

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 3 months ended 31 March 2020 - unaudited**

Note	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
	2020 RM	2019 RM	2020 RM	2019 RM
Revenue	24,582,248	37,042,721	24,582,248	37,042,721
Interest income	610,295	206,992	610,295	206,992
Other income	1,822,637	1,855,292	1,822,637	1,855,292
Operating expenses	(17,564,252)	(26,846,535)	(17,564,252)	(26,846,535)
Changes in work-in-progress and finished goods	582,590	209,015	582,590	209,015
Employee benefit expenses	(5,197,283)	(5,154,652)	(5,197,283)	(5,154,652)
Administrative expenses	(3,954,647)	(3,820,687)	(3,954,647)	(3,820,687)
Profit from operating activities	881,588	3,492,146	881,588	3,492,146
Interest expense	(654,167)	(796,115)	(654,167)	(796,115)
Share of losses from associates	(18,601)	(20,181)	(18,601)	(20,181)
Profit before tax	208,820	2,675,850	208,820	2,675,850
Income tax expense	77,730	(699,405)	77,730	(699,405)
Profit for the period, net of tax	286,550	1,976,445	286,550	1,976,445
Other comprehensive income, net of tax				
Items that will be reclassified to profit or loss in the future:				
Foreign currency translation differences for foreign operations	1,951,017	(812,282)	1,951,017	(812,282)
Other comprehensive income for the period, net of tax	1,951,017	(812,282)	1,951,017	(812,282)
Total comprehensive income for the period	2,237,567	1,164,163	2,237,567	1,164,163
Profit for the period attributable to:				
Owners of the Company	317,626	1,844,633	317,626	1,844,633
Non-controlling interests	(31,076)	131,812	(31,076)	131,812
Profit for the period	286,550	1,976,445	286,550	1,976,445
Total comprehensive income attributable to:				
Owners of the Company	1,861,409	1,203,835	1,861,409	1,203,835
Non-controlling interests	376,158	(39,672)	376,158	(39,672)
Total comprehensive income for the period	2,237,567	1,164,163	2,237,567	1,164,163
Basic/Diluted, earnings per ordinary share (sen)	0.34	1.99	0.34	1.99

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audit Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

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**Condensed Consolidated Statement of Financial Position
As at 31 March 2020 - unaudited**

	31 March 2020 RM	31 December 2019 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	116,253,383	116,123,530
Right-of-use assets	148,729	162,096
Land held for property development	79,895,230	79,557,780
Investment properties	117,150,000	117,290,000
Interest in associates	310,996	329,597
Long term investments	18,780	25,823
Trade and other receivables	18,261,017	17,804,618
Deferred tax assets	4,012,711	4,028,659
Total non-current assets	<u>336,050,846</u>	<u>335,322,103</u>
Current Assets		
Property development costs	11,697,559	10,244,994
Inventories	59,092,016	59,992,865
Trade and other receivables	29,133,376	45,206,504
Other current assets	5,082,783	3,998,216
Short term investments	67,097,301	67,549,761
Tax recoverable	1,014,255	432,509
Cash and cash equivalents	26,134,240	24,784,061
Total current assets	<u>199,251,530</u>	<u>212,208,910</u>
TOTAL ASSETS	<u>535,302,376</u>	<u>547,531,013</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	298,361,157	298,043,532
Reserves	1,987,609	443,826
Equity attributable to owners of the Company	<u>402,232,409</u>	<u>400,371,001</u>
Non-controlling interests	<u>8,957,099</u>	<u>8,580,941</u>
Total equity	<u>411,189,508</u>	<u>408,951,942</u>
Non-Current Liabilities		
Loans and borrowings	44,134,291	46,658,683
Other payables	1,880,493	1,925,127
Deferred tax liabilities	2,248,144	2,408,913
Total non-current liabilities	<u>48,262,928</u>	<u>50,992,723</u>
Current Liabilities		
Loans and borrowings	12,766,278	13,334,779
Trade and other payables	31,118,075	40,512,915
Other current liabilities	31,801,216	33,166,464
Tax payable	164,371	572,190
Total current liabilities	<u>75,849,940</u>	<u>87,586,348</u>
Total liabilities	<u>124,112,868</u>	<u>138,579,071</u>
TOTAL EQUITY AND LIABILITIES	<u>535,302,376</u>	<u>547,531,013</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.34</u>	<u>4.32</u>

