

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS⁽¹⁾

	3-MONTHS ENDED			YEAR-TO-DATE ENDED		
	30.09.2020 RM'000	30.09.2019 RM'000	CHANGES %	30.09.2020 RM'000	30.09.2019 RM'000	CHANGES %
Revenue	43,521	45,682	-4.7%	101,488	110,671	-8.3%
Cost of sales	<u>(36,900)</u>	<u>(37,541)</u>	-1.7%	<u>(84,648)</u>	<u>(89,662)</u>	-5.6%
Gross profit	6,621	8,141	-18.7%	16,841	21,009	-19.8%
Other income	252	49	>100%	863	190	>100%
Administrative expenses	(4,065)	(3,685)	10.3%	(11,937)	(10,456)	14.2%
Finance costs	<u>(591)</u>	<u>(551)</u>	7.2%	<u>(1,327)</u>	<u>(996)</u>	33.2%
Profit before tax	2,217	3,954	-43.9%	4,440	9,747	-54.4%
Income tax expense	<u>(860)</u>	<u>(1,200)</u>	-28.3%	<u>(1,533)</u>	<u>(2,757)</u>	-44.4%
Profit for the financial period	<u>1,357</u>	<u>2,754</u>	-50.7%	<u>2,907</u>	<u>6,990</u>	-58.4%
Attributable to:						
Owner of the Company	1,369	2,755	-50.3%	2,960	6,993	-57.7%
Non-controlling interests	<u>(12)</u>	<u>(1)</u>	>100%	<u>(53)</u>	<u>(3)</u>	>100%
	<u>1,357</u>	<u>2,754</u>	-50.7%	<u>2,907</u>	<u>6,990</u>	-58.4%
Earnings per share attributable to owners of the Company (sen) ⁽²⁾ :						
Basic	<u>0.15</u>	<u>0.78</u>		<u>0.32</u>	<u>2.09</u>	
Diluted	<u>0.14</u>	<u>0.78</u>		<u>0.30</u>	<u>2.09</u>	

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 2019 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	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Profit for the financial period	1,357	2,754	2,907	6,990
Other comprehensive expenses				
Foreign currency translation differences for foreign operation ⁽²⁾	7	-	4	-
Total comprehensive income for the financial period	<u>1,364</u>	<u>2,754</u>	<u>2,911</u>	<u>6,990</u>
Attributable to:				
Owner of the Company	1,376	2,755	2,964	6,993
Non-controlling interests	<u>(12)</u>	<u>(1)</u>	<u>(53)</u>	<u>(3)</u>
	<u>1,364</u>	<u>2,754</u>	<u>2,911</u>	<u>6,990</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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount less than RM1,000.

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION⁽¹⁾

	Unaudited As at 30.09.2020 RM'000	Audited As at 31.12.2019 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	8,094	7,801
Investment properties	5,909	6,607
Intangible assets	906	-
Deferred tax assets	119	119
Trade receivables	12,137	7,869
	<u>27,165</u>	<u>22,396</u>
Current assets		
Inventories	332	-
Trade receivables	38,476	40,445
Other receivables, deposits and prepayments	4,289	4,702
Contract assets	49,666	35,021
Deposits with licensed banks	20,217	20,089
Cash and bank balances	3,794	15,132
Tax recoverable	361	-
	<u>117,135</u>	<u>115,389</u>
TOTAL ASSETS	<u>144,300</u>	<u>137,785</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	48,299	48,299
Translation reserve ⁽²⁾	4	-
Treasury shares	(4)	(241)
Retained profits	23,723	23,335
	<u>72,022</u>	<u>71,393</u>
Non-controlling interest	<u>(57)</u>	<u>(36)</u>
Total Equity	<u>71,965</u>	<u>71,357</u>
Non-current liabilities		
Finance lease liabilities	938	779
Term loan	5,000	5,767
Trade payables	5,279	2,774
	<u>11,217</u>	<u>9,320</u>
Current liabilities		
Trade payables	35,107	41,428
Other payables and accruals	2,124	1,301
Contract liabilities	5,838	7,297
Finance lease liabilities	388	329
Short-term borrowings	17,661	5,721
Current tax liabilities	-	1,032
	<u>61,118</u>	<u>57,108</u>
TOTAL LIABILITIES	<u>72,335</u>	<u>66,428</u>
TOTAL EQUITY AND LIABILITIES	<u>144,300</u>	<u>137,785</u>
Net asset per share (RM) ⁽³⁾	<u>0.08</u>	<u>0.21</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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount less than RM1,000.
- (3) 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->				Total RM'000	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			
Balance at 01.01.2020	48,299	-(2)	(241)	23,335	71,393	(36)	71,357
Total Comprehensive Income for the period	-	-	-	2,960	2,960	(53)	2,907
Dividend paid	-	-	237	(2,544)	(2,307)	-	(2,307)
Acquisition of subsidiary companies	-	-	-	-	-	4	4
Increase in ownership without change in control	-	-	-	(28)	(28)	28	-(2)
Foreign currency translation differences	-	4	-	-	4	-	4
Balance as at 30.09.2020	48,299	4	(4)	23,723	72,022	(57)	71,965
Balance at 01.01.2019	32,000	-	-	16,262	48,262	(5)	48,257
Total Comprehensive Income for the period	-	-	-	6,993	6,993	(3)	6,990
Issuance of new shares	6,800	-	-	-	6,800	-	6,800
Shares repurchased	-	-	(241)	-	(241)	-	(241)
Dividend paid	-	-	-	(1,600)	(1,600)	-	(1,600)
Balance as at 30.09.2019	38,800	-	(241)	21,655	60,214	(8)	60,206

