

Kimlun Corporation Berhad
[Registration No.: 200901023978 (867077-X)]
Unaudited Condensed Consolidated Statement of Comprehensive Income
For the 3rd Quarter Ended 30 September 2024

	Individual Quarter		Cumulative Period	
	Current Year Quarter 30/09/2024 RM'000	Preceding Year Quarter 30/09/2023 RM'000	Current Year To Date 30/09/2024 RM'000	Preceding Year To Date 30/09/2023 RM'000
Revenue	323,866	212,719	811,201	588,682
Cost of sales	(296,363)	(197,480)	(749,381)	(546,893)
Gross profit	27,503	15,239	61,820	41,789
Other income	1,599	1,090	47,134	3,011
Selling and administrative expenses	(18,149)	(11,305)	(42,947)	(27,351)
Finance costs	(6,384)	(3,865)	(17,593)	(11,451)
Share of gain/(loss) of joint ventures	105	(473)	7	(1,837)
Profit before tax	4,674	686	48,421	4,161
Income tax expense	(1,964)	(839)	(14,199)	(3,897)
Profit/(Loss) net of tax	2,710	(153)	34,222	264
Other comprehensive income/(loss)	56	5	56	(57)
Total comprehensive income/(loss) for the period	2,766	(148)	34,278	207
Profit/(loss) attributable to :				
Owners of the Company	2,776	(110)	34,607	402
Non-controlling interests	(66)	(43)	(385)	(138)
	2,710	(153)	34,222	264
Profit/(Loss) Per Share (Sen)				
- Basic (2)	0.79	(0.03)	9.79	0.11
- Diluted (2)	0.79	(0.03)	9.79	0.11
Total comprehensive income/(loss) attributable to :				
Owners of the Company	(5,596)	(105)	34,663	345
Non-controlling interests	8,362	(43)	(385)	(138)
	2,766	(148)	34,278	207

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 2023 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 30 September 2024

	Unaudited As at 30/09/2024 RM'000	Audited As at 31/12/2023 RM'000
Assets		
Non- current assets		
Property, plant and equipment	243,336	159,610
Right-of-use asset	8,068	5,168
Land held for property development	312,461	308,771
Investment properties	128	133
Other investments	75	75
Investment in joint ventures	2,135	12,493
Deferred tax assets	8,666	15,599
	<u>574,869</u>	<u>501,849</u>
Current assets		
Properties held for sale	11,725	14,125
Property Development costs	314,386	171,858
Inventories	69,464	59,753
Trade and other receivables	465,631	409,919
Prepayment	17,701	22,701
Contract assets	359,444	282,197
Current tax assets	-	711
Cash and bank balances	84,684	63,256
	<u>1,323,035</u>	<u>1,024,520</u>
TOTAL ASSETS	<u><u>1,897,904</u></u>	<u><u>1,526,369</u></u>
EQUITY AND LIABILITIES		
Current liabilities		
Loans and borrowings	310,563	217,433
Lease liability	3,916	2,528
Trade and other payables	452,384	337,367
Contract liabilities	47,641	20,016
Current tax liabilities	4,432	-
Provisions	12,604	9,980
	<u>831,540</u>	<u>587,324</u>
Net current assets	<u>491,495</u>	<u>437,196</u>
Non-current liabilities		
Loans and borrowings	269,154	195,941
Other payables	21,581	-
Lease liabilities	4,299	2,737
	<u>295,034</u>	<u>198,678</u>
TOTAL LIABILITIES	<u>1,126,574</u>	<u>786,002</u>
Net assets	<u>771,330</u>	<u>740,367</u>
Equity		
Share capital	290,145	255,944
Treasury shares	(24)	(24)
Other reserves	(661)	33,476
Retained earnings	455,519	424,447
Equity attributable to owners of the Company	<u>744,979</u>	<u>713,843</u>
Non-controlling interests	26,351	26,524
Total equity	<u>771,330</u>	<u>740,367</u>
TOTAL EQUITY AND LIABILITIES	<u><u>1,897,904</u></u>	<u><u>1,526,369</u></u>
Net Assets Per Share Attributable to owners of the Company (RM)	2.11	2.02

Notes:

(1) The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the financial year ended 31 December 2023 and the accompanying notes attached to the interim financial statements.

