

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 1st Quarter Ended 31 March 2022

	Individual Quarter		Cumulative Period	
	Current Year Quarter 31/03/2022 RM'000	Preceding Year Quarter 31/03/2021 RM'000	Current Year To Date 31/03/2022 RM'000	Preceding Year To Date 31/03/2021 RM'000
Revenue	173,950	210,275	173,950	210,275
Cost of sales	(166,350)	(187,802)	(166,350)	(187,802)
Gross profit	7,600	22,473	7,600	22,473
Other income	858	2,654	858	2,654
Selling and administrative expenses	(11,616)	(8,973)	(11,616)	(8,973)
Finance costs	(3,088)	(3,643)	(3,088)	(3,643)
Share of loss of joint ventures	(361)	(125)	(361)	(125)
(Loss)/Profit before tax	(6,607)	12,386	(6,607)	12,386
Income tax expense	480	(3,298)	480	(3,298)
(Loss)/Profit net of tax	(6,127)	9,088	(6,127)	9,088
Other comprehensive income	95	1	95	1
Total comprehensive (loss)/income for the period	(6,032)	9,089	(6,032)	9,089
(Loss)/Profit attributable to :				
Owners of the Company	(6,086)	9,122	(6,086)	9,122
Non-controlling interests	(41)	(34)	(41)	(34)
	(6,127)	9,088	(6,127)	9,088
(Loss)/Earnings Per Share (Sen)				
- Basic (2)	(1.72)	2.58	(1.72)	2.58
- Diluted (2)	(1.72)	2.58	(1.72)	2.58
Total comprehensive (loss)/income attributable to :				
Owners of the Company	(5,991)	9,123	(5,991)	9,123
Non-controlling interests	(41)	(34)	(41)	(34)
	(6,032)	9,089	(6,032)	9,089

Notes:

(1) The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to the interim financial statements.

(2) Please refer to Note B11 for details.

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statements of Financial Position
As at 31 March 2022

	Unaudited As at 31/03/2022 RM'000	Audited As at 31/12/2021 RM'000
Assets		
Non- current assets		
Property, plant and equipment	131,497	137,736
Right-of-use asset	4,773	4,935
Land held for property development	214,927	214,372
Investment properties	145	146
Other investments	75	75
Investment in joint ventures	16,852	17,087
Deferred tax assets	4,288	2,863
	<u>372,557</u>	<u>377,214</u>
Current assets		
Properties held for sale	3,317	-
Property Development costs	86,973	84,864
Inventories	90,201	83,760
Trade and other receivables	509,293	528,159
Prepayment	6,925	5,992
Contract assets	186,426	175,224
Current tax assets	2,431	1,694
Cash and bank balances	55,219	69,536
	<u>940,785</u>	<u>949,229</u>
TOTAL ASSETS	<u><u>1,313,342</u></u>	<u><u>1,326,443</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	126,107	158,572
Lease liability	2,526	2,479
Trade and other payables	242,605	242,447
Contract liabilities	65,299	24,147
Provisions	15,757	16,737
	<u>452,294</u>	<u>444,382</u>
Net current assets	<u>488,491</u>	<u>504,847</u>
Non-current liabilities		
Loans and borrowings	133,696	148,491
Lease liabilities	2,335	2,521
	<u>136,031</u>	<u>151,012</u>
TOTAL LIABILITIES	<u>588,325</u>	<u>595,394</u>
Net assets	<u>725,017</u>	<u>731,049</u>
Equity		
Share capital	255,944	255,944
Treasury shares	(24)	(24)
Other reserves	33,710	33,615
Retained earnings	425,658	431,744
Equity attributable to owners of the Company	<u>715,288</u>	<u>721,279</u>
Non-controlling interests	9,729	9,770
Total equity	<u>725,017</u>	<u>731,049</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,313,342</u></u>	<u><u>1,326,443</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.02	2.04

Kimlun Corporation Berhad

[Registration No.: 200901023978 (867077-X)]

