

DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 3 months ended 31 March 2021 - unaudited**

	Note	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue		47,272,460	24,582,248	47,272,460	24,582,248
Interest income		607,804	610,295	607,804	610,295
Other income		1,335,298	1,822,637	1,335,298	1,822,637
Operating expenses		(35,001,836)	(17,564,252)	(35,001,836)	(17,564,252)
Changes in work-in-progress and finished goods		(597,659)	582,590	(597,659)	582,590
Employee benefit expenses		(3,708,166)	(5,197,283)	(3,708,166)	(5,197,283)
Administrative expenses		(3,832,692)	(3,954,647)	(3,832,692)	(3,954,647)
Profit from operating activities	A8	6,075,209	881,588	6,075,209	881,588
Interest expense		(400,208)	(654,167)	(400,208)	(654,167)
Share of losses from associates		(16,033)	(18,601)	(16,033)	(18,601)
Profit before tax		5,658,968	208,820	5,658,968	208,820
Income tax expense		(1,200,074)	77,730	(1,200,074)	77,730
Profit for the period, net of tax		4,458,894	286,550	4,458,894	286,550
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		741,640	1,951,017	741,640	1,951,017
Other comprehensive income for the period, net of tax		741,640	1,951,017	741,640	1,951,017
Total comprehensive income for the period		5,200,534	2,237,567	5,200,534	2,237,567
Profit for the period attributable to:					
Owners of the Company		4,380,062	317,626	4,380,062	317,626
Non-controlling interests		78,832	(31,076)	78,832	(31,076)
Profit for the period		4,458,894	286,550	4,458,894	286,550
Total comprehensive income attributable to:					
Owners of the Company		4,970,043	1,861,409	4,970,043	1,861,409
Non-controlling interests		230,491	376,158	230,491	376,158
Total comprehensive income for the period		5,200,534	2,237,567	5,200,534	2,237,567
Basic/Diluted, earnings per ordinary share (sen)		4.73	0.34	4.73	0.34

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audit Financial Statements for the year ended 31 December 2020 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 March 2021 - unaudited**

	31 March 2021 RM	31 December 2020 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	103,461,200	104,878,501
Right-of-use assets	109,981	113,585
Inventories - Land held for property development	104,044,437	103,978,499
Investment properties	115,600,000	115,600,000
Interest in associate	440,924	456,957
Long term investments	24,833	21,957
Trade and other receivables	17,215,592	16,881,465
Other assets	21,459	28,062
Deferred tax assets	4,306,778	3,894,385
Total non-current assets	<u>345,225,204</u>	<u>345,853,411</u>
Current Assets		
Inventories - Property development costs	15,442,415	16,873,407
Inventories - Properties held for sale and others	33,079,645	33,055,137
Trade and other receivables	73,304,878	54,535,271
Other assets	5,636,974	7,506,366
Short term investments	47,844,849	53,743,012
Tax recoverable	671,657	422,850
Cash and cash equivalents	25,347,367	22,305,767
Total current assets	<u>201,327,785</u>	<u>188,441,810</u>
TOTAL ASSETS	<u>546,552,989</u>	<u>534,295,221</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	312,663,327	308,283,265
Reserves	(1,097,815)	(1,687,796)
Equity attributable to owners of the Company	<u>413,449,155</u>	<u>408,479,112</u>
Non-controlling interests	<u>7,998,850</u>	<u>7,768,359</u>
Total equity	<u>421,448,005</u>	<u>416,247,471</u>
Non-Current Liabilities		
Loans and borrowings	37,110,101	38,485,129
Other payables	1,489,746	1,570,929
Deferred tax liabilities	2,764,783	2,606,217
Total non-current liabilities	<u>41,364,630</u>	<u>42,662,275</u>
Current Liabilities		
Loans and borrowings	13,822,377	12,329,743
Trade and other payables	38,838,556	38,890,034
Other current liabilities	30,142,586	23,266,110
Tax payable	936,835	899,588
Total current liabilities	<u>83,740,354</u>	<u>75,385,475</u>
Total liabilities	<u>125,104,984</u>	<u>118,047,750</u>
TOTAL EQUITY AND LIABILITIES	<u>546,552,989</u>	<u>534,295,221</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.46</u>	<u>4.41</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 and the accompanying notes attached to the Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity
For 3 months ended 31 March 2021 - unaudited