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

**Condensed Consolidated Statement of Changes in Equity
For 3 months ended 31 March 2020 - unaudited**

	Attributable to owners of the Company					Total RM	Non- controlling Interests RM	Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM			
3 months ended 31 March 2020								
Balance at 1 January 2020	101,883,643	(3,313,253)	1,157,522	3,026,004	(426,447)	298,043,531	8,580,941	408,951,941
Total comprehensive income for the period	-	1,543,783	-	-	-	317,626	376,158	2,237,567
Balance at 31 March 2020	<u>101,883,643</u>	<u>(1,769,470)</u>	<u>1,157,522</u>	<u>3,026,004</u>	<u>(426,447)</u>	<u>298,361,157</u>	<u>8,957,099</u>	<u>411,189,508</u>
3 months ended 31 March 2019								
Balance at 1 January 2019	101,883,643	(1,583,043)	1,157,522	3,026,004	(426,447)	294,871,825	9,367,548	408,297,052
Total comprehensive income for the period	-	(640,798)	-	-	-	1,844,633	(39,672)	1,164,163
Balance at 31 March 2019	<u>101,883,643</u>	<u>(2,223,841)</u>	<u>1,157,522</u>	<u>3,026,004</u>	<u>(426,447)</u>	<u>296,716,458</u>	<u>9,327,876</u>	<u>409,461,215</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

**Condensed Consolidated Statement of Cash Flows
For the 3 months ended 31 March 2020 - unaudited**

	3 months ended 31 March	
	2020 RM	2019 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation :	208,820	2,675,850
Adjustments for :-		
Depreciation	2,679,597	2,438,307
Dividend income from short term investments	(511,275)	(249,554)
Fair value changes on long/short term investments	7,043	1,713
Gain on disposal of property, plant and equipment, net	(1,190)	(1,102,254)
Interest expense	658,331	803,699
Interest income	(610,295)	(206,992)
Property, plant and equipment written off	877	10,829
Share of losses of associates	18,601	20,181
(Write back of impairment)/Impairment loss on:		
- property development	(104,501)	-
- trade and other receivables	221,785	218,160
Unrealised (gain)/loss on foreign exchange	(629,013)	204,760
Operating profit before changes in working capital	<u>1,938,780</u>	<u>4,814,699</u>
Changes in working capital:-		
Net changes in current assets	14,586,792	10,403,990
Net changes in current liabilities	<u>(11,756,256)</u>	<u>(3,162,335)</u>
Cash flows from operations	4,769,316	12,056,354
Interest paid	(99,945)	(116,257)
Interest received	197,926	85,105
Taxes paid	<u>(1,059,714)</u>	<u>(1,314,231)</u>
Net cash flows from operating activities	<u>3,807,583</u>	<u>10,710,971</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	3,519	315,401
Land held for property development	(247,538)	(1,560,428)
Net dividend received from short term investments	511,275	249,554
Proceeds from disposal of:		
- investment properties	140,000	-
- short term investments	15,670,000	21,118,000
- property, plant and equipment	80,900	2,878,001
Purchase of:		
- short term investments	(15,217,540)	(35,493,856)
- property, plant and equipment	(284,547)	(847,005)
Placement of deposits with maturity period more than 3 months	-	(3,334)
Withdrawal of deposits with maturity period more than 3 months	-	193,560
Net cash flows from/(used in) investing activities	<u>656,069</u>	<u>(13,150,107)</u>

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 3 months ended 31 March 2020 - unaudited**

	3 months ended 31 March	
	2019	2018
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(382,206)
Interest paid	(671,739)	(843,581)
Payment of principal portion of lease liability	(16,195)	-
Repayment of term loan	(1,250,001)	(3,250,001)
Repayment of hire purchase liabilities	(460,826)	(1,189,157)
Net cash flows used in financing activities	<u>(2,398,761)</u>	<u>(5,664,945)</u>
Net increase/(decrease) in cash and cash equivalents	2,064,891	(8,104,081)
Effects of exchange rate differences	(447,407)	160,392
Cash and cash equivalents at beginning of the period	<u>9,764,005</u>	<u>25,518,976</u>
Cash and cash equivalents at end of the period	<u><u>11,381,489</u></u>	<u><u>17,575,287</u></u>