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 2019 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	
	30.09.2020 RM'000	30.09.2019 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	4,440	9,747
Adjustments for:		
Depreciation of property, plant and equipment	876	684
Depreciation of investment properties	97	45
Impairment loss on receivables	150	-
Fair value discount on receivables	652	315
Fair value discount on payables	(367)	-
Gain on disposal of PPE	(180)	-
Interest expense	675	681
Interest income	(217)	(100)
Operating profit before changes in working capital	6,126	11,372
Net changes in trade receivables	(2,888)	(10,722)
Net changes in other receivables, deposits and prepayments	877	(1,524)
Net changes in contract assets / liabilities	(16,105)	(8,946)
Net changes in trade payables	(3,449)	10,061
Net changes in other payables and accrual	399	(1,306)
Cash flows from operations	(15,040)	(1,065)
Interest paid	(675)	(681)
Interest received	217	100
Tax paid	(2,926)	(2,539)
Net cash used in operating activities	(18,424)	(4,185)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,150)	(630)
Proceeds from disposal of PPE	780	-
Purchase of investment properties	-	-
Acquisition of a subsidiary company	(666)	-
Net cash used in investing activities	(1,036)	(630)
CASH FLOWS FROM FINANCING ACTIVITIES		
Pledged of fixed deposits as securities	(2,962)	(3,379)
Drawdown of bank borrowings	15,025	3,045
Drawdown of finance lease obligations	540	136
Repayment of bank's borrowings	(11,567)	-
Repayment of finance lease obligations	(322)	-
Proceeds from issuance of new shares	-	6,800
Issue of shares to non-controlling interest	30	-
Buy-back of shares	-	(241)
Dividend paid	(2,307)	(1,600)
Net cash used in financing activities	(1,563)	4,761
NET INCREASE IN CASH AND CASH EQUIVALENTS	(21,023)	(54)
Cash and cash equivalents at beginning of the financial period	22,132	9,381
Effect of foreign exchange rate changes ⁽²⁾	4	-
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD	1,113	9,327
Cash and cash equivalents comprise :		
Deposits with licensed banks	20,217	12,573
Cash and bank balances	3,794	13,904
Bank overdrafts	(6,847)	(4,577)
	17,163	21,900
Less: Deposits pledged to licensed banks	(16,050)	(12,573)
	1,113	9,327

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 2019 and the accompanying explanatory notes attached to this interim financial report.
- (2) Comparative amount RM1,000.

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 2019.

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 2019, the Group has further adopted the following MFRS in this interim financial statement, effective from 1 January 2020:-

Amendments to MFRS 3	Business Combinations – Definition of a Business
Amendments to MFRS 101	Presentation of Financial Statement
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
Amendments to MFRS 9	Financial Instruments
Amendments to MFRS 139	Financial Instruments : Recognition and Measurement
Amendments to MFRS 7	Financial Instruments : Disclosures – Interest Ratee Benchmark Reform

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 2019.

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 period under review.

A7 Debt and Equity Securities

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

On 26 February 2020, the number of issued shares of the Company were increased from 370,230,000 to 925,574,998 by way of subdivision of every 2 existing shares into 5 subdivided shares.

