

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	31.03.2021 RM'000	31.03.2020 RM'000	CHANGES %	31.03.2021 RM'000	31.03.2020 RM'000	CHANGES %
Revenue	49,757	31,660	57.2%	49,757	31,660	57.2%
Cost of sales	(42,075)	(25,748)	63.4%	(42,075)	(25,748)	63.4%
Gross profit	7,682	5,912	29.9%	7,682	5,912	29.9%
Other income	301	154	95.5%	301	154	95.5%
Administrative expenses	(4,901)	(3,807)	28.7%	(4,901)	(3,807)	28.7%
Finance costs	(505)	(250)	>100%	(505)	(250)	>100%
Profit before tax	2,577	2,009	28.3%	2,577	2,009	28.3%
Income tax expense	(1,000)	(523)	91.2%	(1,000)	(523)	91.2%
Profit for the financial period	1,577	1,486	6.1%	1,577	1,486	6.1%
Attributable to:						
Owner of the Company	1,562	1,486	5.1%	1,562	1,486	5.1%
Non-controlling interests	15	-	>100%	15	-	>100%
	1,577	1,486	6.1%	1,577	1,486	6.1%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	0.17	0.16		0.17	0.16	
Diluted	0.09	0.08		0.09	0.08	

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Profit or Loss are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Earnings per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME⁽¹⁾

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.03.2021 RM'000	31.03.2020 RM'000	31.03.2021 RM'000	31.03.2020 RM'000
Profit for the financial period	1,577	1,486	1,577	1,486
Other comprehensive expenses				
Foreign currency translation differences for foreign operation	10	(3)	10	(3)
Total comprehensive income for the financial period	<u>1,587</u>	<u>1,483</u>	<u>1,587</u>	<u>1,483</u>
Attributable to:				
Owner of the Company	1,572	1,483	1,572	1,483
Non-controlling interests	15	-	15	-
	<u>1,587</u>	<u>1,483</u>	<u>1,587</u>	<u>1,483</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statements of Comprehensive Income are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 31.03.2021 RM'000	Audited As at 31.12.2020 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	7,016	7,068
Investment properties	6,543	5,879
Right-of-use assets	2,015	2,139
Intangible assets	982	982
Deferred tax assets	119	119
Trade receivables	9,876	8,088
	<u>26,551</u>	<u>24,275</u>
Current assets		
Inventories	332	325
Trade receivables	56,763	47,340
Other receivables, deposits and prepayments	5,537	6,767
Contract assets	54,040	57,883
Deposits with licensed banks	29,656	25,147
Cash and bank balances	5,331	3,004
	<u>151,659</u>	<u>140,466</u>
TOTAL ASSETS	<u>178,210</u>	<u>164,741</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	60,799	53,299
Translation reserve	3	(7)
Treasury shares	(4)	(4)
Retained profits	28,343	26,781
	<u>89,141</u>	<u>80,069</u>
Non-controlling interest	<u>(87)</u>	<u>(102)</u>
Total Equity	<u>89,054</u>	<u>79,967</u>
Non-current liabilities		
Finance lease liabilities	722	888
Term loan	6,191	4,897
Trade payables	3,304	2,836
	<u>10,217</u>	<u>8,621</u>
Current liabilities		
Trade payables	48,135	41,740
Other payables and accruals	1,845	2,944
Contract liabilities	7,477	7,984
Finance lease liabilities	412	363
Short-term borrowings	19,881	22,293
Current tax liabilities	1,189	829
	<u>78,939</u>	<u>76,153</u>
TOTAL LIABILITIES	<u>89,156</u>	<u>84,774</u>
TOTAL EQUITY AND LIABILITIES	<u>178,210</u>	<u>164,741</u>
Net asset per share (RM) ⁽²⁾	<u>0.09</u>	<u>0.09</u>

Notes:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Financial Position are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Net assets per share is calculated based on the Company's weighted average number of ordinary shares at the end of the reporting period.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY⁽¹⁾