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

Cash and bank balances	13,064,434	11,574,581
Deposits with licensed banks	13,069,806	21,577,246
Bank overdrafts	<u>(4,938,517)</u>	<u>(6,354,207)</u>
	21,195,723	26,797,620
Less:		
Deposits with maturity period more than 3 months	<u>(9,814,234)</u>	<u>(9,222,333)</u>
	<u><u>11,381,489</u></u>	<u><u>17,575,287</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

A. Notes to the Interim Financial Statements

A1. Basis of Preparation

These interim financial statements are unaudited and have been prepared in accordance with the requirements of FRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2019. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2019.

A2. Significant Accounting Policies

The significant accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those of the Group's consolidated financial statements for the year ended 31 December 2019 except as follows:

On 1 January 2020, the Group adopted the following applicable amended MFRSs mandatory for annual financial period beginning on or after 1 January 2020.

Amendments to References to the Conceptual Framework in MFRS Standards
Definition of a Business (Amendments to MFRS 3 : Business Combination)
Interest Rate Benchmark Reform (Amendments to MFRS 9 : Financial Instruments, MFRS 139 :
Financial Instruments : Recognition and Measurement and MFRS 7 : Financial Instruments :
Disclosures)
Definition of Material (Amendments to MFRS 101 : Presentation of Financial Statements and
MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors)

Adoption of the above standards did not have any effect on the financial performance or position of the Group.

A3. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter.

A5. Changes in Estimates

There were no changes in estimation that have had any material effect on the current quarter results.

A. Notes to the Interim Financial Statements (cont'd.)

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities, share buy-back and share held as treasury shares during the current quarter.

A7. Dividend Paid

No dividend has been paid during the current quarter.

A8. Profit from operating activities

Curret quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
2020	2019	2020	2019
RM	RM	RM	RM

The following items have been included in arriving at profit from operating activities:

Total depreciation	2,679,597	2,438,307	2,679,597	2,438,307
Depreciation capitalised under construction costs	(285,064)	(403,073)	(285,064)	(403,073)
Depreciation charged to profit from operating activities	2,394,533	2,035,234	2,394,533	2,035,234
Dividend income from short term investments	(511,275)	(249,554)	(511,275)	(249,554)
Fair value changes on long/short term investments	7,043	1,713	7,043	1,713
Gain on disposal of property, plant and equipment	(1,190)	(1,102,254)	(1,190)	(1,102,254)
Loss/(Gain) on foreign exchange :				
- realised	31,443	17,057	31,443	17,057
- unrealised	(629,013)	204,760	(629,013)	204,760
Property, plant and equipment written off	877	10,829	877	10,829
(Write back of impairment)/Impairment loss on:				
- property development	(104,501)	-	(104,501)	-
- trade and other receivables	221,785	218,160	221,785	218,160
- property, plant and equipment	N/A	N/A	N/A	N/A
Inventories written off	N/A	N/A	N/A	N/A
Gain on derivatives	N/A	N/A	N/A	N/A

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A. Notes to the Interim Financial Statements (cont'd.)

A9. Segmental reporting

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

Current quarter 3 months ended 31 March 2020

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	3,455,897	13,930,031	8,041,798	3,076,720	2,859,779	357,210	31,721,435
Inter-segment sales	2,133,308	3,955,476	708,829	-	-	341,574	7,139,187
External sales	1,322,589	9,974,555	7,332,969	3,076,720	2,859,779	15,636	24,582,248
Results							
Segment results	1,093,380	201,271	(674,732)	(56,113)	181,235	136,547	881,588
Interest expense	(550,657)	(1,571)	(15,708)	-	(86,011)	(220)	(654,167)
Share of losses from associates	-	-	-	(18,601)	-	-	(18,601)
Profit/(Loss) before taxation	542,723	199,700	(690,440)	(74,714)	95,224	136,327	208,820
Income tax expense							77,730
Profit for the period							<u>286,550</u>
Total Assets							
Segment assets	136,607,075	91,108,056	63,252,072	112,664,283	57,700,730	1,516,117	462,848,333
Interest in associates							310,996
Unallocated corporate assets							72,143,047
Total assets							<u>535,302,376</u>
Total Liabilities							
Segment liabilities	45,341,537	48,238,232	5,804,493	13,200,467	9,023,533	92,091	121,700,353
Unallocated corporate liabilities							2,412,515
Total liabilities							<u>124,112,868</u>
Other Information							
Capital expenditure	-	297,990	154,896	-	125,762	899	579,547