With regards to treasury shares, the number held in hand as at the financial period under review after taking into consideration the share split on 26 February 2020 was:

	No. of Shares
Total treasury shares as at 1 January 2020	1,126,900
Effect of subdivision of shares issued on 26 February 2020	1,690,350
Distribution of 3 treasury shares as dividend for every 1,000 ordinary shares held on 14 April 2020	<u>(2,767,862)</u>
Total treasury shares as at 30 September 2020	<u>49,388</u>

A8 Dividends Paid

	RM'000
(i) 1 st interim single-tier dividend of RM0.0025 per share paid on 14 April 2020 in respect of financial year ending 2020	2,307
(ii) A total of 2,767,876 treasury shares were distributed as shares dividend and credited into the entitled shareholders' securities account maintained with Bursa Malaysia Depository Sdn Bhd on 14 April 2020	<u>237</u>
	<u>2,544</u>

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 period under review is derived entirely 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 period, except as disclosed below:

- (i) KAB Technologies Thai Co. Ltd (“KABTT”) was established on 20 July 2018 as a limited company under Thai law. The entire issued and paid-up share capital is THB2,000,000.00 comprising of 20,000 shares.

The Company’s wholly-owned subsidiary, KAB Technology Sdn Bhd is holding 89% or 17,800 shares of THB100 each and the balance 11% shares allotted to Lai Chuan Shenq, being the minority shareholder, who is also the director in KABTT and Energy Optimization (Thailand) Co., Ltd (“EOT”).

KABTT is principally engaged in investment holding of shares.

- (ii) EOT was established on 31 July 2000 as a limited company under Thai law. The entire issued and paid-up share capital is THB3,000,000.00 comprising of 15,001 ordinary shares and 14,999 preferred shares.

Upon completion of the proposed acquisition in EOT on 26 March 2020, KABTT is holding 49.997% or 14,999 preferred shares of THB100 each. The voting right of the preferred shares is 4 votes per 1 preferred share and the entitlement of dividend and profit sharing allocated to the preferred shareholder are 80%. 14,700 ordinary shares with 1 voting right per 1 share are held by Chanchai Kitprotpisuth being the minority shareholder, who is also the director in EOT.

EOT is principally engaged in design and implementation of energy saving equipment.

- (iii) 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. KSSE became 85% owned subsidiary company on 19 August 2020, the Company had increased its holding from 51%.

KSSE intended to principally engaged in supplying and installation of solar panel.

- (iv) Eliq Management Sdn Bhd (“ELIQ”) was incorporated on 4 September 2020 under the Companies Act 2016. The Company is holding 100% shares in ELIQ. The entire issued and paid-up share capital is RM100.00 comprising of 100 ordinary shares.

ELIQ is principally engaged in property investment and management.

- (v) KAB Energy Power Sdn Bhd (“KABEP”) was incorporated on 22 November 2019 under the Companies Act 2016. The entire issued and paid-up share capital is RM1,000.00 comprising of 1,000 ordinary shares. KABEP became 100% owned subsidiary company on 4 September 2020, the Company had increased its holding from 90%.

KABEP is principally engaged in design, supply and installation of power generation systems with natural resources or with the recovery or utilisation of heat.

A12 Contingent Liabilities and Contingent Assets

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

	As at 30.09.2020 RM'000	As at 31.12.2019 RM'000
Bank guarantees given to third parties in respect of performance bonds for the Group's projects	22,790	21,942

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	373

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 RM43.52 million and financial period of RM101.49 million as compared to its preceding year's corresponding quarter ended 30 September 2019 of RM45.68 million and corresponding period of RM110.67 million, representing a decrease in revenue of RM2.16 million and RM9.18 million respectively. Along with the decrease in revenue, profit before tax ("PBT") for current quarter dropped to RM2.22 million, representing a decrease of RM1.73 million from its preceding year's corresponding quarter ended 30 September 2019 of RM3.95 million, as well as a decrease of RM5.31 million from preceding year's corresponding period of RM9.75 million.

Significant drop in sales and profits of the Group after taking into account the effects of the Coronavirus Disease 2019 ("COVID-19") pandemic and the Movement Control Orders (MCO) implemented by the Government of Malaysia, the results had declined mainly due to construction activities were halted during the MCO.

B2 Comparison with Immediate Preceding Quarter Results

	< ----- 3-MONTHS ENDED ----- >			
	30.09.2020	30.06.2020	Changes	
	RM'000	RM'000	RM'000	%
Revenue	43,521	26,308	17,213	65%
Gross Profit	6,621	4,309	2,312	54%
Profit Before Tax	2,217	215	2,002	>100%

The Group recorded a gross profit of RM6.62 million for the current quarter as compared to RM4.31 million in the previous quarter ended 30 June 2020. This is in line with an increase in revenue of RM43.56 million for current quarter as compared to RM26.31 million in the previous quarter ended 30 June 2020.