Unaudited Condensed Consolidated Statement of Changes in Equity
As at 30 September 2024

	Attributable to owners of the Company							Total Equity RM'000
	<----- Non-distributable ----->				Distributable	Sub-Total RM'000	Non- controlling interest (NCI) RM'000	
	Share capital RM'000	Treasury shares RM'000	Warrants reserve RM'000	Foreign currency translation reserve RM'000	Retained earnings RM'000			
YTD ended September 2024								
Balance At 1/1/2024	255,944	(24)	34,194	(718)	424,446	713,842	26,524	740,366
Total comprehensive income for the period	-	-	-	56	34,607	34,663	(385)	34,278
Transactions with owner								
Conversion of warrants	9	-	(2)	-	-	7	-	7
Expiry of warrants	34,192	-	(34,192)	-	-	-	-	-
Disposal of subsidiary	-	-	-	-	-	-	211	211
NCI's share of fair value adjustment of assets	-	-	-	-	-	-	1	1
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/09/2024	290,145	(24)	-	(662)	455,519	744,978	26,351	771,329
YTD ended 30 September 2023								
Balance At 1/1/2023	255,944	(24)	34,194	(700)	420,982	710,396	14,894	725,290
Total comprehensive income for the period	-	-	-	(57)	402	345	(138)	207
Transactions with owner								
Acquisition of non-controlling interest	-	-	-	-	-	-	11,806	11,806
Dividend (as detailed in Note B10)	-	-	-	-	(3,534)	(3,534)	-	(3,534)
At 30/09/2023	255,944	(24)	34,194	(757)	417,850	707,207	26,562	733,769

(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 2023 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 30 September 2024

	Current Year To Date 30/09/2024 RM'000	Preceding Year To Date 30/09/2023 RM'000
Operating activities		
Profit before tax	48,421	4,161
Adjustment for :		
Investment expenses written off	1	-
Loss on disposal of a subsidiary	277	-
Gain on remeasurement of equity investment	(908)	-
Reversal of allowance for impairment on trade receivables	(43,519)	(5)
Bad debts written off	-	14
Unrealised foreign exchange loss/(gain)	9,401	(7,095)
Depreciation	18,775	16,953
Depreciation of right-of-use assets	2,786	2,304
Depreciation of investment properties	5	5
Amortisation of quarry development expenditure	126	-
Provision/(Reversal of provision) for defect liabilities costs	2,624	(1,405)
Gain on disposal of property, plant and equipment	(448)	(94)
Loss on disposal of properties held for sale	455	-
Gain on derecognition of right-of-use assets	(41)	(3)
Fixed asset written off	85	1,052
Interest expenses	17,593	11,451
Interest income	(2,186)	(1,351)
Share of (gain)/loss of joint ventures	(8)	1,837
Operating cash flows before changes in working capital	<u>53,439</u>	<u>27,824</u>
Changes in working capital		
Land held for property development	-	(143,877)
Property development costs	(60,740)	2,863
Inventories	(1,734)	877
Receivables	(3,780)	605
Other current assets	(72,727)	47,977
Payables	75,982	4,046
Other current liabilities	28,700	8,057
Cash flows generated from/(used in) operations	<u>19,140</u>	<u>(51,628)</u>
Interest paid	(22,870)	(14,213)
Tax paid	(1,966)	(7,684)
Interest received	2,391	724
Net cash flows used in operating activities	<u>(3,305)</u>	<u>(72,801)</u>
Investing activities		
Purchase of property, plant and equipment	(63,244)	(14,068)
Net cash outflow on acquisition of a subsidiary	(10,983)	-
Net cash disposed on sale of a subsidiary	(144)	-
Additions to land held for property development	(280)	-
Proceeds from disposal of property, plant & equipment	515	228
Proceeds from disposal of properties held for sale	2,100	-
Incidental expenses on disposal of property held for sale	(155)	-
Net cash flows used in investing activities	<u>(72,191)</u>	<u>(13,840)</u>
Financing activities		
Dividends paid on ordinary shares	(3,534)	(3,534)
Proceeds from conversion of warrants	6	-
Proceeds from loans and borrowings	118,502	72,198
Advance from a corporate shareholder of a subsidiary	1,089	616
Repayment to joint ventures	(4,975)	(3,612)
Repayment to hire purchase creditors	(10,526)	(8,401)
Repayment of lease liabilities	(2,695)	(2,290)
(Placement)/Uplift of fixed deposit with licensed banks	(440)	7,011
Net cash flows generated from financing activities	<u>97,427</u>	<u>61,988</u>
Net increase/(decrease) in cash and cash equivalents	21,931	(24,653)
Effects of exchange rate changes on cash and cash equivalents	(943)	2,346
Cash and cash equivalents at beginning of financial period	58,715	60,345
Cash and cash equivalents at end of financial period	<u>79,703</u>	<u>38,038</u>
Cash and cash equivalents at end of the financial period comprise the following:		
Cash and bank balances	84,684	43,430
Less: Pledge of fixed deposit with licensed banks	(4,981)	(4,873)
Bank overdrafts (included within short term borrowings)	-	(519)
	<u>79,703</u>	<u>38,038</u>
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 2023 and the accompanying notes attached to the interim financial statements		

**KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER
2024**

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 2023 (“FY2023 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 FY2023 AFS except for the adoption of the following amendments to MFRS that are mandatory for annual financial periods beginning on or after 1 January 2024:

Amendments to MFRS 101: Disclosure of Accounting Policies
Amendments to MFRS 108: Definition of Accounting Estimates
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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 2023.

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.

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A7. Changes in Debt and Equity Securities

Save as disclosed below, there were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities during the financial year-to-date;

- (a) Issuance of 4,000 new ordinary shares in the Company for cash arose from the exercise of 4,000 units of the 2014/2024 warrants issued by the Company, at the exercise price of RM1.68 per warrant. The remaining unexercised 2014/2024 warrants have lapsed on 12 March 2024, and ceased to be exercisable thereafter.
- (b) redemption of 2 tranches of Islamic commercial papers (“ICP”) with nominal value of RM12.86 million;
- (c) issuance of 5 tranches ICP with aggregate nominal value of RM60.31 million. The tenure of the ICPs ranges from 5 months to 12 months

A8. Dividend Paid

The final single-tier dividend of 1.0 sen per share in respect of the financial year ended 31 December 2023 was paid on 25 July 2024.

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 not provided for as at 30 September 2024 are as follows:

	RM'000
Approved and contracted for	<u>34,715</u>

The capital commitment is mainly for the purchase of heavy machinery and tunnel forms to meet the needs of construction projects, and expansion of manufacturing plant.

A11. Property, Plant and Equipment

The Group acquired property, plant and equipment (“PPE”) amounting to RM99.63 million during the financial year-to-date, mainly for the purchase of heavy machinery and tunnel forms to meet the needs of construction projects, and expansion of the manufacturing plant.

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 22 November 2024, 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

Save as disclosed below, there were no changes in the composition of the Group during the current financial year up to the LPD:

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- (i) The Group increased its shareholding in its joint venture company, Posh Atlantic Sdn Bhd (“PASB”), from 51% to 100% by acquisition of all the shares held by the other shareholder of PASB (“Shares Acquisition”). After the Shares Acquisition, PASB and its subsidiaries (collectively “PASB Group”) became indirect wholly owned subsidiaries of the Company;
- (ii) PASB disposed an inactive subsidiary, Rex Series Sdn Bhd;
- (iii) Kimlun Land Sdn Bhd (“KLLSB”), a wholly owned subsidiary of the Company, acquired 70% of the issued ordinary shares of Bonus Focus Development Sdn Bhd (“BFDSB”) at a total consideration of RM105,000, after which BFDSB became an indirect subsidiary of the Company; and
- (iv) Kii Amber Sdn Bhd (“KIASB”), a wholly owned subsidiary of the Company, subscribed for 490,000 ordinary shares in Astaka Kimlun Sdn Bhd (“AKSB”) (“Subscription of AKSB Shares”) at a total consideration of RM490,000, after which AKSB became an indirect 49% owned joint venture company of the Company.

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.