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A. Notes to the Interim Financial Statements (cont'd.)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	1,640,593	14,074,168	12,081,387	8,032,676	2,866,543	1,023,379	39,718,746
Inter-segment sales	143,208	1,438,988	837,436	-	271	256,122	2,676,025
External sales	1,497,385	12,635,180	11,243,951	8,032,676	2,866,272	767,257	37,042,721
Results							
Segment results	542,526	932,405	405,094	999,726	535,807	76,588	3,492,146
Interest expense	(647,611)	(16,019)	(36,255)	-	(96,230)	-	(796,115)
Share of losses from associates	-	-	-	(20,181)	-	-	(20,181)
(Loss)/Profit before taxation	(105,085)	916,386	368,839	979,545	439,577	76,588	2,675,850
Income tax expense							(699,405)
Profit for the period							1,976,445
Total Assets							
Segment assets	135,902,863	109,884,978	74,797,423	125,075,617	62,055,224	3,757,882	511,473,987
Interest in associates							237,903
Unallocated corporate assets							52,279,595
Total assets							563,991,485
Total Liabilities							
Segment liabilities	53,363,361	58,308,979	7,412,538	21,050,107	10,351,917	222,264	150,709,166
Unallocated corporate liabilities							3,821,104
Total liabilities							154,530,270
Other Information							
Capital expenditure	8,719	9,500	329,480	33,683	465,623	-	847,005

A. Notes to the Interim Financial Statements (cont'd.)

A10. Material Subsequent Events

The COVID-19 outbreak in Malaysia has caused business disruption through mandated closings of business operations under the Movement Control Order ("MCO") in effect from 18 March 2020. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Hence, the Group is anticipating this temporary business disruption will affect the overall performance of the Group for the financial year ending 31 December 2020.

Up to the date of these interim financial statements, the related financial impact and duration cannot be reasonably estimated at this time. This being the case, the Group noted a significant risk that the assumptions applied in the expected credit losses would need to be revised which may result in a material adjustment to the carrying amounts of the expected credit losses, within the financial year ending 31 December 2020.

The Group further noted that the Group's revenue for the 3-month period ended 31 March 2020 has decreased materially due to temporary closure of business, workplace disruption and disruptions in supply chains. These conditions indicate potential impairment of Group's property, plant and equipment. Accordingly, there is a significant risk that an impairment loss of property, plant and equipment may be recorded within the financial year ending 31 December 2020.

A11. Changes in Composition of the Group

There are no changes in composition of the Group for the current quarter.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 31 March	
	2020	2019
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	77,357,465	103,378,181
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	277,987	518,719
Corporate guarantee given to third parties for payment of balance purchase price in connection with land acquisition by one of the subsidiaries	-	2,800,000
	<u>77,635,452</u>	<u>106,696,900</u>

The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the financial guarantee in the statement of financial position.

A. Notes to the Interim Financial Statements (cont'd.)

A12. Changes in Contingent Liabilities and Assets (cont'd.)

(b) Contingent Assets

There were no contingent assets since 31 December 2019.

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2020	2019	2020	2019
	RM	RM	RM	RM
Purchase of consumables from DKLS Service Station	(1,248)	(2,397)	(1,248)	(2,397)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(5,500)	(6,390)	(5,500)	(6,390)
Supply of electricity by Ipoh Tower Sdn Bhd	(17,915)	(19,537)	(17,915)	(19,537)

The Directors are of the opinion that all related party transactions have been entered into in the ordinary course of business at arm's length basis on normal commercial terms.