	Attributable to owners of the Company					Total equity RM		
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM		Retained profits RM	Non-controlling interests RM
3 months ended 31 March 2021								
Balance at 1 January 2021	101,883,643	(5,444,875)	1,157,522	3,026,004	(426,447)	308,283,265	7,768,359	416,247,471
Total comprehensive income for the period	-	589,981	-	-	-	4,380,062	230,491	5,200,534
Balance at 31 March 2021	101,883,643	(4,854,894)	1,157,522	3,026,004	(426,447)	312,663,327	7,998,850	421,448,005
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	101,883,643	(1,769,470)	1,157,522	3,026,004	(426,447)	298,361,157	8,957,099	411,189,508

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 and the accompanying notes attached to the Interim Financial Statements.

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**Condensed Consolidated Statement of Cash Flows
For the 3 months ended 31 March 2021 - unaudited**

	3 months ended 31 March	
	2021 RM	2020 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation :	5,658,968	208,820
Adjustments for :-		
Depreciation	2,508,272	2,679,597
Dividend income from short term investments	(196,299)	(511,275)
Fair value changes on long term investments	(2,876)	7,043
Gain on disposal of property, plant and equipment, net	(200)	(1,190)
Interest expense	402,830	658,331
Interest income	(607,804)	(610,295)
Property, plant and equipment written off	-	877
Share of losses of associate	16,033	18,601
(Write back of impairment)/Impairment loss on:		
- inventories - property development	(30,439)	(104,501)
- inventories - property held for sale and others	(28,506)	-
- trade and other receivables	53,233	221,785
Unrealised gain on foreign exchange	(341,769)	(629,013)
Operating profit before changes in working capital	<u>7,431,443</u>	<u>1,938,780</u>
Changes in working capital:-		
Net changes in current assets	(14,808,730)	14,586,792
Net changes in current liabilities	7,910,292	(11,756,256)
Cash flows from operations	<u>533,005</u>	<u>4,769,316</u>
Interest paid	(58,553)	(99,945)
Interest received	108,183	197,926
Taxes paid	(1,666,087)	(1,059,714)
Net cash flows (used in)/from operating activities	<u>(1,083,452)</u>	<u>3,807,583</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from short term investments	196,299	511,275
Interest received	3,232	3,519
Inventories - Land held for property development	(417,942)	(247,538)
Proceeds from disposal of:		
- investment properties	-	140,000
- short term investments	17,555,765	15,670,000
- property, plant and equipment	200	80,900
Purchase of:		
- short term investments	(11,657,602)	(15,217,540)
- property, plant and equipment	(250,549)	(284,547)
Net cash flows from investing activities	<u>5,429,403</u>	<u>656,069</u>

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 3 months ended 31 March 2021 - unaudited**

	3 months ended 31 March	
	2021	2020
	RM	RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(97,407)	-
Interest paid	(413,790)	(671,739)
Payment of principal portion of lease liability	(4,528)	(16,195)
Repayment of term loan	(1,748,820)	(1,250,001)
Repayment of hire purchase liabilities	(168,740)	(460,826)
Net cash flows used in financing activities	<u>(2,433,285)</u>	<u>(2,398,761)</u>
Net increase in cash and cash equivalents	1,912,666	2,064,891
Effects of exchange rate differences	(131,694)	(447,407)
Cash and cash equivalents at beginning of the period	9,053,377	9,764,005
Cash and cash equivalents at end of the period	<u><u>10,834,349</u></u>	<u><u>11,381,489</u></u>

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

Cash and bank balances	11,973,277	13,064,434
Deposits with licensed banks	13,374,090	13,069,806
Bank overdrafts	(4,701,397)	(4,938,517)
	<u>20,645,970</u>	<u>21,195,723</u>
Less:		
Deposits with maturity period more than 3 months	(9,811,621)	(9,814,234)
	<u><u>10,834,349</u></u>	<u><u>11,381,489</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 2020 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD 199501040269 (369472-P)

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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 MFRS 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 2020. 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 2020.

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 2020 except as follows:

On 1 January 2021, the Group adopted the following applicable amended MFRSs mandatory for annual financial period beginning on or after the following dates.