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024

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 30 September 2024:

	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
REVENUE						
External sales	677,555	129,752	3,883	11	0	811,201
Inter-segment sales	82,416	57,224	0	8,419	(148,059)	0
Total revenue	<u>759,971</u>	<u>186,976</u>	<u>3,883</u>	<u>8,430</u>	<u>(148,059)</u>	<u>811,201</u>
RESULTS						
Gross profit/(loss)	39,617	37,302	-141	8,430	(23,388)	61,820
Other operating income						47,134
Selling and administrative expenses						(42,947)
Finance costs						(17,593)
Share of profit of joint ventures						7
Profit before tax						<u>48,421</u>
Income tax expense						<u>(14,199)</u>
Profit net of tax						<u>34,222</u>
Segment Assets	1,037,309	438,368	680,338	443,303	(701,414)	1,897,904
Segment Liabilities	643,536	204,629	480,598	138,018	(340,207)	1,126,574

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024

The segment revenue and results for the financial period ended 30 September 2023:

REVENUE	Construction RM'000	Manufacturing & Trading RM'000	Property Development RM'000	Investment RM'000	Elimination RM'000	Consolidated RM'000
External sales	430,965	140,468	17,239	10	0	588,682
Inter-segment sales	20,885	45,286	0	7,397	(73,568)	0
Total revenue	451,850	185,754	17,239	7,407	(73,568)	588,682
RESULTS						
Gross profit/(loss)	14,268	26,466	2,883	7,407	(9,235)	41,789
Other operating income						3,011
Selling and administrative expenses						(27,351)
Finance costs						(11,451)
Share of loss of a joint venture						(1,837)
(Loss) before tax						4,161
Income tax credit						(3,897)
(Loss) net of tax						264
Segment Assets	701,128	366,365	524,188	444,488	(601,155)	1,435,014
Segment Liabilities	360,260	146,708	311,487	127,446	(244,656)	701,245

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024

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

	Individual Quarter (Quarter 3)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2024 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2024 RM'000	Preceding Year Quarter 30/9/2023 RM'000	Amount RM'000	%	Current Year To Date 30/9/2024 RM'000	Preceding Year To Date 30/9/2024 RM'000	Amount RM'000	%		Amount RM'000	%
Revenue											
Construction	304,003	171,840	132,163	76.9%	759,971	451,850	308,121	68.2%	258,754	45,249	17.5%
Manufacturing & Trading	67,220	58,569	8,651	14.8%	186,976	185,754	1,222	0.7%	58,366	8,854	15.2%
Property Development	360	6,843	(6,483)	-94.7%	3,883	17,239	(13,356)	-77.5%	756	(396)	-52.4%
Investment	5,496	5,421	75	1.4%	8,430	7,407	1,023	13.8%	1,470	4,026	273.9%
Elimination	(53,213)	(29,954)	(23,259)	77.6%	(148,059)	(73,568)	(74,491)	101.3%	(37,070)	(16,143)	43.5%
Consolidated revenue	323,866	212,719	111,147	52.3%	811,201	588,682	222,519	37.8%	282,276	41,590	14.7%
Gross profit/(loss) ("GP")											
Construction	18,963	5,367	13,596	253.3%	39,617	14,268	25,349	177.7%	11,259	7,704	68.4%
Manufacturing & Trading	15,012	9,310	5,702	61.2%	37,302	26,466	10,836	40.9%	10,833	4,179	38.6%
Property Development	30	1,144	(1,114)	-97.4%	(141)	2,883	(3,024)	-104.9%	87	(57)	-65.5%
Investment	5,496	5,421	75	1.4%	8,430	7,407	1,023	13.8%	1,470	4,026	273.9%
Elimination	(11,998)	(6,003)	(5,995)	99.9%	(23,388)	(9,235)	(14,153)	153.3%	(6,048)	(5,950)	98.4%

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UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024