	< ----- Attributable to Owners of the Company ----- >						Non-controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	< ----- Non-distributable ----- > Translation Reserves RM'000	Treasury Shares RM'000	Distributable Retained Profits RM'000	Total RM'000			
Balance at 01.01.2021	53,299	(7)	(4)	26,781	80,069	(102)	79,967	
Total Comprehensive Income for the period	-	10	-	1,562	1,572	15	1,587	
Issuance of new shares	7,500	-	-	-	7,500	-	7,500	
Balance as at 31.03.2021	60,799	3	(4)	28,343	89,141	(87)	89,054	
Balance at 01.01.2020	48,299	-(2)	(241)	23,335	71,393	(36)	71,357	
Total Comprehensive Income for the period	-	(7)	-	5,287	5,280	(98)	5,182	
Dividend paid	-	-	237	(2,544)	(2,307)	-	(2,307)	
Acquisition of subsidiary companies	-	-	-	735	735	-	735	
Issuance of new shares	5,000	-	-	-	5,000	-	5,000	
Increase in ownership without change in control	-	-	-	(32)	(32)	32	-(2)	
Balance as at 31.12.2020	53,299	(7)	(4)	26,781	80,069	(102)	79,967	

Note:

- (1) The basis of preparation of the Consolidated Statement of Changes in Equity are disclosed in Note A1 and should be read in conjunction with the audited financial statements of the Company for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.
- (2) Amount less than RM1,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS⁽¹⁾

	YEAR-TO-DATE ENDED	
	31.03.2021 RM'000	31.03.2020 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	2,577	2,009
Adjustments for:		
Depreciation of property, plant and equipment	151	144
Depreciation of right-of-use assets	125	138
Depreciation of investment properties	33	34
Impairment loss on receivables	400	-
Fair value discount on receivables	202	71
Fair value discount on payables	(57)	(57)
Gain on disposal of PPE	4	-
Interest expense	303	178
Interest income	(74)	(79)
Operating profit before changes in working capital	<u>3,664</u>	<u>2,438</u>
Net changes in inventories	(7)	-
Net changes in trade receivables	(11,813)	10,992
Net changes in other receivables, deposits and prepayments	1,230	(1,021)
Net changes in contract assets / liabilities	3,335	(7,906)
Net changes in trade payables	6,921	(3,455)
Net changes in other payables and accrual	(1,099)	157
Cash flows from operations	<u>2,231</u>	<u>1,205</u>
Interest paid	(303)	(178)
Interest received	74	79
Tax paid	(640)	(922)
Net cash generated from operating activities	<u>1,362</u>	<u>184</u>
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(104)	(716)
Proceeds from disposal of PPE	-	-
Purchase of investment properties	(697)	-
Net cash used in investing activities	<u>(801)</u>	<u>(716)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged of fixed deposits as securities	(9,265)	(1,767)
Drawdown of bank borrowings	9,712	4,450
Repayment of bank's borrowings	(6,535)	(5,914)
Repayment of finance lease obligations	(116)	(84)
Proceeds from issuance of new shares	7,500	-
Net cash generated from / (used in) financing activities	<u>1,296</u>	<u>(3,315)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>1,857</u>	<u>(3,847)</u>
Cash and cash equivalents at beginning of the financial period	167	22,132
Effect of foreign exchange rate changes	1	(3)
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	<u>2,025</u>	<u>18,282</u>
Cash and cash equivalents comprise:		
Deposits with licensed banks	29,656	20,401
Cash and bank balances	5,331	12,737
Bank overdrafts	(6,562)	-
	<u>28,425</u>	<u>33,138</u>
Less: Deposits pledged to licensed banks	(26,400)	(14,856)
	<u>2,025</u>	<u>18,282</u>

Note:

- (1) The basis of preparation of the Unaudited Consolidated Statement of Cash Flows are disclosed in Note A1 and should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020 and the accompanying explanatory notes attached to this interim financial report.