There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

A14. Operating lease commitments - as lessor

Future minimum rentals receivables under non-cancellable operating leases are as follows:

	As at 31 March 2020 RM
Not later than 1 year	5,247,512
Later than 1 year but not later than 5 years	3,229,681
	<u>8,477,193</u>

B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****Review of Performance for 1Q20 vs 1Q19**

The Group has posted a revenue of RM24.582 million for the first quarter ended 31 March 2020 ("1Q20"), decreased by RM12.461 million (or 34%) as compared to the revenue of RM37.043 million for the corresponding quarter ended 31 March 2019 ("1Q19"). For 1Q20, the Group recorded a pre-tax profit of RM0.209 million as compared to a pre-tax profit of RM2.675 million for 1Q19. The drop in revenue and pre-tax profit of the Group can be analysed as below:-

1Q20 vs 1Q19

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	(175)	648
Construction	(2,661)	(717)
Quarry	(3,911)	(1,059)
Property development	(4,956)	(1,054)
Utilities	(6)	(344)
Others	(752)	60
	<u>(12,461)</u>	<u>(2,466)</u>

Investment

External revenue of the investment segment is derived mainly from investment properties. The lower revenue achieved in 1Q20 is mainly due to expiry of certain lease and early termination of one of the lease in the current quarter as compared to fully tenanted in 1Q19.

Despite a lower revenue achieved, the investment segment recorded a pre-tax profit of RM0.543 million as compared to a pre-tax loss of RM0.105 million in the corresponding quarter was mainly due to the unrealised gain on foreign exchange of RM0.496 million (1Q19 : unrealised loss on foreign exchange of RM0.121 million) and a non recurring compensation income of RM0.077 million for early termination of lease (1Q19 : RMNil). If these exceptional gains were excluded from the pre-tax profit, the investment segment would record a marginal pre-tax loss of RM0.03 million versus a pre-tax loss of RM0.02 million.

Construction

For the current quarter under review, the construction segment has recorded a lower pre-tax profit of RM0.199 million (1Q19 : RM0.916 million) on a lower revenue of RM9.974 million (1Q19 : RM12.635 million).

The revenue in the current quarter was affected by the nationwide Movement Control Order "(MCO)" imposed by the Malaysian Government which started on 18 March 2020 of which all the works at the construction sites have ceased. Despite the lower revenue, the construction segment was able to achieve a marginal profit mainly due to recovery of certain loss and expenses arising from one of the near completion project on hand.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B1. Operating Segment Review (cont'd.)

Quarry

The quarry segment achieved lower revenue of RM7.333 million and a pre-tax loss of RM0.690 million for the current quarter compared with the corresponding quarter of RM11.244 million and pre-tax profit of RM0.369 million respectively on account of lower sales volume arising from the MCO imposed by the Malaysian Government and higher raw material costs and constant fixed costs. The higher raw material costs were incurred for premix production due to outsourcing of raw materials from third parties as one of its quarry plant underwent major upgrading.

Property Development

For the current quarter under review, the property development segment has recorded a lower turnover of RM3.077 million as compared to RM8.033 million in the corresponding period mainly due to the weak sentiments in property market as well as the imposition of MCO which commenced on 18 March 2020.

With the lower turnover achieved and consistent overhead costs, the property development segment has recorded a pre-tax loss of RM0.075 million as compared to pre-tax profit of RM0.979 million in the corresponding quarter.

Utilities

The revenue of utilities segment is derived from the supply of treated water and related services to consumers from a water treatment plant located in Lao People's Democratic Republic.

Utilities segment has recorded a lower pre-tax profit of RM0.095 million (1Q19 : RM0.439 million) as a result of a lower turnover of RM2.860 million (1Q19 : RM2.866 million) for the current quarter under review. The lower pre-tax profit in 1Q20 was mainly due to higher depreciation charges resulted from the revision of estimated useful life of certain types of plant in 4Q19.

Others

The revenue of others segment in the current quarter mainly derived from trading of construction materials.

This segment has recorded a higher pre-tax profit of RM0.136 million (1Q19 : RM0.076 million) on a lower turnover of RM0.015 million (1Q19 : RM0.767 million).

B2. Variance of Results Against Preceding Quarter

	Current Quarter 31 March 2020 RM'000	Immediate Preceding Quarter 31 December 2019 RM'000	Changes Amount RM'000
Revenue	24,582	43,820	(19,238)
Pre-tax profit/(loss)	209	(6,771)	6,980

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B2. Variance of Results Against Preceding Quarter (cont'd.)

