEMBER 2023

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	YEAR-TO-DATE ENDED	
	30.09.2023	30.09.2022
	RM'000	RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	27,278	2,989
Adjustments for:		
Depreciation of property, plant and equipment	2,934	2,597
Depreciation of right-of-use assets	384	471
Depreciation of investment properties	308	211
Provision / reversal of impairment loss on trade receivables	3,248	(15)
Fair value discount on receivables	(434)	188
Fair value discount on payables	-	(105)
Interest expense	3,164	2,777
Interest income	(306)	(122)
Bargain purchase gain on acquisition	(19,056)	-
Operating profit before changes in working capital	17,520	8,991
Net changes in inventories	36	(35)
Net changes in trade receivables	7,348	15,579
Net changes in other receivables, deposits and prepayments	12,076	(1,904)
Net changes in contract assets / liabilities	45,047	(5,082)
Net changes in trade payables	(2,248)	(5,265)
Net changes in other payables and accrual	(53,333)	(1,547)
Cash flows from operations	26,446	10,737
Interest paid	(3,164)	(2,777)
Interest received	306	122
Tax paid	(3,904)	(2,641)
Net cash generated from operating activities	19,684	5,441
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(11,319)	(2,333)
Purchase of right-of-use assets	(123)	(379)
Purchase of investment properties	-	(3,984)
Investment in other investment	(2,080)	-
Acquisition of subsidiaries	(1,870)	(140)
Net cash used in investing activities	(15,392)	(6,836)
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged of fixed deposits as securities	(2,848)	(7,564)
Drawdown of bank borrowings	50,484	55,046
Repayment of bank's borrowings	(48,603)	(57,205)
Drawdown of finance lease	587	-
Repayment of finance lease obligations	(862)	(246)
Proceeds from issuance of new shares	-	9,788
Net cash used in financing activities	(1,242)	(181)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		
	3,050	(1,576)
Cash and cash equivalents at beginning of the financial year	121	4,723
Effect of foreign exchange rate changes	163	(4)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	3,334	(3,143)
Cash and cash equivalents comprise:		
Deposits with licensed banks	38,058	38,281
Cash and bank balances	24,830	9,804
Bank overdrafts	(21,496)	(8,028)
	41,392	40,057
Less: Deposits pledged to licensed banks	(38,058)	(36,914)
	3,334	(3,143)

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 2022 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 2022.

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 2022, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2023:-

Amendments to MFRS 17	Insurance Contracts – initial Application of MFRS 17 and MFRS 9- Comparative Information
Amendments to MFRS 101	Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Error- Definition of Accounting Estimates
Amendments to MFRS 112	Income Tax – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above amendments is not expected to have any material financial impacts to the current period and prior period financial statement.

At the date of this Report, the following MFRs, Amendments to MFRs and IC Interpretations were issued but yet effective and have not been applied by the Group:

MFRSs, amendments to MFRSs and IC Interpretations		Effective
Amendments to MFRS 16	Lease liability in a Sales and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7	Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2022.

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 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.

Subsequent to the current financial period, 137,121,212 Placement Shares had been issued on 5 October 2023. The number of shares of the Company increased to 1,945,115,881.

A8 Dividends Paid

No dividend has been paid during the financial period ended 30 September 2023.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

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	Consolidated RM'000
Revenue				
External revenue	110,363	25,845	255	136,463
Total revenue				<u>136,463</u>
Results				
Segment results	3,467	27,698	(723)	30,442
Finance costs				(3,164)
Profit before tax				<u>27,278</u>
Income tax expense				(1,046)
Profit for the financial year				<u>26,232</u>
Assets				
Segment assets	170,521	214,170	18,781	403,472
Total assets				<u>403,472</u>
Liabilities				
Segment liabilities	103,999	134,453	1,780	240,232
Total liabilities				<u>240,232</u>

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 period, except as discussed below:

- (i) KAB TGreen Energy Sdn Bhd ("KABTGE", formerly known as KAB Bintai Energy Sdn Bhd) has become 100% owned subsidiary company on 3 January 2023. KABTGE will undertake solar projects and related business.
- (ii) Upon completion of the acquisition of 100% in Matahari Suria Sdn Bhd ("MSSB"), MSSB became a subsidiary of the Group. MSSB is carrying on business in generation of renewable energy.
- (iii) Upon completion of the acquisition of 100% in PT. Inpola Mitra Elektrindo ("PTIME"), PTIME became a subsidiary of the Group. PTIME is carrying on business in generation of renewable energy.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

- (iv) Upon completion of the acquisition of Future Biomass Gasification Sdn Bhd (“FBG”), FBG became a subsidiary of the Group. FBG is principally engaged in renewable energy development.
- (v) Sure Green Co., Ltd. (“Sure Green”) has become 80% owned subsidiary. Sure Green will undertake provisioning of engineering, procurement, construction and commission services for solar photovoltaic systems and green technology engineering services.