PART A – EXPLANATORY NOTES TO THE INTERIM FINANCIAL REPORT

A1 Basis of Preparation

The interim financial statements of the Group are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard (“MFRS”) 134: Interim Financial Reporting and Rule 9.22 of the Listing Requirements.

The interim financial reports should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2020.

A2 Significant Accounting Policies

In addition to the accounting policies and presentations adopted by the Group for the audited financial statements for the year ended 31 December 2020, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2021:-

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

The Group expect that the adoption of the above Standards, Amendments and IC interpretation are not expected to have any material financial impacts to the current period and prior period financial statement.

A3 Auditors’ Report

There was no qualification on the audited financial statements of the Group for the financial year ended 31 December 2020.

A4 Seasonal and Cyclical Factors

The business operations of the Group are not materially affected by any seasonal or cyclical factors.

A5 Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There was no unusual item affecting the assets, liabilities, equity, net income or cash flows of the Group during the financial period under review.

A6 Changes in Estimates

There was no material change in estimates that have a material effect on the financial quarter and financial year under review.

A7 Debt and Equity Securities

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares in the current financial quarter, other than as disclosed.

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

With regards to treasury shares, the number held in hand as at the financial quarter under review is 49,388.

A8 Dividends Paid

No dividend has been paid during the financial quarter ended 31 March 2021.

A9 Segmental Reporting

The Group is principally involved in the provision of electrical and mechanical engineering services. As such, the revenue of the Group for the current financial year under review is derived mainly from its electrical and mechanical engineering services.

No geographical analysis has been prepared as the Group operates mainly in Malaysia.

A10 Material Events after the End of the Reporting Period

Save for those disclosed in Note B6 “Status of Corporate Proposals”, there were no other material events subsequent to the end of the current financial period.

A11 Changes in the Composition of the Group

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

- (i) KAB Smart Solar Energy Sdn Bhd (formerly known as KAB Construction Sdn Bhd, “KSSE”) was incorporated on 3 April 2018 under the Companies Act 2016. The entire issued and paid-up share capital is RM1,000.00 comprising of 1,000 ordinary shares. On 19 August 2020, the Company had increased its shareholdings from 51% to 85% and subsequently on 25 January 2021, the Company had further increased its shareholdings in KSSE who became 100% owned subsidiary company.

KSSE intended to principally engage in 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 31.03.2021 RM'000	As at 31.12.2020 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	25,619	22,764

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

A13 Capital Commitments

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

	RM'000
Approved and contracted but not provided for:	
- Property, plant and equipment	3,962
- Investment properties	400

A14 Significant related party transactions

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

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B1 Review of Group Performance

For the current financial quarter under review, the Group posted revenues of RM49.76 million as compared to its preceding year's corresponding quarter ended 31 March 2020 of RM31.66 million, representing an increase RM18.10 million.

Along with the increase in revenues, profit before tax ("PBT") during the current quarter was stated at RM2.58 million, representing an increase of RM0.57 million compare to its corresponding quarter of RM2.01 million.

Since 1 June 2020, our Government had uplifted the suspension placed on construction activities, a containment measure implemented during the Movement Control Orders (MCO), the Group has slowly recovered to its pre-MCO business activities level.

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

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	31.03.2021	31.12.2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	49,757	49,269	488	1%
Gross Profit	7,682	7,095	587	8%
Profit Before Tax	2,577	4,198	(1,621)	-39%

The Group recorded a slightly higher revenue of RM49.76 million for current quarter as compared to RM49.27 million in the previous quarter ended 31 December 2020, as well as a marginally higher gross profit of RM7.68 million for the current quarter as compared to RM7.10 million in the previous quarter ended 31 December 2020.

The Group's PBT of RM2.58 million for the current quarter was lower than the PBT of RM4.20 million achieved in the previous quarter ended 31 December 2020. The overall decrease was mainly due to additional staff cost and provision on expected credit loss, as well as certain non-recurring expenses incurred for the corporate exercises.