Unaudited Condensed Consolidated Statement of Changes in Equity

As at 31 March 2022

	Attributable to owners of the Company				Retained earnings	Sub-Total	Non-controlling interest	Total Equity
	<----- Non-distributable ----->			Distributable				
	Share capital	Treasury shares	Warrants reserve	Foreign currency translation reserve				
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
<u>YTD ended 31 March 2022</u>								
Balance At 1/1/2022	255,944	(24)	34,194	(579)	431,744	721,279	9,770	731,049
Total comprehensive income for the period	-	-	-	95	(6,086)	(5,991)	(41)	(6,032)
At 31/03/2022	255,944	(24)	34,194	(484)	425,658	715,288	9,729	725,017
<u>YTD ended 31 March 2021</u>								
Balance At 1/1/2021	255,944	(24)	34,194	(71)	435,867	725,910	8,384	734,294
Total comprehensive income for the period	-	-	-	1	9,122	9,123	(34)	9,089
At 31/03/2021	255,944	(24)	34,194	(70)	444,989	735,033	8,350	743,383

(1) The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to the interim financial statements

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Cash Flow
For The Period Ended 31 March 2022

	Current Year To Date 31/03/2022	Preceding Year To Date 31/03/2021
Operating activities		
(Loss)/Profit before tax	(6,607)	12,386
Adjustment for :		
Allowance for impairment on trade receivables	-	222
Reversal of allowance for impairment on trade receivables	(39)	-
Bad Debts written off	-	6
Bad Debts recovered	-	(760)
Unrealised foreign exchange gain	(267)	(1,437)
Depreciation	9,041	10,349
Depreciation of right-of-use assets	772	848
Depreciation of investment properties	2	2
Reversal of provision for obsolete inventories	-	(80)
(Reversal of provision)/Provision for defect liabilities costs	(980)	1,557
Loss/(Gain) on disposal of property, plant and equipment	108	(662)
Gain on derecognition of right-of-use assets	(1)	(4)
Fixed asset written off	108	106
Interest expenses	3,088	3,643
Interest income	(343)	(184)
Share of loss of joint ventures	361	125
Operating cash flows before changes in working capital	5,243	26,117
Changes in working capital		
Land held for development	(396)	(985)
Property development costs	(2,073)	(30)
Inventories	(6,441)	14,251
Receivables	15,999	(10,881)
Other current assets	(11,396)	19,284
Payables	(244)	(16,315)
Other current liabilities	40,612	(8,171)
Cash flows generated from operations	41,304	23,270
Interest paid	(2,493)	(3,915)
Tax paid	(1,682)	(1,168)
Interest received	244	184
Net cash flows generated from operating activities	37,373	18,371
Investing activities		
Purchase of property, plant and equipment	(2,727)	(2,860)
Proceeds from disposal of property, plant & equipment	29	672
Net cash flows used in investing activities	(2,698)	(2,188)
Financing activities		
Repayment of loans and borrowings	(42,555)	(14,625)
Advance from a minority shareholder	294	-
Repayment to joint ventures	(1,209)	(2,157)
Repayment to hire purchase creditors	(4,697)	(5,496)
Repayment of lease liabilities	(747)	(847)
Pledge of fixed deposit with licensed banks	(240)	(46)
Net cash flows used in financing activities	(49,154)	(23,171)
Net decrease in cash and cash equivalents	(14,479)	(6,988)
Effects of exchange rate changes on cash and cash equivalents	(78)	146
Cash and cash equivalents at beginning of financial period	45,617	33,044
Cash and cash equivalents at end of financial period	31,060	26,202
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	55,219	48,123
Less: Pledge of fixed deposit with licensed banks	(24,159)	(21,797)
Bank overdrafts (included within short term borrowings)	-	(124)
	31,060	26,202

Notes:

(1) The Condensed Consolidated Statement of Cash Flow should be read in conjunction with the audited financial statements for the financial year ended 31 December 2021 and the accompanying notes attached to the interim financial statements

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022**

NOTES TO THE REPORT

PART A – EXPLANATORY NOTES IN COMPLIANCE WITH MALAYSIAN FINANCIAL REPORTING STANDARDS (“MFRS”) 134, INTERIM FINANCIAL REPORTING

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with MFRS 134: Interim Financial Reporting and Appendix 9B Part A of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”). It contains condensed combined financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group. The interim combined financial report and notes thereon do not include all the information required for a full set of financial statements prepared in accordance with MFRSs.