The revenue when compared against the immediate preceding quarter were adversely affected by the shorter business cycle due to Chinese New Year festive holidays and the nationwide MCO imposed by the Malaysian Government since 18 March 2020.

Despite a lower revenue achieved, the Group has recorded a pre-tax profit of RM0.209 million for the current quarter as compared to pre-tax loss of RM6.771 million in the immediate preceding quarter mainly due to the following exceptional items:-

- (a) land held for property development written off due to uncertainty in obtaining title of RMNil (4Q19 : RM6.222 million)
- (b) lower interest expenses of RM0.654 million as compared to RM4.637 million in the preceding quarter which was mainly attributed from discounting of long term receivables
- (c) unrealised foreign exchange gain of RM0.629 million (4Q19 : unrealised exchange loss of RM0.207 million)
- (d) allowance of impairment losses on receivables of RM0.222 million (4Q19 : reversal of impairment losses on receivables of RM0.193 million)

B3. Prospects

Businesses in Malaysia are currently facing a very challenging time and having to manage uncertainties that have arisen resulting from the outbreak of the COVID-19. The ongoing MCO, imposed by the Malaysian Government commencing 18 March 2020, is vital in ensuring the safety of the citizen against the spread of the COVID-19 pandemic. The restriction, however, poses challenges and risks in all industries across the board. Challenges include the risks that the supply chain disruption may not be re-established in the short term and movement restrictions are an additional risk to productivity that could arise post-MCO.

Following the challenging global economic outlook, Bank Negara Malaysia ("BNM") projected Malaysia's gross domestic product growth to be between negative 2.0% to 0.5% due to the weak global demand, supply chain disruptions and the Covid-19 containment measures globally. The trajectory of potential inflation is contingent upon the development of global oil prices which remain volatile especially so since Malaysia is dependent on oil revenue. The government will need to inject stimulus packages to revive the daunting economic climate particularly after uplifting the MCO. This includes numerous incentives and tax rebates to boost public spending in a bid to pull the country out of a recession or to prevent an economic slowdown. In a situation of high stock of unsold properties and uncertainties in the economic conditions, the operating environment of the construction/property sector will continue to be very challenging and is expected to prolong beyond 2020. The construction sector is also susceptible to changes in government policies and delays in public-sector project awards. The only bright spot for the property sector is the reduction in Overnight Policy Rate ("OPR") by 50 basis points to 2% which was announced by BNM on 5 May 2020. Hopefully, the lower cost of financing will spur a demand in purchase of properties.

Against the backdrop of the challenging and volatile business environment, the Group is adapting to a "new normal" and will continue to focus on market-driven product offerings. In addition, the Group will also continue to improve its management efficiency and intensifying our cost optimisation effort to ensure business sustainability.

The Group remains cautiously optimistic on the prospects of recovery given the positive progression on the containment of the current pandemic.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B4. Income tax expense

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2020	2019	2020	2019
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	55,284	273,311	55,284	273,311
Foreign tax	11,808	135,109	11,808	135,109
	<u>67,092</u>	<u>408,420</u>	<u>67,092</u>	<u>408,420</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(177,559)	271,044	(177,559)	271,044
Under provision in prior years	32,737	19,941	32,737	19,941
	<u>(144,822)</u>	<u>290,985</u>	<u>(144,822)</u>	<u>290,985</u>
Income tax expense	<u>(77,730)</u>	<u>699,405</u>	<u>(77,730)</u>	<u>699,405</u>

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B4. Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit before taxation	208,820	2,675,850	208,820	2,675,850
Taxation at applicable tax rates	50,117	642,203	50,117	642,203
Income not subject to tax	(438,922)	(103,519)	(438,922)	(103,519)
Expenses not deductible for tax purposes	272,727	182,753	272,727	182,753
Current year tax losses that cannot be carried forward	72	72	72	72
Difference in tax rate of subsidiaries	(2,360)	(27,023)	(2,360)	(27,023)
Deferred tax assets not recognised	139	-	139	-
Deferred tax on undistributed earnings from foreign subsidiary	3,656	37,831	3,656	37,831
Withholding tax paid	1,130	-	1,130	-
Utilisation of previously unrecognised deferred tax assets	2,974	(52,853)	2,974	(52,853)
Under provision of deferred tax in prior years	32,737	19,941	32,737	19,941
Income tax expense	(77,730)	699,405	(77,730)	699,405

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B5. Corporate Proposals and Profit Forecast

Not applicable as no profit forecast was published.