The Group's PBT of RM2.22 million for the current quarter was >100% higher than RM0.22 million achieved in the previous quarter ended 30 June 2020. The overall increase was mainly due to increase in the business activity when the Group resumed its operation.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

B3 Prospects for the Financial Period

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

- (i) expansion beyond Klang Valley, as well as venturing into neighbouring Asean countries;
- (ii) supporting the building and financing of energy efficiency systems and taking a share of the savings in energy costs; and
- (iii) diversifying service base to offer customised energy efficiency solutions, which relies on various interrelated technologies to achieve energy savings.

The unprecedented global pandemic of COVID-19 has brought significant economic uncertainty, the Malaysian economy is currently experiencing a sharp decline in its economic activities across most sectors as movement of all persons involved in non-essential industries were restricted, KAB is also affected in the short run mainly due to temporary suspension of project operations and supply chain disruptions.

Despite the delay caused by the MCO, we expect to be able to continue to meet all of our obligations in accordance to the respective project timelines as agreed with the project owner and/or main contractor during the award of respective projects.

As at 30 September 2020, the Group's order book, contracts secured and tenders are as follows:-

- (i) order book balance is approximately RM360 million; and
- (ii) approximately RM422 million worth of tenders still pending.

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

B4 Profit Forecast

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

B5 Taxation

	3-MONTHS ENDED		YEAR-TO-DATE-ENDED	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Income tax	860	1,200	1,533	2,743
Under/ (over) provided in prior year	-	-	-	14
Deferred tax	-	-	-	-
	<u>860</u>	<u>1,200</u>	<u>1,533</u>	<u>2,757</u>
Effective tax rate ⁽¹⁾	39%	30%	35%	28%

Note:

- (1) 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.

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.

On 25 November 2019, Mercury announced on behalf of the Board that the issue price for the private placement of 16,230,000 Placement Shares has been fixed at RM0.5853 per Placement Share. The Company had on 29 November 2019 issued 16,230,000 Placement Shares to the identified investors and there are up to 54,344,600 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 135,861,500 remaining Placement Shares to be allotted and issued under the Private Placement upon application.

On 18 March 2020, Mercury announced on behalf of the Board that the Company has submitted an application to seek Bursa Securities’ approval for an extension of time of 6 months from 16 April 2020 up to 16 October 2020 for the Company to complete the implementation of the Private Placement.

On 27 March 2020, Mercury announced on behalf of the Board that the Company had obtained the approval of Bursa Securities vide its letter dated 26 March 2020 (which was received on 27 March 2020) for an extension of time of 6 months up to 16 October 2020 for the Company to complete the implementation of the Private Placement.

On 2 October 2020, Mercury announced on behalf of the Board that the Company had submitted an application to seek Bursa Securities’ approval for an extension of time of 6 months from 17 October 2020 up to 16 April 2021 for the Company to complete the implementation of the Private Placement.

On 13 October 2020, Mercury announced on behalf of the Board that the Company had obtained the approval of Bursa Securities vide its letter for an extension of time of 6 months up to 16 April 2021 for the Company to complete the implementation of the Private Placement.

On 5 November 2020, Mercury announced on behalf of the Board that the issue price for the private placement of 6,033,600 Placement Shares has been fixed at RM0.8287 per Placement Share. The Company had on 13 November 2020 issued 6,033,600 Placement Shares to the identified investors and there are up to 48,311,000 remaining Placement Shares to be allotted and issued under the Private Placement.

(ii) Proposed Acquisition of KIEV CRG Sdn Bhd (“KIEV”)

On 5 February 2020, a 90% owned subsidiary of the Company had entered into a Sale and Purchase Agreement with KIEV Energy Sdn Bhd and Tree Hill Sdn Bhd to acquire the entire issued shares in KIEV, for a total cash consideration of RM250,000. Upon completion, KIEV will become a 70% indirect owned subsidiary of the Company.

KIEV is principally engaged in operating power generation facilities that produce electric energy.

The Board announced the transaction was completed on 23 July 2020.

(iii) Proposed Acquisition of Konpro Industries Sdn Bhd (“Konpro”) and Meru One Sdn Bhd (“Meru”) from Invest Energy Sdn Bhd (“INVEN”) (“Proposed Acquisitions”)

On 25 March 2020, KAB Energy Power Sdn Bhd (“KABEP”), a 90% owned subsidiary of the Company had entered into a Provisional Agreement with INVEN to acquire 2,000,000 Ordinary Shares in Konpro and 600,000 Ordinary Shares in Meru for a total cash consideration of RM7,260,000.00 and to assume liabilities totalling RM4,240,000.00.

On 24 April 2020, the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 60 days from 24 April 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions subject to satisfactory due diligence review.