	Individual Quarter (Quarter 3)		Changes		Cumulative Period		Changes		Preceding Quarter 30/6/2024 RM'000	Current quarter compared to preceding quarter	
	Current Year Quarter 30/9/2024 RM'000	Preceding Year Quarter 30/9/2023 RM'000	Amount RM'000	%	Current Year To Date 30/9/2024 RM'000	Preceding Year To Date 30/9/2023 RM'000	Amount RM'000	%		Amount RM'000	%
Consolidated GP	27,503	15,239	12,264	80.5%	61,820	41,789	20,031	47.9%	17,601	9,902	56.3%
GP margin											
Construction	6.2%	3.1%			5.2%	3.2%			4.4%		
Manufacturing & Trading	22.3%	15.9%			20.0%	14.2%			18.6%		
Property Development	8.3%	16.7%			-3.6%	16.7%			11.5%		
Investment	100.0%	100.0%			100.0%	100.0%			100.0%		
Consolidated GP margin	8.5%	7.2%			7.6%	7.1%			6.2%		
Other income	1,599	1,090	509	46.7%	47,134	3,011	44,123	1465%	43,946	(42,347)	-96.4%
Selling & administrative expenses	(18,149)	(11,305)	(6,844)	60.5%	(42,947)	(27,351)	(15,596)	57.0%	(13,309)	(4,840)	36.4%
Finance costs	(6,384)	(3,865)	(2,519)	65.2%	(17,593)	(11,451)	(6,142)	53.6%	(5,896)	(488)	8.3%
Share of profit/(loss) of joint ventures	105	(473)	578	-122.2%	7	(1,837)	1,844	100.4%	(10)	115	-1150%
Profit/(loss) before tax	4,674	686	3,988	581.3%	48,421	4,161	44,260	1064%	42,332	(37,658)	-89.0%
Profit/(loss) net of tax	2,710	(153)	2,863	1871%	34,222	264	33,958	12863%	31,135	(28,425)	-91.3%

KIMLUN CORPORATION BERHAD (867077-X)
UNAUDITED INTERIM FINANCIAL REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2024

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 3 Financial Year Ending 31 December (“FY”) 2024 (“current quarter”) vs Quarter 3 FY2023

Consolidated revenue of RM323.87 million for the current quarter was RM111.15 million (52.3%) higher compared to RM212.72 million recorded in Quarter 3 FY2023. Consolidated gross profit (“GP”) of RM27.50 million for the current quarter was RM12.26 million (80.5%) higher compared to RM15.24 million recorded in Quarter 3 FY2023.

Other income of RM1.60 million for the current quarter was RM0.51 million (46.7%) higher against Quarter 3 FY2023.

Selling and administrative (“S&A”) expenses of RM18.15 million for the current quarter was RM6.84 million (60.5%) higher compared to Quarter 3 FY2023.

Finance costs of RM6.38 million for the current quarter were RM2.52 million (65.2%) higher compared to Quarter 3 FY2023.

Share of profit of joint ventures was RM0.11 million for the current quarter, against share of loss of RM0.47 million of Quarter 3 FY2023.

Due to the variances stated above, the Group recorded a higher profit before tax (“PBT”) of RM4.67 million for the current quarter against RM0.69 million of Quarter 3 FY2023. Profit net of tax (“PAT”) of RM2.71 million was recorded in the current quarter, compared to loss net of tax of RM0.15 million in Quarter 3 FY2023.

- (b) Year to date FY2024 (“YTD 2024”) compared to year to date FY2023 (“YTD 2023”)

Consolidated revenue of RM811.20 million for YTD 2024 was RM222.52 million (37.8%) higher compared to RM588.68 million recorded in YTD 2023. Consolidated GP of RM61.82 million for YTD 2024 was RM20.03 million (47.9%) higher compared to RM41.79 million recorded in YTD 2023.

Other income of RM47.13 million for YTD 2024 was multifold higher compared to RM3.01 million of YTD 2023.

S&A expenses of RM42.95 million for YTD 2024 were RM15.60 million (57.0%) higher compared to YTD 2023.

Finance costs of RM17.59 million for YTD 2024 were RM6.14 million (53.6%) higher compared to YTD 2023.

Share of profit of joint ventures was RM0.01 million for YTD 2024, against share of loss of RM1.84 million of YTD 2023.

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Due to the variances stated above, the Group recorded a higher PBT of RM48.42 million for YTD 2024 against RM4.16 million of YTD 2023. PAT was accordingly higher at RM34.22 million for YTD 2024.

(c) Performance review

For the current quarter and YTD 2024, the increase in the consolidated revenue was attributable to the increase in external sales revenue (“external revenue”) generated by the construction division.