There were no corporate proposals announced but not completed as at the reporting date.

B6. Borrowing and Debt Securities

	As at 31 March 2020 RM	As at 31 December 2019 RM
Short term borrowings		
Bank overdrafts (secured)	4,938,517	5,683,619
Hire purchase liabilities (secured)	1,236,096	1,387,775
Revolving credits (secured)	-	1,205,980
Term loans (secured)	6,512,504	5,000,004
Bank overdrafts (unsecured)	-	17,713
Bankers' acceptances (unsecured)	67,000	-
Lease liabilities (unsecured)	12,161	39,688
	<u>12,766,278</u>	<u>13,334,779</u>
Long term borrowings		
Hire purchase liabilities (secured)	250,705	28,852
Lease liabilities (unsecured)	145,308	129,052
Term loans (secured)	43,738,278	46,500,779
	<u>44,134,291</u>	<u>46,658,683</u>
Total borrowings	<u>56,900,569</u>	<u>59,993,462</u>

Loan and borrowings are denominated in the following currencies:

	As at 31 March 2020 RM	As at 31 December 2019 RM
Ringgit Malaysia	51,962,052	54,212,924
Lao Kip	4,938,517	5,780,538
	<u>56,900,569</u>	<u>59,993,462</u>

The loans and borrowings denominated in Lao Kip was undertaken by a foreign subsidiary in which the repayment is to be settled in the functional currency of the said subsidiary as such no hedging to Ringgit Malaysia is required.

B7. Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B8. Proposed Dividend

No dividend has been proposed or declared in respect of the current quarter ended 31 March 2020.

The Board of Directors has recommended a first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2019. The proposed dividend is subject to shareholders' approval at the next Annual General Meeting.

B9. Basic Earnings Per Share

(a) Basic

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares in issue during the financial year:

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2020	2019	2020	2019
	RM	RM	RM	RM
Profit attributable to owners of the Company	317,626	1,844,633	317,626	1,844,633
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	Sen	Sen	Sen	Sen
Basic (loss)/earnings per share	0.34	1.99	0.34	1.99

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issues of ordinary shares.

B10. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2019 was unqualified.

B11. Financial Assistance in the Ordinary Course of Business

As at the end of the reporting period, DKLS Construction Sdn Bhd, a wholly-owned subsidiary of the Company, as a Turnkey Contractor, in the ordinary course of business has advanced a total of RM18.1 million to its main contractor to finance the development works. The Company monitors the performance of its subsidiary closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the Financial Guarantee in its books.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B12. Fair value of non-financial assets and financial instruments

The following table provides the fair value measurement hierarchy of the Group's non-financial assets and financial instruments as at 31 March 2020:

Fair value of financial instruments that are carried at fair value

	Quoted prices in active markets for identical assets Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM
Non-financial assets:			
Investment properties	-	-	117,150,000
Financial assets:			
Long term/short term investments			
- Equity instruments (quoted)	18,780	-	-
- Unit trust fund (quoted)	-	67,097,301	-
Financial liabilities:			
Other commitments	-	2,583,276	-

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period.

Level 1

Level 1 fair value is derived from quoted market price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2

Level 2 fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The most significant unobservable inputs into this valuation approach is price per square feet of comparable properties and recent estimated net income then capitalised by using an appropriate rate of interest (yield).

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B12. Fair value of non-financial assets and financial instruments (cont'd.)

Fair value of financial instruments that are carried at fair value (cont'd.)

Determination of fair value

Investment properties

Fair value is determined based on valuations at the reporting date. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison and income capitalisation method that makes reference to the recent transaction value.

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at reporting date.

Unit trust fund (quoted)

Fair value is determined directly by reference to their published net asset value at reporting date.

Other commitments

The fair value of other commitments is estimated by discounting expected future cash flows at market borrowing interest rates.

Dated : 29 May 2020