The interim financial report should be read in conjunction with the Group’s audited financial statements for the financial year ended 31 December 2021 (“FY2021 AFS”).

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in this interim financial report are consistent with those adopted in the Group’s FY2021 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2022:

Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual improvements to MFRS Standards 2018 – 2020

The directors are of the opinion that the Standards and Amendments above would not have any material impact on the financial statements in the year of initial adoption.

A3. Auditor's report on preceding annual financial statements

There was no qualification to the audited financial statements of the Company and its subsidiaries for the financial year ended 31 December 2021.

A4. Seasonal or Cyclical Factors

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

A5. Items of Unusual Nature

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

A6. Material Changes in Estimates

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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

A7. Changes in Debt and Equity Securities

Save for one issuance of Islamic commercial papers (“ICP”) at nominal value of RM5.9 million, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date.

A8. Dividend Paid

There was no payment of dividend during the financial year-to-date.

A9. Valuation of property, plant and equipment

There was no valuation of property, plant and equipment in the current financial quarter.

A10. Capital commitments

Capital commitment for property, plant and equipment, and land for development not provided for as at 31 March 2022 are as follows:

	RM'000
Approved and contracted for	<u>111,311</u>

The capital commitment is mainly for the purchase of land as detailed in Note B7(a) to Note B7(b).

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment (“PPE”) amounting to RM2.73 million during the financial year-to-date, mainly incurred for the purchase of moulds.

A12. Material events subsequent to the end of period reported

There were no material events subsequent to the end of the current financial quarter up to 23 May 2022, being the latest practicable date (“LPD”), which is not earlier than 7 days from the date of issuance of this quarterly report, that have not been reflected in this quarterly report.

A13. Changes in composition of the group

There were no changes in the composition of the Group during the current financial year up to the LPD.

A14. Contingent liabilities or contingent assets

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

A15. Significant Related Party Transactions

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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

A16. Segmental Information

The Group is organized into the following operating segments:-

- a) Construction;
- b) Manufacturing and trading of building materials;
- c) Property development; and
- c) investment

The segment revenue and results for the financial period ended 31 Mar 2022:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	110,483	33,920	29,544	3	0	173,950
Inter-segment sales	2,121	5,945	0	1,149	(9,215)	0
Total revenue	112,604	39,865	29,544	1,152	(9,215)	173,950
RESULTS						
Profit/(loss) from operations	(1,712)	5,468	3,638	1,152	(946)	7,600
Other operating income						858
Selling and administrative expenses						(11,616)
Finance costs						(3,088)
Share of loss of joint ventures						(361)
(Loss) before tax						(6,607)
Income tax credit						480
(Loss) net of tax						(6,127)
Segment Assets	712,781	333,818	346,575	403,423	(483,255)	1,313,342
Segment Liabilities	333,490	160,930	170,248	85,993	(162,336)	588,325

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

The segment revenue and results for the financial period ended 31 March 2021:

REVENUE	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
External sales	153,191	52,037	5,046	1	0	210,275
Inter-segment sales	723	24,688	0	93	(25,504)	0
Total revenue	153,914	76,725	5,046	94	(25,504)	210,275
RESULTS						
Profit from operations	8,495	12,899	871	94	114	22,473
Other operating income						2,654
Selling and administrative expenses						(8,973)
Finance costs						(3,643)
Share of profit of a joint venture						(125)
Profit before tax						12,386
Income tax expense						(3,298)
Profit net of tax						9,088
Segment Assets	845,895	320,474	348,629	313,544	(383,680)	1,444,862
Segment Liabilities	448,236	143,190	194,427	5,260	(89,634)	701,479