A12 Contingent Liabilities and Contingent Assets

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

	As at 30.09.2023 RM'000	As at 31.12.2022 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group’s projects	27,025	18,055

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

A13 Capital Commitments

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

	RM'000
Approved and contracted but not provided for:	
- Property, plant and equipment	<u>1,933</u>

A14 Significant related party transactions

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

B1 Review of Group Performance

Year on year, the Group posted revenues of RM48.62 million, representing a slight increase of RM0.33 million. Current year-to-date revenues reduced to RM136.46 million, decreased RM7.46 million compared to preceding year-to-date of RM143.92 million.

Profit after tax during the current quarter stood at RM20.32 million, representing an increase of RM19.25 million compared to its corresponding quarter ended of RM1.07 million while current year-to-date reported RM26.23 million, an increase of more than 100%.

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2023 RM'000	30.09.2022 RM'000	CHANGES %	30.09.2023 RM'000	30.09.2022 RM'000	CHANGES %
Revenue						
M&E	35,647	44,599	-20.1%	110,363	131,996	-16.4%
SES	12,883	3,631	>100%	25,845	11,801	>100%
Others	93	67	38.8%	255	126	>100%
	<u>48,623</u>	<u>48,297</u>	0.7%	<u>136,463</u>	<u>143,923</u>	-5.2%
Segment results						
M&E	245	2,014	-87.8%	3,467	5,219	-33.6%
SES	21,323	219	>100%	27,698	2,475	>100%
Others	(90)	49	>100%	(723)	(1,637)	-55.8%
Operating profit	<u>21,478</u>	<u>2,282</u>	>100%	<u>30,442</u>	<u>6,057</u>	>100%
Finance costs	(601)	(1,015)	-40.8%	(3,164)	(3,068)	3.1%
Profit before tax	<u>20,877</u>	<u>1,267</u>	>100%	<u>27,278</u>	<u>2,989</u>	>100%
Income tax expense	(559)	(196)	>100%	(1,046)	(688)	52.0%
Profit for the financial period	<u>20,318</u>	<u>1,071</u>	>100%	<u>26,232</u>	<u>2,301</u>	>100%

M&E

M&E segment recorded a lower revenue at RM35.65 million for the current quarter, a decrease of 20.1% as compared to the corresponding quarter ended, it also presented a decrease in revenue from RM132 million to RM 110.36 million which is equivalent to a drop of 16.4%. Operating profit stood at RM0.25 million for the current quarter and RM3.47 million for the current year-to-date, with a decrease of 87.8% and 33.6% respectively. Other than the softening of property market which impacted the revenue, the profit margin of the industry as a whole is still affected by the commodity prices for copper and iron ore.

SES

SES segment reported revenue at RM12.88 million for the current quarter and RM25.85 million for the current year-to-date, an increase of more than 100% due to better tariffs and contribution from new projects. The segment shown an operating profit of RM21.32 million for current quarter compared to a profit of RM0.22 million in the preceding year's corresponding quarter and RM27.70 million in current year-to-date compared to RM2.48 million in corresponding year-to-date, representing a significant increase with more than 100% as compare with the preceding year's corresponding quarter and period. The significant improvement in profits is mainly attributed to the increased in tariffs, contribution from new projects and also a gain from the acquisition of new entities which owns power generation assets.

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	30.09.2023	30.06.2023	Changes	
	RM'000	RM'000	RM'000	%
Revenue	48,623	45,079	3,544	7.9%
Gross Profit	11,239	7,952	3,287	41.3%
Profit Before Tax	20,877	3,845	17,032	>100%

The Group recorded a higher revenue of RM48.62 million for current quarter as compared to RM45.08 million in the previous quarter ended 30 June 2023 due to higher contribution from SES projects.

The Group's PBT of RM20.88 million for the current quarter was higher than the PBT of RM3.85 million achieved in the previous quarter ended 30 June 2023 due to contributions from new projects and a gain from the acquisition of a new entity.

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 energy solutions and customer base in the energy sector;
- (ii) exploring into Telecommunication Infrastructure Industry;
- (iii) replenishing its 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 Sept 2023, the Group's order book and tenders are as follows:-

- (i) order book balance under M&E and SES is approximately RM160 million and RM751 million respectively; and
- (ii) approximately RM293 million and RM2,513 million worth of tenders for M&E and SES respectively still pending.

The Group had embarked on a transformation journey and has succeeded in transforming to a one-stop energy and engineering solutions provider. The Group will continue to be committed in providing businesses with sustainable energy and engineering solutions for businesses regionally.

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	
	30.09.2023 RM'000	30.09.2022 RM'000	30.09.2023 RM'000	30.09.2022 RM'000
Income tax	559	196	1,046	688
Effective tax rate	3%	15%	4%	23%

B6 Status of Corporate Proposals

- (i) 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 (“CSPA”) 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.

The Company had obtained the approval from its shareholders at an Extraordinary General Meeting (“EGM”) held on 27 April 2023.

The SPA has turned unconditional on 31 July 2023 (“Unconditional Date”) following the fulfilment and/or waiver of the conditions precedent of the SPA.