The construction division’s external revenue increased from RM161.97 million in Quarter 3 FY2023 to RM276.65 million in the current quarter, and from RM430.96 million in YTD 2023 to RM677.55 million in YTD 2024. The improvement in the division’s external revenue was mainly attributable to revenue contribution from new projects secured in FY2023 and FY2024, and higher revenue arose from the acceleration of construction progress of the Sarawak-Sabah Link Road Construction Project (Lawas-Long Lopeng Junction) (“SSLR Project”).

Despite a large balance order in hand of RM0.3 billion brought down from last financial year, the manufacturing and trading (“M&T”) division’s external revenue decreased from RM140.47 million in YTD 2023 to RM129.75 million in YTD 2024 mainly due to some of the larger size new orders just began contributing revenue in late of second quarter of 2024. With the commencement of the aforesaid new orders, the M&T division’s external revenue was higher at RM46.85 million in the current quarter against RM43.90 million in Quarter 3 FY2023.

The property development (“PD”) division recorded a lower revenue in the current quarter and YTD 2024 as its on-going development project was at tail end.

The improvement in the consolidated GP in the current quarter and YTD 2024 was attributable to the followings:

- (i) higher GP generated by the construction division on the back of higher revenue and better GP margin on economic of scale from higher level of operation. Construction division’s GP margin improved from 3.1% in Quarter 3 FY2023 to 6.2% in the current quarter, and from 3.2% in YTD 2023 to 5.2% in YTD 2024.

There was a higher elimination of inter-segment GP, mainly in relation to construction division GP generated from construction work rendered to PD division’s yet-to-launch property development project. The GP eliminated will be progressively recognised in the near future in tandem with the sale of the development project.

- (ii) higher GP generated by the M&T division, benefitted from saving in production costs and better performance of the quarry business. M&T division’s GP margin improved from 15.9% in Quarter 3 FY2023 to 22.3% in the current quarter, and from 14.2% in YTD 2023 to 20.0% in YTD 2024.

Other income was multifold higher in YTD 2024 due to the full reversal of allowance of impairment on trade receivable and contract asset aggregating RM43.52 million in relation to a hospital project (“Reversal of Impairment”), as the amount had been collected (“Hospital Debts Collection”).

S&A expenses were higher in the current quarter and YTD 2024 mainly due to foreign exchange loss resulted from the strengthening of Ringgit Malaysia against Singapore Dollar during the period, details as below:

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	Current Quarter	Quarter 3 FY2023	Variance	YTD 2024	YTD 2023	Variance
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Foreign exchange (gains)/loss	5,619	840	4,779	7,793	(3,341)	11,134

Finance costs were higher in the current quarter and YTD 2024 mainly due to higher utilization of bank facilities and finance costs incurred by PASB Group.

The improvement in shares of result of joint ventures was mainly due to PASB Group ceased to be a joint venture company of the Group.

(d) Group Cash Flow Review

RM3.31 million net cash was used in operating activities, in line with working capital requirements of larger scale of operation and preliminary costs of new projects, and Hospital Debts Collection. RM72.19 million net cash was used in investing activities, mainly for the acquisition of PPE and shares in PASB. RM97.43 million net cash was generated from financing activities, mainly attributable to drawdown of bank facilities and issuance of ICP for working capital requirements and acquisition of PPE.

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

Consolidated revenue recorded in the current quarter was RM41.59 million (14.7%) higher compared to the preceding quarter mainly attributable to higher external revenue generated by the construction division and manufacturing division, supported by the acceleration of construction progress of projects in hand and production of precast products for new sales orders.

On the back of higher revenue achieved and improved GP margin in the current quarter, consolidated GP was RM9.90 million (56.3%) higher.

Despite of a higher GP, profit before tax was lower in the current quarter due to lower other income and higher S&A expenses. Other income was higher in the preceding quarter attributable to the Reversal of Impairment. S&A expenses were higher in the current quarter mainly due to higher foreign exchange loss.

B3. Prospects For 2024

The Group has an estimated construction and manufacturing balance order book of approximately RM3.16 billion and RM0.37 billion respectively as at 30 September 2024, contributed by numerous construction contracts and supply contracts. The balance order book provides a good earnings visibility to the Group and is expected to keep the Group busy for the next 2 to 3 years.