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2021 RM'000	current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2022 RM'000	Preceding Year Quarter 31/3/2021 RM'000	Amount RM'000	%	Current Year To Date 31/3/2022 RM'000	Preceding Year To Date 31/3/2021 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	112,604	153,914	(41,310)	-26.8%	112,604	153,914	(41,310)	-26.8%	136,779	(24,175)	-17.7%
Manufacturing & Trading	39,865	76,725	(36,860)	-48.0%	39,865	76,725	(36,860)	-48.0%	45,555	(5,690)	-12.5%
Property Development	29,544	5,046	24,498	485.5%	29,544	5,046	24,498	485.5%	(4,562)	34,106	747.6%
Investment	1,152	94	1,058	1125%	1,152	94	1,058	1125%	5,361	(4,209)	-78.5%
Elimination	(9,215)	(25,504)	16,289	-63.9%	(9,215)	(25,504)	16,289	-63.9%	(23,872)	14,657	-61.4%
Consolidated revenue	173,950	210,275	(36,325)	-17.3%	173,950	210,275	(36,325)	-17.3%	159,261	14,689	9.2%
Gross profit/(loss) ("GP")											
Construction	(1,712)	8,495	(10,207)	-120.2%	(1,712)	8,495	(10,207)	-120.2%	3,014	(4,726)	156.8%
Manufacturing & Trading	5,468	12,899	(7,431)	-57.6%	5,468	12,899	(7,431)	-57.6%	3,811	1,657	43.5%
Property Development	3,638	871	2,767	317.7%	3,638	871	2,767	317.7%	(193)	3,831	1985%
Investment	1,152	94	1,058	1125%	1,152	94	1,058	1125%	5,361	(4,209)	-78.5%
Elimination	(946)	114	(1,060)	-929.8%	(946)	114	(1,060)	-929.8%	(3,789)	2,843	-75.0%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

	Individual Quarter (Quarter 1)		Changes		Cumulative Period		Changes		Preceding Quarter 31/12/2021 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 31/3/2022 RM'000	Preceding Year Quarter 31/3/2021 RM'000	Amount RM'000	%	Current Year To Date 31/3/2022 RM'000	Preceding Year To Date 31/3/2021 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	7,600	22,473	(14,873)	-66.2%	7,600	22,473	(14,873)	-66.2%	8,204	(604)	-7.4%
GP margin											
Construction	-1.5%	5.5%			-1.5%	5.5%			2.2%		
Manufacturing & Trading	13.7%	16.8%			13.7%	16.8%			8.4%		
Property Development	12.3%	17.3%			12.3%	17.3%			4.2%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	4.4%	10.7%			4.4%	10.7%			5.2%		
Other income	858	2,654	(1,796)	-67.7%	858	2,654	(1,796)	-67.7%	2,235	(1,377)	-61.6%
Selling & administrative expenses	(11,616)	(8,973)	(2,643)	29.5%	(11,616)	(8,973)	(2,643)	29.5%	(11,476)	(140)	1.2%
Finance costs	(3,088)	(3,643)	555	-15.2%	(3,088)	(3,643)	555	-15.2%	(3,751)	663	-17.7%
Share of (loss) of joint ventures	(361)	(125)	(236)	188.8%	(361)	(125)	(236)	188.8%	(265)	(96)	36.2%
(Loss)/profit before tax	(6,607)	12,386	(18,993)	-153.3%	(6,607)	12,386	(18,993)	-153.3%	(5,053)	(1,554)	30.8%
(Loss)/profit net of tax	(6,127)	9,088	(15,215)	-167.4%	(6,127)	9,088	(15,215)	-167.4%	(4,045)	(2,082)	51.5%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

NOTES TO REPORT

PART B – ADDITIONAL INFORMATION AS REQUIRED BY LISTING REQUIREMENT OF BURSA MALAYSIA SECURITIES BERHAD (PART A OF APPENDIX 9B)

B1. Operating Segments Review

- (a) Quarter 1 Financial Year Ending 31 December (“FY”) 2022 (“current quarter”) vs Quarter 1 FY2021

Revenue of the Group of RM173.95 million for the current quarter was RM36.32 million (17.3%) lower compared to RM210.27 million registered in Quarter 1 FY2021.

Gross profit (“GP”) of the Group of RM7.60 million for the current quarter was RM14.87 million (66.2%) lower compared to RM22.47 million recorded in Quarter 1 FY2021.

Loss net of tax of RM6.13 million was recorded for the current quarter, against a profit net of tax of RM9.09 million recorded in Quarter 1 FY2021.

- (b) Performance review

A lower revenue was recorded in the current quarter as all the main business divisions, except for property development division, achieved lower revenue during current quarter.