B3 Prospects for the Financial Year

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

- (i) expanded its core business into a sustainable energy space;
- (ii) offer customized robust green services in energy solutions;
- (iii) expansion beyond Klang Valley;
- (iv) explore opportunity to replenish order book; and
- (v) venture into neighbouring ASEAN countries

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

The Group is expected to be able to continue to meet all obligations in accordance to the respective project timelines as agreed with the project owner and/or main contractor during the award of respective projects.

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

As at 31 March 2021, the Group's order book, contracts secured and tenders are as follows:-

- (i) order book balance under electrical engineering is approximately RM377 million;
- (ii) approximately RM187 million worth of tenders for electrical engineering still pending; and

The Group has also secured order book balance for solar photovoltaic systems of approximately 3.6 megawatt. In addition, upon completion of a cogen plant in Negeri Sembilan and proposed acquisitions (more details can be found in B6), the Group will have a total power generation capacity of 5.7 megawatt.

The Board will continue to review and monitor the pandemic and economic situation while exercising prudence in spending to sustain with the current challenges and market conditions.

B4 Profit Forecast

The Group has not issued any profit forecast or profit guarantee in any form of public documentation and announcement.

B5 Taxation

	3-MONTHS ENDED		YEAR-TO-DATE-ENDED	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Income tax	1,000	523	1,000	523
Under/ (over) provided in prior year	-	-	-	-
Deferred tax	-	-	-	-
	<u>1,000</u>	<u>523</u>	<u>1,000</u>	<u>523</u>
Effective tax rate ⁽¹⁾	39%	26%	39%	26%

Note:

The effective tax rate for the current quarter is higher than the statutory tax rate of 24% mainly due to losses incurred by certain subsidiary companies are not available for set-off and adjustment for non-deductible expenses.

B6 Status of Corporate Proposals

(i) Private Placement

On 10 October 2019, Mercury Securities Sdn Bhd (“Mercury”) had announced on behalf of the Board of Directors of KAB (“Board”) that the Company proposed to undertake a private placement of up to 70,574,600 new ordinary shares in KAB (“Placement Shares”) representing up to 20% of the total number of issued shares of KAB, to independent third-party investors to be identified later, at an issue price to be determined later (“Proposed Private Placement”).

Bursa Malaysia Securities Berhad (“Bursa Securities”) had on 17 October 2019 approved the listing and quotation of up to 70,574,600 Placement Shares to be issued pursuant to the proposed Private Placement. Bursa Securities had further approved the latest extension of time to 16 April 2021 for the Company to complete the implementation.

The shareholders of the Company had approved the Proposed Private Placement at an extraordinary general meeting (“EGM”) of the Company held on 8 November 2019.

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

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

There are up to 39,977,900 remaining Placement Shares to be allotted and issued under the Private Placement. Pursuant to the completion of the Company’s Share Split exercised on 27 February 2020, the remaining Placement Shares is consequentially subdivided to 99,944,750 remaining Placement Shares to be allotted and issued under the Private Placement upon application.

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

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

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

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

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

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

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

- (iii) Proposed Share Split

On 10 February 2021, Mercury announced on behalf of the Board that the Company proposed to undertake the Proposed Share Split involving the subdivision of every 10 existing ordinary shares in the Company into 18 Shares. The entitlement date will be determined and announced on a later date.

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

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

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

(iv) Proposed Bonus Issue of Warrants

On 10 February 2021, Mercury announced on behalf of the Board that the Company proposed to undertake the Proposed Bonus Issue of up to 881,927,638 Free Warrants in the Company on the basis of 1 warrant for every 2 ordinary shares held on a date to be determined and announced later by the Board.