Our on-going projects and sales orders comprises contracts secured from, amongst other, Samling Resources Sdn Bhd, Eco World Development Group Berhad group, UEM Sunrise Bhd Group, S P Setia Bhd Group and China Communications Construction Company Ltd. Our on-going projects and sales orders include the following:

- (a) the SSRL Project for a contract sum of RM0.78 billion. The estimated completion period of the project is year 2026;

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- (b) Design and build project for 1 block of service apartment and amenities in Johor for a contract sum of RM98.85 million. The estimated completion period of the project is year 2026; and
- (c) Few sales orders for the supply of IBS components and tunnel lining segments (“TLS”) to Singapore MRT project. The estimated completion period of these sales orders is year 2026.

The Board is optimistic that the construction sector of Malaysia and Singapore will continue to be vibrant in 2024, thus offer order book replenishment prospects.

Malaysia Construction Sector

The Group expects some tender opportunities from the following public sector projects in 2024:

Highway projects in East Malaysia;

Road upgrading works in Johor:

Klang Valley MRT Line 3; 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, to range between S\$32 billion and S\$38 billion in nominal terms in 2024.

The public sector is expected to drive total construction demand in 2024, reaching between S\$18 billion and S\$21 billion, mainly from public housing and infrastructure projects. Some of the major upcoming public sector projects scheduled to be awarded in 2024 include the Housing and Development Board’s (HDB) new Built-To-Order (BTO) developments, additional Cross Island MRT Line contracts (Phase 2), infrastructure works for the future Changi Airport Terminal 5 (T5) and Tuas Port developments and other major road enhancement and drainage improvement works.

Private sector construction demand is projected to be between S\$14 billion and S\$17 billion in 2024. BCA anticipates that private sector construction demand in 2024 will come mainly from residential developments under the Government Land Sales, expansion of the two Integrated Resorts, redevelopment of commercial premises, as well as development of mixed-used properties and industrial facilities.

BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$31 billion and S\$38 billion per year from 2025 to 2028.

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.

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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's on-going development project, namely 100 Trees Private Estate ("100 Trees Project"), which comprises 60 units of semi-detached houses in Bandar Seri Alam, Johor, and Phase 2 of the Bukit Bayu Project, which comprises of 16 units of bungalows, are expected to contribute positively to the Group's revenue and profit, with further construction progress and further sales. The collective gross development value ("GDV") of these 2 developments is approximately RM110 million.

The Group expects to launch one service apartment development comprising 896 apartment units in Johor, with estimated GDV of approximately RM300 million, in the second half of year 2024.

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 30.9.2024 RM'000	Cumulative Quarter 9 months ended 30.9.2024 RM'000
(a) interest income	1,478	2,186
(b) other income including investment Income	211	44,841
(c) interest expense	6,384	17,593
(d) depreciation and amortization	8,561	21,692
(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	205	7
(h) impairment of assets	0	0
(i) foreign exchange (gain) or loss	5,619	7,793
(j) gain or loss on derivatives	0	0
(k) exceptional items	0	0

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B6. Taxation

	Current Quarter 3 months ended 30.9.2024 RM'000	Cumulative Quarter 9 months ended 30.9.2024 RM'000
In respect of the current period		
- Income tax	2,592	6,848
- Deferred tax	(785)	7,194
	1,807	14,042
In respect of prior year		
- Income tax	201	201
- Deferred tax	(44)	(44)
	1,964	14,199

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 on unutilized tax losses and unabsorbed capital allowances were not recognised on prudent basis.

B7. Status of Corporate Proposals

- (a) On 12 July 2024, the Company's subsidiary, KIASB entered into a legally binding term sheet ("Term Sheet") with Astaka Capital Sdn Bhd ("ACSB"), Astaka Padu Sdn Bhd ("APSB") and Seaview Holdings Sdn Bhd ("SHSB") (collectively, the "Parties"), of which KIASB and ACSB shall establish a joint venture ("JVCo") for the purpose of jointly developing an identified parcel of land measuring approximately 1.662 acres in area ("Project Land") (to be subdivided from a master freehold land in Johor Bahru, Johor, ("Master Land")) into a residential serviced apartment ("Project").