Construction revenue of RM112.60 million recorded in the current quarter was lower than RM153.91 million recorded in Quarter 1 2021 by RM41.31 million (26.8%) due to the following:

- (i) the substantial completion of the Pan Borneo Highway Sarawak project (“PBH Project”) during the current quarter; and
- (ii) timing lag between the completion of old projects and active contribution of new projects secured. Most of the projects in hand were secured in the later part of year 2021, and such new projects are either in mobilisation stage or in early stage of construction.

Manufacturing and trading (“M&T”) revenue of RM39.87 million recorded in the current quarter was lower than RM76.73 million recorded in Quarter 1 2021 by RM36.86 million (48.0%) due to the following:

- (i) reduction in the inter-segment sales of quarry products as the PBH Project was substantially completed during the current quarter;
- (ii) low revenue contribution from LRT 3 related sales orders as such sales orders have been substantially fulfilled in year 2021; and
- (iii) new sales orders secured in the later part of year 2021 have yet to achieve significant revenue contribution

Property development revenue recorded in the current quarter was higher as more sales of property stocks were concluded during the current quarter.

Revenue of the investment division in the current quarter was derived from interest income received from other divisions and financial institutions.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

The Group's GP margin of 4.4% in the current quarter was lower compared to 10.7% of Quarter 1 FY2021, as all the business divisions recorded weaker GP margin in the current quarter. This is mainly due to:

- (i) the construction and M&T revenue were lower during the current quarter whilst sunk costs such as depreciation, payroll and rental have not reduced proportionately; and
- (ii) higher costs of raw materials, energy and commodities attributable to the pandemic-inflicted supply chain disruptions and supply constrictions, further exacerbated by the Russia-Ukraine war; and
- (iii) lower GP margin as lower profit margin properties were sold in the current quarter.

Other income of RM0.86 million in the current quarter was RM1.80 million (67.7%) lower compared to Quarter 1 FY2021, mainly due to the absence of recovery of bad debts and gains from disposal of PPE, which collectively contributed RM1.5 million of income in Quarter 1 FY2021.

Selling and administrative ("S&A") expenses of RM11.62 million in the current quarter was RM2.64 million (29.5%) higher compared to Quarter 1 FY2021, mainly due to higher sales commission, marketing expenses and legal fees incurred by the property development division, in line with higher sales concluded in the current quarter.

Finance costs of RM3.09 million in the current quarter was RM0.55 million (15.2%) lower compared to Quarter 1 FY2021, due to lower utilization of banking facilities in line with lower scale of operation in the current quarter.

Share of loss of joint ventures was slightly higher by RM0.24 million compared to Quarter 1 FY2021.

Due to the variances in gross profit, other income and expenses as stated above, the Group recorded loss before taxation of RM6.61 million and loss net of taxation of RM6.13 million in the current quarter, against profit before taxation of RM12.39 million and profit net of taxation of RM9.09 million in Quarter 1 FY2021.

(c) Group Cash Flow Review

For the current period, the Group registered net cash generated from operating activities of RM37.37 million. Net cash used in investing activities of RM2.70 million was due to the purchase of PPE. Net cash used in financing activities of RM49.15 million was mainly due to repayment of loans and borrowings and hire purchase facilities.

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

Revenue recorded in the current quarter was 9.2% higher compared to the preceding quarter as property development division concluded more sales during the current quarter. Conversely, the construction division and M&T division recorded lower revenue compared to the preceding quarter, due to the factors explained in Note B1(b).

GP recorded in the current quarter was 7.4% lower compared to the preceding quarter due to lower GP recorded by the construction division, in line with lower revenue recorded by the said division.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

S&A expenses were marginally higher by 1.2% in the current quarter.

Finance costs were lower by 17.7% due to lower utilization of banking facilities in line during the current quarter.

Loss before and net of tax were higher in the current quarter by RM1.55 million (30.8%) and RM2.08 million (51.5%) respectively compared to the preceding quarter.

B3. Prospects For 2022

The Group has an estimated construction and manufacturing balance order book of approximately RM1.63 billion and RM0.38 billion respectively as at 31 March 2022, contributed by numerous construction contracts and supply contracts. The balance order book is expected to support the Group's performance in 2022.

Notwithstanding, the pandemic-inflicted supply chain disruptions and supply constrictions, rising cost of raw materials, higher energy costs and commodity prices and shortage of workers will continue to weigh on our operation and profitability. The supply chain constrictions and commodity price escalation are further compounded by the Russia–Ukraine war.