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

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

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

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

(v) Proposed Subscription in Mayang Hijau Sdn Bhd (“MHSB”) (“Proposed Subscription”)

On 16 February 2021, KAB Smart Solar Energy Sdn Bhd (“KSSE”), a wholly-owned subsidiary of KAB has entered into a Binding Term Sheet with MHSB, Evergreen Thumbsup Sdn Bhd (“ETSB”) and Mr Heng Boon Liang to subscribe 800,000 ordinary shares in MHSB, representing 80% of the total proposed enlarged paid up share capital in MHSB, for a total cash consideration of RM800,000.00.

MHSB is principally engaged in developing, financing, constructing, operating and maintaining solar photovoltaic projects.

Upon the completion of the Proposed Subscription, MHSB will become an 80% owned indirect subsidiary of KAB, and the remaining 20% will be held by ETSB.

Save as above, there was no corporate proposal announced.

B7 Utilisation of Proceeds

(i) Special Issue

The utilisation of the gross proceeds from the Special Issue amounting to RM6.80 million is as follows:-

Details of utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Acquisition and/or investment in other complementary business and/or assets ⁽¹⁾	6,630	(629)	6,001	Within 24 months
Estimated expenses for the proposed Special Issue	170	(170)	-	Immediate
Total	6,800	(799)	6,001	

Notes:

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 19 December 2018.

The unutilised amount of RM6 million is earmarked against part settlement for the total purchase consideration less deposit of RM11.3 million for the proposed acquisitions of KISB and MOSB. Please refer Note B6 for more details.

(ii) Private Placement

The proposed utilisation of the gross proceeds from the Private Placement amounting to RM27.1 million is as follows:

Purposes	Proposed Utilisation ⁽¹⁾ RM'000	Actual Proceed ⁽²⁾ RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Expansion of customised energy efficiency solutions business	17,000	13,803	(1,628)	12,175	Within 24 months
Project costs and expenses	4,500	3,654	(3,654)	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	3,811	(1,219)	2,592	Within 24 months
Estimated expenses for the proposed Private Placement	900	731	(317)	414	Immediate
Total	27,094	21,999	(6,818)	15,181	

Notes:

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

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B8 Group's Borrowings and Debt Securities

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

			As at 31.03.2021	As at 31.03.2020
		Foreign Currency '000	Equivalent RM'000	Equivalent RM'000
Long term:				
Term loans	RM		5,682	4,296
Term loans	THB	3,841	509	-
Finance lease liabilities			722	1,218
			<u>6,913</u>	<u>5,514</u>
Short term:				
Term loans	RM		380	338
Term loans	THB	1,998	265	-
Finance lease liabilities			412	345
Bank overdrafts			6,562	-
Trade finance			12,674	4,850
			<u>20,293</u>	<u>5,533</u>

All the Group's borrowings are secured and mainly denominated in Ringgit Malaysia.

B9 Material Litigation

KAB Technologies Sdn Bhd, the wholly-owned subsidiary ("KABT / Plaintiff"), has on 26 June 2020 commenced a Writ action against ICEE International Sdn Bhd (the "1st Defendant") and ICEE Energy Services Sdn Bhd (the "2nd Defendant") before the High Court of Malaya at Kuala Lumpur under Civil Suit No.: WA-22NCVC-330-06/2020.

The claim against the 2nd Defendant is premised on a Work Order dated 01.04.2019 ("Work Order") entered between KABT on the one part and the 2nd Defendant on the other part wherein the 2nd Defendant is required by contract to ensure that KABT receives its annual guaranteed savings of 8% which corresponds with an amount of monetary return of RM8,329.72 per month for a period of five (5) years i.e. 60 months. KABT alleges that the 2nd Defendant has breached the material terms of the Work Order causing KABT to have suffered and continue to suffer loss and damage in so far as the Pullman Hotel, Kuching project is concerned.

KABT's claim against the 2nd Defendant is for amongst others a declaration that the 2nd Defendant has breached the express and/or implied terms of the Work Order, the outstanding shortfalls under the Work Order in the sum of RM12,418.20, general damages, special damages in the sum of RM813,709.19, interest at 5% per annum on judgement sum and costs.