On 23 June 2020 the Company announced due to the COVID-19 pandemic and the implementation of the MCO, the due diligence process in connection with these acquisitions was unable to be finalised in time. Both parties had mutually agreed to further extend the period for additional 60 days to enter into formal agreements for the Proposed Acquisitions subject to satisfactory due diligence.

On 26 August 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 27 days to 22 September 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

On 25 September 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 28 days to 22 October 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

On 28 October 2020 the Board announced that KABEP and INVEN had mutually agreed to further extend the period for additional 30 days to 22 November 2020 to enable both parties to enter into formal agreements for the Proposed Acquisitions.

As at the date of this announcement, the due diligence exercise is still in progress.

- (iv) Proposed Transfer of the listing and quotation of the entire issued share capital of KAB from the ACE Market to the Main Market of Bursa Securities

On 13 April 2020, Mercury had announced on behalf of the Board that the Company proposes to undertake a transfer of the listing and quotation of the entire issued share capital of KAB from the ACE Market to the Main Market of Bursa Securities (“Proposed Transfer”).

The application in relation to the Proposed Transfer were submitted to the Securities Commission Malaysia and Bursa Securities on 14 April 2020 and 12 May 2020 respectively.

Securities Commission Malaysia had on 24 August 2020 approved the transfer of the listing and the resultant equity structure of KAB pursuant to the Proposed Transfer.

Bursa Securities had, vide its letter dated 25 August 2020, approved the Proposed Transfer under the “Industrial Products & Services” sector. And the Proposed Transfer will take effect immediately 2 clear market days upon the announcement to Bursa Securities on the transfer date via Bursa Link.

On 28 August 2020, the entire issued share capital of KAB had successfully listed and quoted on the Main Market of Bursa Securities.

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.

(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 RM'000	Actual Utilisation RM'000	Balance Unutilised RM'000	Intended Timeframe for Unutilised
Expansion of customised energy efficiency solutions business	17,000	-	17,000	Within 24 months
Project costs and expenses	4,500	(4,500)	-	Within 24 months
Acquisition and/or investment in other complementary businesses and/or assets	4,694	(1,584)	3,110	Within 24 months
Estimated expenses for the proposed Private Placement	900	(283)	617	Immediate
Total	27,094	(6,367)	20,727	

Notes:

The utilisation of proceeds as disclosed above should be read in conjunction with the Circular of the Company dated 24 October 2019.

On 2 December 2019, the Company had issued 16,230,000 Placement Shares at RM0.5853 per Placement Share to arrive at total fund of RM9.5 million.

B8 Group's Borrowings and Debt Securities

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

	As at 30.09.2020 RM'000	As at 30.09.2019 RM'000
Long term:		
Term loans	5,000	5,717
Finance lease liabilities	938	692
	5,938	6,409
Short term:		
Term loans	352	409
Finance lease liabilities	388	352
Bank overdrafts	6,847	4,577
Trade finance	10,462	4,692
	18,049	10,030

All the Group's borrowings are secured and 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 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.

PART B – ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS

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 and 12 October 2020. The next case management is scheduled on 13 January 2021.

B10 Dividends Proposed or Declared

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

B11 Derivatives and Fair Value Changes of Financial Liabilities

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

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
	RM'000	RM'000	RM'000	RM'000
Net fair value loss	200	315	285	315

B12 Earnings Per Share

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

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2020	30.09.2019	30.09.2020	30.09.2019
Profit after tax attributable to owners of the Company (RM'000)	1,369	2,755	2,960	6,993
Weighted average number of ordinary shares in issue ('000)	928,392	352,873	928,392	334,988
Adjustment for assumed issuance of Placement Shares ('000)	54,345	-	54,345	-
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	982,737	352,873	982,737	334,988
Basic earnings per share (sen) ⁽¹⁾	0.15	0.78	0.32	2.09
Diluted earnings per share (sen)	0.14	0.78	0.30	2.09

Notes:

- (1) The basic earnings per share is computed based on the profit attributable to the equity shareholders of the Company divided by weighted average number of ordinary shares in issue for the financial period under review.

B13 Notes to the Statement of Comprehensive Income

Profit before tax is arrived at after (crediting) / charging:-

	3-MONTHS ENDED		YEAR-TO-DATE ENDED	
	30.09.2020 RM'000	30.09.2019 RM'000	30.09.2020 RM'000	30.09.2019 RM'000
Interest income	(86)	(19)	(217)	(100)
Interest expense	279	236	675	681
Depreciation of property, plant and machinery	290	229	876	684
Depreciation of investment properties	30	15	97	45

B14 Authorised for issue

The interim financial statements were authorised by the Board of Directors in accordance with the resolution of the Directors on 27 November 2020.