	Effective for annual financial periods beginning on or after
Covid-19 Related Rent Concessions (Amendments to MFRS 16 : Leases)	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9 : Financial Instruments, MFRS 139 : Financial Instruments : Recognition and Measurement, MFRS 7 : Financial Instruments : Disclosures, MFRS 4 : Insurance Contracts and MFRS 16 : Leases)	1 January 2021

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	
2021	2020	2021	2020
RM	RM	RM	RM

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

Total depreciation	2,508,272	2,679,597	2,508,272	2,679,597
Depreciation capitalised under construction costs	(281,818)	(285,064)	(281,818)	(285,064)
Depreciation charged to profit from operating activities	2,226,454	2,394,533	2,226,454	2,394,533
Dividend income from short term investments	(196,299)	(511,275)	(196,299)	(511,275)
Fair value changes on long term investments	(2,876)	7,043	(2,876)	7,043
Gain on disposal of property, plant and equipment	(200)	(1,190)	(200)	(1,190)
(Gain)/Loss on foreign exchange :				
- realised	(26,539)	31,443	(26,539)	31,443
- unrealised	(341,769)	(629,013)	(341,769)	(629,013)
Property, plant and equipment written off	-	877	-	877
(Write back of impairment)/Impairment loss on:				
- inventories - property development	(30,439)	(104,501)	(30,439)	(104,501)
- inventories - property held for sale and others	(28,506)	-	(28,506)	-
- trade and other receivables	53,233	221,785	53,233	221,785
- 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 taxes, deferred taxes and certain financial assets not allocated to those segments as they are managed on a group basis.

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 31 March 2021							
Revenue							
Total revenue	4,014,313	16,651,081	21,767,754	8,803,276	2,585,846	146,276	53,968,546
Inter-segment sales	(2,633,309)	(3,775,528)	(154,926)	-	-	(132,323)	(6,696,086)
External sales	1,381,004	12,875,553	21,612,828	8,803,276	2,585,846	13,953	47,272,460
Results							
Segment results	1,078,720	205,531	2,635,126	1,723,589	359,816	72,427	6,075,209
Interest expense	(325,181)	(2,518)	(8,784)	(5,836)	(56,163)	(1,726)	(400,208)
Share of losses from associate	(16,033)	-	-	-	-	-	(16,033)
Profit before tax	737,506	203,013	2,626,342	1,717,753	303,653	70,701	5,658,968
Income tax expense							(1,200,074)
Profit for the period							4,458,894
Total Assets							
Segment assets	135,378,294	88,650,569	70,495,222	145,725,431	50,867,086	2,147,346	493,263,948
Interest in associate							440,924
Unallocated corporate assets							52,848,117
Total assets							546,552,989
Total Liabilities							
Segment liabilities	39,842,940	46,088,100	10,592,874	16,349,539	7,747,812	782,101	121,403,366
Unallocated corporate liabilities							3,701,618
Total liabilities							125,104,984

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

**Current quarter 3 months
ended 31 March 2021 (cont'd.)**

Type of goods and services	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	12,875,553	-	-	-	-	12,875,553
Sale of completed properties	-	-	-	865,392	-	-	865,392
Sale of development properties	-	-	-	7,934,434	-	-	7,934,434
Sale of goods and services	240	-	21,612,828	3,450	2,585,846	13,953	24,216,317
Revenue from contracts with customers	240	12,875,553	21,612,828	8,803,276	2,585,846	13,953	45,891,696
Rental income from investment properties	1,380,764	-	-	-	-	-	1,380,764
	1,381,004	12,875,553	21,612,828	8,803,276	2,585,846	13,953	47,272,460
Geographical markets							
Malaysia	240	12,875,553	21,612,828	8,803,276	-	13,953	43,305,850
Lao People's Democratic Republic	-	-	-	-	2,585,846	-	2,585,846
	240	12,875,553	21,612,828	8,803,276	2,585,846	13,953	45,891,696
Timing of transfer of goods and services							
At a point in time	240	-	21,612,828	865,392	2,585,846	13,953	25,078,259
Over time	-	12,875,553	-	7,937,884	-	-	20,813,437
	240	12,875,553	21,612,828	8,803,276	2,585,846	13,953	45,891,696

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

**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 associate	-	-	-	(18,601)	-	-	(18,601)
Profit/(Loss) before tax	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 associate							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>