The claim against the 1st Defendant is premised on an Agreement dated 07.08.2019 ("2019 Agreement") entered between KABT on the one part and the 1st Defendant on the other part wherein the 1st Defendant is required by contract to ensure that KABT receives its guaranteed savings of 10% which corresponds with an amount of monetary return of RM6,680.40 and RM6,958.75 for a period of forty-eight (48) months, respectively in respect of the projects at Robinson Rama 9 and Robinson Prachinburi in Thailand. KABT alleges that the 1st Defendant has breached the material terms of the 2019 Agreement causing KABT to have suffered and continue to suffer loss and damage.

KABT's claim against the 1st Defendant is for amongst others a declaration that the 1st Defendant has breached the express and/or implied terms of the 2019 Agreement, the outstanding shortfalls

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

under the 2019 Agreement totalling a sum of RM15,132.98, general damages, special damages totalling a sum of RM1,431,099.49, interest at 5% per annum on judgement sum and costs.

On 26 June 2020, the Defendants have entered a defence and filed a counterclaim for the Initial Suit which was subsequently amended by an amended defence and counterclaim filed by the Defendants on 10 July 2020, and added KAB as a party (“Counterclaim”). The Defendants’ Counterclaim is for passing-off, breach of confidential information, breach of fiduciary duty, the abuse of process and conspiracy to injure. In the Counterclaim, the Defendants had further claimed for monetary damages totalling up to RM17,827,777.01 which include:-

- (i) damages that are allegedly suffered by the Defendants in relation to past or existing projects totalling up to an amount of RM618,247.09; and
- (ii) damages in relation to future projects that the Defendants allegedly lost, the loss of future income and the loss of the value of ICEE, amounting to a total of up to RM17,209,529.92.

The suit is only at the stage of pleadings and the pleadings is not closed yet. At this early stage, it is premature and hence difficult to quantify the potential liability to KAB Group.

Based on opinion rendered by solicitors representing Plaintiffs, Messrs Ken St James, the Plaintiffs have a good chance of succeeding in obtaining the Declaratory Orders sought in the Initial Suit. Further, Messrs Ken St James also conclude that it is more likely than not that the Defendants will not fully succeed in their Counterclaim. As such, the Counterclaim is not expected to have material financial or operational impact on KAB Group.

The Plaintiffs have attended a case management on 29 June 2020, 11 August 2020, 12 October 2020, 13 January 2021 and 22 February 2021. The next case management is scheduled on 16 March 2021 for all parties to comply with the pre-trial directions. The matter has been scheduled for trial on 8 June 2021 to 10 June 2021.

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

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

B10 Dividends Proposed or Declared

The Board does not recommend any interim dividend for current quarter.

B11 Derivatives and Fair Value Changes of Financial Liabilities

- (i) There were no derivatives as at the current financial quarter under review.
- (ii) The fair value changes arising from discounting future retention sums receivable and retention sums payable to present value for the current quarter under review has been accounted for accordingly.

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Net fair value loss	144	14	144	14

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B12 Earnings Per Share

The basic and diluted earnings per share for the financial period is computed as follows:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Profit after tax attributable to owners of the Company (RM'000)	1,562	1,486	1,562	1,486
Weighted average number of ordinary shares in issue ('000)	930,204	925,575	930,204	925,575
Adjustment for assumed issuance of Placement Shares ('000)	-	54,345	-	54,345
Adjustment for share split ('000)	751,953	783,936	751,953	783,936
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	1,682,157	1,763,856	1,682,157	1,763,856
Basic earnings per share (sen) ⁽¹⁾	0.17	0.16	0.17	0.16
Diluted earnings per share (sen)	0.09	0.08	0.09	0.08

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	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020
	RM'000	RM'000	RM'000	RM'000
Interest income	(74)	(79)	(74)	(79)
Interest expense	303	178	303	178
Depreciation of property, plant and machinery	151	144	151	144
Depreciation of right-of-use assets	125	138	125	138
Depreciation of investment properties	33	34	33	34