In response to these challenges, the Group has taken measures such as placement of advance bulk purchase orders to lock in raw materials supply at a better bulk purchase price, adoption of IBS construction whenever possible to reduce reliance on labour, and negotiate with suppliers for early payment discount.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Exyte Malaysia Sdn Bhd, UEM Sunrise Bhd Group, S P Setia Bhd Group and Eng Lee Engineering Pte Ltd. Our on-going projects and sales orders include the following:

- (a) the main works for Construction And Maintenance Of Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2025;
- (b) Main building works for 2 blocks of apartments in Selangor for a contract sum of RM204.40 million. The estimated completion period of the project is year 2023;
- (c) The supply of pre-cast concrete pipes to Singapore Deep Tunnel Sewerage Phase 2 project for S\$15.39 million. The estimated completion period of the sales orders is year 2023; and
- (d) The supply of pre-cast concrete components to a resort project, sports centre project, PUB subsea tunnel project, train testing centre and Changi Airport related project at aggregate contract value of S\$36.27 million. The estimated completion period of these sales orders is year 2023.

The Group will continue to bid for projects and sales orders in order to replenish the Group's order book and contribute positively to the Group's result in 2022 and beyond. The Group's track record in the industries that it operates in, and extensive experience in our business, coupled with the support from bankers, are good supporting factors for the Group to bid for and execute future projects.

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2022:

Phase 2 of Pan Borneo Highway Sarawak;

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

Autonomous Rapid Transit (ART) Sarawak;

Johor-Singapore Rapid Transit System;

Klang Valley MRT Line 3;

Some hospitals projects; and

Affordable housing projects

Further, the Group's construction arm will undertake construction works for in-house property developments projects as detailed in the ensuing section of this report. Meanwhile, the Group will be selective and remain cautious in the bidding of other private sector projects, to mitigate credit risks.

Singapore Construction Sector

The Building and Construction Authority (BCA) projects the total construction demand (i.e. the value of construction contracts to be awarded) in 2022 to be between S\$27 billion and S\$32 billion.

The public sector is expected to contribute about 60 per cent of the total construction demand, between S\$16 billion and S\$19 billion. This is supported by the strong pipeline of public housing projects including those under the Home Improvement Programme, as well as healthcare developments and infrastructure works such as the Cross Island MRT Line (Phase 1).

The private sector construction demand is anticipated to reach between S\$11 billion and S\$13 billion in 2022, comparable with the volume in 2021.

Over the medium-term, BCA expects the total construction demand to reach between S\$25 billion and S\$32 billion per year from 2023 to 2026.

Our subsidiary SPC Industries Sdn Bhd ("SPC") has very strong track record in the supply of precast components including TLS, concrete rail sleepers and jacking pipes to large public sector infrastructure projects in Singapore including Singapore MRT projects, Deep Tunnel Sewerage System Phase 2 and Singapore Power's underground cable tunnel.

Further, SPC has been a frequent supplier of IBS components to various projects in Singapore.

With its strong track record in Singapore, SPC is well positioned to compete for further potential sales orders from Singapore.

Property Development Division

The Group launched a development project, namely 100 Trees Private Estate ("100 Trees Project"), which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, with estimated gross development value ("GDV") of approximately RM61 million, in late 2021. This project is expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales.

The Group is in the process of applying for building plan approval from the authority for its Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, with GDV of approximately RM37 million.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

B4. Profit Forecast And Profit Estimate

The Group did not issue any profit forecast or profit estimate previously in any public document.

B5. Profit Before Tax

The following items have been included in arriving at profit before tax:

	Current Quarter 3 months ended 31.3.2022 RM'000	Cumulative Quarter 3 months ended 31.3.2022 RM'000
(a) interest income	343	343
(b) other income including investment Income	623	623
(c) interest expense	3,088	3,088
(d) depreciation and amortization	9,815	9,815
(e) provision for and write off of receivables	0	0
(f) provision for and write off of inventories	0	0
(g) (gain) or loss on disposal of quoted or unquoted investments or properties	108	108
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	35	35
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

B6. Taxation

	Current Quarter 3 months ended 31.3.2022 RM'000	Cumulative Quarter 3 months ended 31.3.2022 RM'000
In respect of the current period		
- Income tax	944	944
- Deferred tax	(1,442)	(1,442)
	(498)	(498)
In respect of prior year		
- Income tax	-	-
- Deferred tax	18	18
	(480)	(480)

The effective tax rate for the period under review was higher than the statutory rate applicable to the Group as certain expenses were disallowed for tax deduction under tax regulations, and potential deferred tax benefits in relation to interest expenses were not recognized on prudent basis.