The provisions of the Term Sheet are intended to be used as basis for the Parties to enter into the definitive agreements ("Definitive Agreements") as follows:

- (i) a subscription and shareholders' agreement between KIASB and ACSB for the incorporation of the JVCo and the development of the Project Land into a residential serviced apartment, pursuant to the Project ("Proposed Joint Venture"); and
- (ii) a sale and purchase agreement between the JVCo, APSB and SHSB for the sale and purchase of the Project Land by the JVCo from APSB (as registered proprietor of the Master Land) and SHSB (as beneficial owner of the Master Land) ("Proposed Acquisition").

Pursuant to the Term Sheet, AKSB was incorporated to be the JVCo.

The relevant parties to the Definitive Agreements have entered into the Definitive Agreements on 13 November 2024 and KIASB has completed its Subscription of AKSB Shares.

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On 13 November 2024, the Company announced that the Company is proposing the provision of financial assistance amounting up to RM303.3 million to AKSB to acquire the Project Land and to implement the Project ("Proposed Provision of Financial Assistance").

As the quantum of the Proposed Provision of Financial Assistance exceeds 5% of the net tangible assets of the Group based on its latest audited consolidated financial statements for the financial year ended 31 December 2023, the Company will seek its shareholders' approval for the Proposed Provision of Financial Assistance in a general meeting.

The Company is in the process of preparing the circular to shareholders.

- (b) At the Annual General Meeting held on 4 June 2024 ("15th AGM"), the shareholders approved the declaration of a final single tier dividend of RM0.01 per ordinary share in respect of the financial year ended 31 December 2023 ("FYE 2023 Final Dividend"). The FYE 2023 Final Dividend was paid on 25 July 2024.

B8. Group Borrowings and Debts Securities

The Group's borrowings and debts securities as at 30 September 2024 are as follows:

	Interest rate per annum YTD 2024	As at 30.9.2024 RM'000	As at 30.9.2023 RM'000
Long term borrowings			
<u>Secured:</u>			
Hire purchase creditors	1.88% to 3.75%	35,814	11,810
Term loans	5.77% to 6.67%	178,340	131,654
<u>Unsecured:</u>			
IMTN	4.87% to 5.06%	55,000	75,000
		269,154	218,464
Short term borrowings			
<u>Secured:</u>			
Bank overdraft	5.80% to 7.89%	0	519
Hire purchase creditors	1.88% to 3.75%	15,801	6,869
Bankers' acceptance	4.13% to 4.98%	74,360	66,720
Invoice financing	4.19% to 7.45%	109,368	45,021
Term loans and revolving credits	5.04% to 6.67%	30,724	33,615
<u>Unsecured:</u>			
ICP	4.49% to 5.25%	80,310	12,860
		310,563	165,604

The borrowings are denominated in the following currencies:

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	As at 30.9.2024 RM'000	As at 30.9.2024 RM'000
Long term borrowings		
Ringgit Malaysia	269,154	218,464
	<hr/>	<hr/>
Short term borrowings		
Ringgit Malaysia	306,714	166,604
Singapore Dollar	3,849	-
	<hr/>	<hr/>
	310,563	166,604

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

B9. Material Litigation

There was no material litigation as at the LPD.

B10. Dividends

- (a) The FYE 2023 Final Dividend was approved by the Shareholders at the 15th AGM, as detailed in Note B7(b).
- (b) The Board of Directors does not recommend the payment of any interim dividend for the financial quarter ended 30 September 2024.
- (c) Dividend declared during the previous year's corresponding period:

A final single-tier dividend of RM0.01 per share in respect of the financial year ended 31 December 2022.

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

	Current Quarter Ended		Year to-Date Ended	
	30.9.2024	30.9.2023	30.9.2024	30.9.2023
Profit/(loss) attributable to owners of the Company (RM'000)	2,776	(110)	34,607	402
Weighted average number of ordinary shares in issue ('000)	353,360	353,358	353,360	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)	353,360	353,358	353,360	353,358

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Basic earnings/(loss) per share ("BELPS") (Sen)	0.79	(0.03)	9.79	0.11
Diluted earnings/(loss) per share ("DELPS") (Sen)	0.79	(0.03)	9.79	0.11

BELPS 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.

DELPS 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.