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

**Current quarter 3 months
ended 31 March 2020 (cont'd.)**

Type of goods and services

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	9,984,025	-	-	-	-	9,984,025
Sale of completed properties	-	-	-	2,426,886	-	-	2,426,886
Sale of development properties	-	-	-	642,337	-	-	642,337
Sale of goods and services	1,420	(9,470)	7,332,969	7,497	2,859,779	15,636	10,207,831
Revenue from contracts with customers	1,420	9,974,555	7,332,969	3,076,720	2,859,779	15,636	23,261,079
Rental income from investment properties	1,321,169	-	-	-	-	-	1,321,169
	<u>1,322,589</u>	<u>9,974,555</u>	<u>7,332,969</u>	<u>3,076,720</u>	<u>2,859,779</u>	<u>15,636</u>	<u>24,582,248</u>

Geographical markets

Malaysia	1,420	9,974,555	7,332,969	3,076,720	-	15,636	20,401,300
Lao People's Democratic Republic	-	-	-	-	2,859,779	-	2,859,779
	<u>1,420</u>	<u>9,974,555</u>	<u>7,332,969</u>	<u>3,076,720</u>	<u>2,859,779</u>	<u>15,636</u>	<u>23,261,079</u>

Timing of transfer of goods and services

At a point in time	1,420	(9,470)	7,332,969	2,426,886	2,859,779	15,636	12,627,220
Over time	-	9,984,025	-	649,834	-	-	10,633,859
	<u>1,420</u>	<u>9,974,555</u>	<u>7,332,969</u>	<u>3,076,720</u>	<u>2,859,779</u>	<u>15,636</u>	<u>23,261,079</u>

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

A10. Material Subsequent Events

There were no material events after the interim period that have not been reflected in the interim financial statements for the current quarter.

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	
	2021 RM	2020 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	63,318,887	77,357,465
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	33,431	277,987
	<u>63,352,318</u>	<u>77,635,452</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.

(b) Contingent Assets

There were no contingent assets since 31 December 2020.

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

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2021	2020	2021	2020
	RM	RM	RM	RM
Purchase of consumables from DKLS Service Station	(744)	(1,248)	(744)	(1,248)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,320)	(5,500)	(4,320)	(5,500)
Supply of electricity by Ipoh Tower Sdn Bhd	(17,256)	(17,915)	(17,256)	(17,915)
	<u>(17,256)</u>	<u>(17,915)</u>	<u>(17,256)</u>	<u>(17,915)</u>

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. Capital Commitments

	As at 31 March 2021 RM
Approved and contracted for: Property, plant and equipment	<u>-</u>
Approved but not contracted for: Property, plant and equipment	<u>-</u>

A15. Operating lease commitments - as lessor

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

	As at 31 March 2021 RM
Not later than 1 year	3,164,749
Later than 1 year but not later than 5 years	1,721,456
	<u>4,886,205</u>

B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****Review of Performance for 1Q21 vs 1Q20**

For the first quarter ended 31 March 2021 ("1Q21"), the Group has posted higher revenue and higher pre-tax profit of RM47.272 million and RM5.659 million as compared to RM24.582 million and RM0.209 million respectively in the corresponding preceding quarter ("1Q20"). The increase in revenue and pre-tax profit of the Group is tabulated as below:-

1Q21 vs 1Q20

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	58	195
Construction	2,901	3
Quarry	14,280	3,316
Property development	5,727	1,793
Utilities	(274)	209
Others	(2)	(66)
	<u>22,690</u>	<u>5,450</u>

Investment

External revenue of the investment segment is derived mainly from investment properties. The investment properties recorded marginally increase in revenue of RM1.381 million in 1Q21 (1Q20 : RM1.323 million) was mainly due to the effect of Movement Control Order 1.0 imposed on 18 March 2020 onwards which resulted in early termination of one of the lease in 1Q20.

The pre-tax profit in 1Q21 and 1Q20 were also affected by exceptional items i.e. the unrealised gain on foreign exchange of RM0.311 million (1Q20 : RM0.496 million) and a non recurring compensation income of RMNil (1Q20 : RM0.077 million) for early termination of lease. If these exceptional gains were excluded from the pre-tax profit, the investment segment would have recorded a pre-tax profit of RM0.427 million in 1Q21 versus a pre-tax loss of RM0.03 million in 1Q20 due to higher revenue, lower interest expense and operating costs.