On 28 August 2023, the transfer of all the ordinary shares of PTIME to KABEH has been completed. Accordingly, PTIME has become a wholly owned subsidiary of KABEH.

On 31 October 2023, the proposed acquisition of PTIME has been completed following the payment of the balance of the Completion Amount.

- (ii) 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 100% of the total paid-up capital in MSSB, for a cash consideration of RM5.30 million.

On 25 July 2023, the proposed acquisition of MSSB was completed.

(iii) 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 EGM of the Company held on 17 November 2022.

The Company received approval from Bursa Malaysia Securities Berhad on 4 April 2023 for extension of time up to 10 October 2023 to complete the implementation of Private Placement 2022.

On 5 October 2023, 137,121,212 Placement Shares 2022 had been issued at RM0.33 per Placement Share 2022.

On 4 October 2023, Bursa Malaysia Securities Berhad granted the Company a further extension of time until 10 April 2024 to complete the implementation of the Private Placement 2022.

(iv) 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, had 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.

On 16 January 2023, KABEH entered into a Sale and Purchase of Shares Agreement (“SPA”) with FNSB for a total consideration of RM15 million.

On 16 October 2023, the proposed acquisition of FBG was completed.

(v) Joint Venture with PETRONAS Gas Berhad (“PGB”) in Sipitang Utilities Sdn Bhd (formerly known as Regas Terminal (Lahad Datu) Sdn Bhd, (“SUSB”)

On 14 February 2023, KAB Energy Holdings Sdn Bhd (“KABEH”), a wholly-owned subsidiary of KAB, had signed a Share Sales and Purchase Agreement (“SPA”) with PGB to acquire 10% stake in SUSB, a wholly-owned subsidiary of PGB, and had signed a Shareholders Agreement with PGB to assume the role of technical partner in the joint venture with PGB, to co-own and undertake RM230 million power plant project, which will be the sole energy supplier to PETRONAS nearshore floating liquefied natural gas facility at Sabah.

On 20 February 2023, the SPA was completed.

Save as above, there was no corporate proposal announced.

B7 Utilisation of Proceeds

(i) Private Placement 2022

The proposed utilisation of the gross proceeds from the Private Placement 2022 amounting to RM133.97 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
Working Capital	36,000	12,217	(12,217)	-	Within 24 months
Repayment of Bank Borrowings	31,000	10,407	(10,407)	-	Within 6 months
Funding for existing and future SES projects	66,196	22,173	(423)	21,750	Within 36 months
Estimated expenses for the Proposed Diversification and Proposed Private Placement	770	453	(453)	-	Immediate
Total	133,966	45,250	(23,500)	21,750	

Note:

- (1) The utilisation of proceeds as disclosed above should be read in conjunction with the Announcement of the Company dated 1 November 2022.
- (2) On 5 October 2023, the Company had issued 137,121,212 Placement Shares 2022 at RM0.33 to arrive at the total proceeds of RM45.25 million.

B8 Group's Borrowings and Debt Securities

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

		As at 30.09.2023		As at 30.09.2022	
		Foreign Currency '000	Equivalent RM'000	Foreign Currency '000	Equivalent RM'000
Long term:					
Term loans	RM		31,507		31,488
Term loans	THB	41,846	5,364	55,096	6,875
Term loans	USD	1,925	9,242	-	-
Finance lease liabilities			1,339		317
			<u>47,452</u>		<u>38,680</u>
Short term:					
Term loans	RM		7,408		687
Term loans	THB	6,000	769	1,998	249
Term loans	USD	1,520	7,296	-	-
Finance lease liabilities			508		509
Bank overdrafts			21,496		8,028
Trade finance			22,413		16,751
			<u>59,890</u>		<u>26,224</u>

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

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PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B9 Material Litigation

There was no material litigation since 31 December 2022.

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 period under review has been accounted for accordingly.

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Net fair value (gain)/loss	(50)	131	(434)	83

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
Profit after tax attributable to owners of the Company (RM'000)	20,359	1,046	26,137	2,284
Weighted average number of ordinary shares in issue ('000)	1,807,995	1,807,995	1,807,995	1,798,471
Adjustment for assumed issuance of Placement Shares ('000)	361,581	-	361,581	-
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)	3,015,479	2,653,898	3,015,479	2,644,374
Basic earnings per share (sen) ⁽¹⁾	1.13	0.06	1.45	0.13
Diluted earnings per share (sen)	0.68	0.04	0.87	0.09

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	
	30.09.2023	30.09.2022	30.09.2023	30.09.2022
	RM'000	RM'000	RM'000	RM'000
Interest income	(71)	(85)	(306)	(122)
Interest expense	601	913	3,164	2,777
Depreciation of property, plant and machinery	907	862	2,934	2,597
Depreciation of right-of- use assets	135	155	384	471
Depreciation of investment properties	110	76	308	211
Provision/reversal of impairment loss on trade receivables	3,248	15	3,248	(15)