B7. Status of Corporate Proposals

- (a) On 28 December 2017, the Company's subsidiary, Kii Ashbury Sdn Bhd entered into a sale and purchase agreement with Meridin East Sdn Bhd to purchase 17.90 acres of land forming part of the freehold agriculture land held under HSD 566044 PTD 224535, in the Mukim of Plentong, Daerah Johor Bahru, Johor for a total cash consideration of RM21,829,301.

The acquisition has yet to be completed.

- (b) On 10 October 2017, the Company's subsidiary, Bayu Damai Sdn Bhd entered into a sale and purchase agreement with Amanahraya Development Sdn Bhd to purchase 9 pieces of freehold agriculture lands all in the Mukim of Petaling, District of Kuala Lumpur, State of Federal Territory of Kuala Lumpur, with a total land area of 43.46 acres for a total cash consideration of RM95,000,000.

The acquisition has yet to be completed.

- (c) The Board proposed a final single tier dividend of RM0.01 per ordinary share in the Company in respect of the financial year ended 31 December 2021 ("FYE 2021 Final Dividend"), subject to approval being obtained from the shareholders in the forthcoming Annual General Meeting ("13th AGM") for the declaration of the final dividend. The Board has determined that the Dividend Reinvestment Plan will not apply to the final dividend.

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 31 March 2022 are as follows:

	Interest rate per annum YTD 2021	As at 31.3.2022 RM'000	As at 31.3.2021 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.68% to 4.06%	6,797	19,205
Term loans	4.30% to 5.45%	51,899	101,907
<u>Unsecured:</u>			
IMTN	4.49% to 5.07%	75,000	-
		133,696	121,112
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	3.63% to 6.64%	-	124
Hire purchase creditors	1.68% to 4.06%	12,937	22,228
Bankers' acceptance	2.05% to 3.88%	35,507	51,615
Invoice financing	1.80% to 4.71%	31,074	150,180
Term loans and revolving credits	3.27% to 5.45%	37,689	39,257
<u>Unsecured:</u>			
ICP	4.00%	8,900	-
		126,107	263,404

The borrowings are denominated in the following currencies

	As at 31.3.2022 RM'000	As at 31.3.2021 RM'000
Long term borrowings		
Ringgit Malaysia	133,696	121,112
Short term borrowings		
Ringgit Malaysia	125,463	262,196
Singapore Dollar	644	1,208
	126,107	263,404

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

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 31 MARCH 2022

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

The Board of Directors does not recommend the payment of an interim dividend for the financial quarter ended 31 March 2022. However, the Board of Directors recommended the payment of FYE 2021 Final Dividend which is subject to the approval of the shareholders at the 13th AGM. This dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained profits for the financial year ending 31 December 2022.

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

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

	Current Quarter Ended		Year to-Date Ended	
	31.3.2022	31.3.2021	31.3.2022	31.3.2021
(Loss/Profit attributable to owners of the Company (RM'000))	(6,086)	9,122	(6,086)	9,122
Weighted average number of ordinary shares in issue ('000)	353,358	353,358	353,358	353,358
Assumed shares issued from the exercise of warrants ('000)	0	0	0	0
Adjusted weighted average number of ordinary shares in issue ('000)	353,358	353,358	353,358	353,358
Basic (loss)/earnings per share (Sen)	(1.72)	2.58	(1.72)	2.58
Diluted (loss)/earnings per share (Sen)	(1.72)	2.58	(1.72)	2.58

Basic ELPS is calculated by dividing the loss or profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period.

Diluted ELPS is calculated by dividing the loss or profit attributable to owners of the Company by the adjusted weighted average number of ordinary shares in issue during the financial period.