Construction

The construction segment has achieved an improvement in revenue of RM12.876 from its on-going projects on hand in the current quarter under review as compared to RM9.975 million in the corresponding preceding quarter which was in MCO period where all works at the construction sites had ceased.

Despite the higher revenue, the pre-tax profit had increased marginally which contributed from its on-going projects that yielded consistent margin and also the continuous impact of Covid-19 pandemic resulted in more stringent SOP, resulting in higher implementation costs for on-going projects as compared to corresponding preceding quarter which included the contribution from the recovery of loss and expenses arising from one of the near completion on-going project.

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

B1. Operating Segment Review (cont'd.)

Quarry

For the current quarter under review, the quarry segment achieved higher revenue of RM21.613 million as compared to RM7.333 million in the corresponding preceding quarter which was in MCO 1.0 period where the whole country was under lockdown.

On the back of the higher revenue, lower raw material costs and consistent overhead costs, the quarry segment has recorded a pre-tax profit of RM2.626 million as compared to pre-tax loss of RM0.691 million in the corresponding preceding quarter. The lower raw material costs were incurred for premix production due to own production of raw materials in the current quarter under review as compared to outsourcing of raw materials from third parties as one of its quarry plant underwent major upgrading in the corresponding preceding quarter.

Property Development

For the current quarter under review, the property development segment has recorded a higher revenue of RM8.803 million as compared to RM3.076 million in the corresponding preceding quarter mainly contribution from its second phase of guarded and gated residential project "GOSHEN" Ipoh Premier City Ipoh launched in third quarter of 2020.

With the higher revenue and consistent overhead costs, the property development segment has recorded a pre-tax profit of RM1.718 million as compared to pre-tax loss of RM0.075 million in the corresponding preceding 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 higher pre-tax profit of RM0.304 million (1Q20 : RM0.095 million) on a lower revenue of RM2.586 million (1Q20 : RM2.860 million) for the current quarter under review. The higher pre-tax profit in 1Q21 was mainly due to reversal of impairment loss on trade receivables of RM0.158 million (1Q20 : Impairment loss of RM0.110 million).

B. Additional information required by BMSB's Listing Requirements (cont'd.)**B2. Variance of Results Against Preceding Quarter**

	Current Quarter 31 March 2021 RM'000	Immediate Preceding Quarter 31 December 2020 RM'000	Changes Amount RM'000
Revenue	47,272	69,327	(22,055)
Pre-tax profit	5,659	3,474	2,185

The lower revenue for the current quarter under review was affected by the shorter business cycle due to Chinese New Year festive holidays.

Despite a lower revenue achieved, the Group has recorded a higher pre-tax profit of RM5.659 million for the current quarter as compared RM3.474 million in the immediate preceding quarter mainly due to the following exceptional items:-

- (a) allowance of impairment losses on receivables of RM0.053 million (4Q20 : RM2.847 million);
- (b) loss on fair value adjustment of investment properties of RMNil (4Q20 : RM1.550 million);
- (c) lower interest expenses of RM0.400 million (4Q20 : RM1.030 million mainly attributed from discounting of long term receivables);
- (d) gain on foreign exchange of RM0.368 million (4Q20 : loss on foreign exchange of RM0.413 million); and
- (e) operating cost of RMNil (4Q20 : RM1.200 million) incurred to meet regulatory requirement.

If these exceptional items were excluded from pre-tax profits, the Group would recorded a lower pre-tax profit for RM5.744 million (4Q20 : RM10.514 million) on the lower revenue for the current quarter under review.

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

B3. Prospects

The Covid-19 pandemic continues to have a profound impact on the Malaysian economy. The related Movement Control Orders (MCO) 1.0 and 2.0 in place last year and early this year and currently into 3.0 have severely impacted the nation's economy and market resilience. In view of the uncertain domestic economy, the Board anticipates that the current financial year performance will be lower due to the challenging and depressed market conditions.

The construction segment will focus on project execution, whilst pursuing new opportunities to replenish its order book. The construction segment will continue to monitor and implement effective cost control measures in view of the competitive and lower margin business environment. MCO 2.0 and 3.0 might have dampened construction sector's road to recovery but with the recent reaffirmation of large infrastructure projects such as Mass Rapid Transit 3, the catalyst remains positive. The Group is cautiously optimistic that its existing construction activities will continue to contribute positively to the Group's earnings.

The overall local property market is expected to continue to remain soft with the on-going MCO 3.0. Moving forward, the Group will continue to focus on monetising its inventories and timely completion of its development projects. New product launches will be phased according to prevailing market sentiments and with emphasis on affordable homes.

The utilities segment's concession water treatment plant in Lao People's Democratic Republic will continue to contribute a stable and sustainable recurring income stream to the Group, however the volatility of the foreign exchanges rates may impact the segment's performance in the current financial year.

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	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax:				
Malaysia income tax	1,492,903	55,284	1,492,903	55,284
Foreign tax	24,025	11,808	24,025	11,808
	<u>1,516,928</u>	<u>67,092</u>	<u>1,516,928</u>	<u>67,092</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(253,827)	(177,559)	(253,827)	(177,559)
Under provision in prior years	-	32,737	-	32,737
	<u>(253,827)</u>	<u>(144,822)</u>	<u>(253,827)</u>	<u>(144,822)</u>
Withholding tax refund	<u>(63,027)</u>	-	<u>(63,027)</u>	-
Income tax expense	<u>1,200,074</u>	<u>(77,730)</u>	<u>1,200,074</u>	<u>(77,730)</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	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before tax	5,658,968	208,820	5,658,968	208,820
Taxation at applicable tax rates	1,358,152	50,117	1,358,152	50,117
Income not subject to tax	(314,795)	(438,922)	(314,795)	(438,922)
Expenses not deductible for tax purposes	218,151	272,727	218,151	272,727
Current year tax losses that cannot be carried forward	-	72	-	72
Difference in tax rate of subsidiary	(5,195)	(2,360)	(5,195)	(2,360)
Deferred tax assets not recognised	3,442	139	3,442	139
Deferred tax on undistributed earnings from foreign subsidiary	3,346	3,656	3,346	3,656
Withholding tax (refund)/paid	(63,027)	1,130	(63,027)	1,130
Utilisation of previously unrecognised deferred tax assets	-	2,974	-	2,974
Under provision of deferred tax in prior years	-	32,737	-	32,737
Income tax expense	1,200,074	(77,730)	1,200,074	(77,730)

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 2021 RM	As at 31 March 2020 RM
Short term borrowings		
Bank overdrafts (secured)	4,593,301	4,938,517
Hire purchase liabilities (secured)	556,017	1,236,096
Term loans (secured)	7,473,234	6,512,504
Bank overdrafts (unsecured)	108,096	-
Bankers' acceptances (unsecured)	1,079,000	67,000
Lease liabilities (unsecured)	12,729	12,161
	<u>13,822,377</u>	<u>12,766,278</u>
Long term borrowings		
Hire purchase liabilities (secured)	129,867	250,705
Lease liabilities (unsecured)	109,434	145,308
Term loans (secured)	36,870,800	43,738,278
	<u>37,110,101</u>	<u>44,134,291</u>
Total borrowings	<u>50,932,478</u>	<u>56,900,569</u>

Loan and borrowings are denominated in the following currencies:

	As at 31 March 2021 RM	As at 31 March 2020 RM
Ringgit Malaysia	46,245,097	51,962,052
Lao Kip	4,687,381	4,938,517
	<u>50,932,478</u>	<u>56,900,569</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 2021.

The Board of Directors has recommended a first and final single tier dividend of 2 sen per ordinary share in respect of the financial year ended 31 December 2020 for the shareholders' approval at the forthcoming 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	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to owners of the Company	4,380,062	317,626	4,380,062	317,626
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 earnings per share	4.73	0.34	4.73	0.34

(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 2020 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 RM17.98 million to its main contractor to finance the development works.

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 2021:

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	-	-	115,600,000
Financial assets:			
Long term/short term investments			
- Equity instruments (quoted)	24,833	-	-
- Unit trust fund (quoted)	-	47,844,849	-
Financial liabilities:			
Other commitments	-	2,256,129	-

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 (unadjusted) market price in active markets for identical assets and liabilities.

Level 2

Level 2 fair value is measured using valuation technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 fair value

Level 3 fair value is measured using valuation technique for which the lowest level input that is significant to the fair value measurement is unobservable.

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 the published market bid price at the reporting date.

Unit trust fund (quoted)

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

Other commitments

Fair value is estimated by discounting expected future cash flows at market borrowing interest rates.

Dated : 27 May 2021