

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2020 RM	COMPARATIVE QUARTER ENDED 31/12/2019 RM	CURRENT PERIOD ENDED 31/12/2020 RM	COMPARATIVE PERIOD ENDED 31/12/2019 RM
Revenue from contracts with customers	92,731,768	156,276,955	407,867,132	559,281,188
Cost of sales	(88,073,239)	(113,972,452)	(340,506,301)	(452,742,393)
Gross profit	<u>4,658,529</u>	<u>42,304,503</u>	<u>67,360,831</u>	<u>106,538,795</u>
Selling and distribution expenses	(172,739)	(404,653)	(622,381)	(1,367,607)
Administrative expenses	(8,388,941)	(10,611,791)	(31,717,269)	(34,055,454)
Operating (loss)/profit	<u>(3,903,151)</u>	<u>31,288,059</u>	<u>35,021,181</u>	<u>71,115,734</u>
Finance costs	(1,010,277)	(854,689)	(3,866,732)	(4,158,169)
Finance income	186,163	481,063	943,266	1,102,480
Other expenses	(824,958)	(2,538,247)	(2,487,925)	(4,148,664)
Other income	1,408,340	851,703	4,192,896	11,746,908
Share of results of associates	475,569	2,035,213	1,676,529	2,281,585
(Loss)/profit before tax	<u>(3,668,314)</u>	<u>31,263,102</u>	<u>35,479,215</u>	<u>77,939,874</u>
Income tax expense	(3,993,107)	(5,973,813)	(13,685,931)	(16,462,165)
(Loss)/profit for the period	<u>(7,661,421)</u>	<u>25,289,289</u>	<u>21,793,284</u>	<u>61,477,709</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>(7,661,421)</u>	<u>25,289,289</u>	<u>21,793,284</u>	<u>61,477,709</u>
(Loss)/profit for the period attributable to:				
Equity holders of the parent	(4,528,526)	19,641,946	17,690,649	47,686,481
Non-controlling interests	(3,132,895)	5,647,343	4,102,635	13,791,228
	<u>(7,661,421)</u>	<u>25,289,289</u>	<u>21,793,284</u>	<u>61,477,709</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	(4,528,526)	19,641,946	17,690,649	47,686,481
Non-controlling interests	(3,132,895)	5,647,343	4,102,635	13,791,228
	<u>(7,661,421)</u>	<u>25,289,289</u>	<u>21,793,284</u>	<u>61,477,709</u>
(Loss)/earnings per share attributable to equity holders of the parent:				
Basic, for (loss)/profit for the period (sen)	<u>(1.76)</u>	<u>7.62</u>	<u>6.86</u>	<u>18.50</u>
Diluted, for (loss)/profit for the period (sen) - Not Applicable				

(These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

KKB ENGINEERING BERHAD

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2020 RM	AS AT 31/12/2019 RM
ASSETS		
Non-current assets		
Property, plant & equipment	158,595,767	149,469,437
Investment in associates	5,450,400	3,773,871
Goodwill	1,632,667	1,632,667
Deferred tax assets	1,179,935	1,859,214
	<u>166,858,769</u>	<u>156,735,189</u>
Current assets		
Inventories	44,979,272	69,821,571
Trade and other receivables	117,086,034	67,809,580
Contract assets	88,526,963	141,163,814
Other current assets	2,609,620	908,661
Short term funds	89,819,221	38,079,135
Cash and short-term deposits	38,292,236	73,367,576
	<u>381,313,346</u>	<u>391,150,337</u>
TOTAL ASSETS	<u>548,172,115</u>	<u>547,885,526</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	128,896,000	128,896,000
Retained earnings	210,058,152	207,835,023
Equity attributable to equity holders of the parent	<u>338,954,152</u>	<u>336,731,023</u>
Non-controlling interests	<u>37,277,888</u>	<u>33,175,253</u>
Total equity	<u>376,232,040</u>	<u>369,906,276</u>
Non-current liabilities		
Interest-bearing loans and borrowings	179,046	547,648
Trade and other payables	4,468,072	8,809,101
Deferred tax liabilities	1,280,172	1,107,183
	<u>5,927,290</u>	<u>10,463,932</u>
Current liabilities		
Trade and other payables	163,518,281	151,580,622
Interest-bearing loans and borrowings	741,742	10,484,838
Income tax payable	1,752,762	5,449,858
	<u>166,012,785</u>	<u>167,515,318</u>
Total liabilities	<u>171,940,075</u>	<u>177,979,250</u>
TOTAL EQUITY AND LIABILITIES	<u>548,172,115</u>	<u>547,885,526</u>

(These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<- Attributable to equity holders of the parent ->			Non-controlling	Total
	Issued Capital RM	Retained Earnings RM	Total RM	Interests RM	Equity RM
At 1 January 2020	128,896,000	207,835,023	336,731,023	33,175,253	369,906,276
Profit for the period	-	17,690,649	17,690,649	4,102,635	21,793,284
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	17,690,649	17,690,649	4,102,635	21,793,284
First and final dividend for FYE 31 December 2019	-	(15,467,520)	(15,467,520)	-	(15,467,520)
At 31 December 2020	<u>128,896,000</u>	<u>210,058,152</u>	<u>338,954,152</u>	<u>37,277,888</u>	<u>376,232,040</u>
At 1 January 2019	128,896,000	170,460,222	299,356,222	19,775,900	319,132,122
Profit for the period	-	47,686,481	47,686,481	13,791,228	61,477,709
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	47,686,481	47,686,481	13,791,228	61,477,709
Dividend paid to non-controlling interests	-	-	-	(391,875)	(391,875)
First and final dividend for FYE 31 December 2018	-	(10,311,680)	(10,311,680)	-	(10,311,680)
At 31 December 2019	<u>128,896,000</u>	<u>207,835,023</u>	<u>336,731,023</u>	<u>33,175,253</u>	<u>369,906,276</u>

(These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

KKB ENGINEERING BERHAD

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2020**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2020 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2019 RM
Profit before taxation	35,479,215	77,939,874
Adjustments for:		
Depreciation of property, plant and equipment	10,237,698	9,185,723
Finance costs	3,866,732	4,158,169
Property, plant and equipment written off	6,075	8,448
Gain on disposal of property, plant & equipment	(58,998)	(42,121)
Bad debts recovered	(34,887)	-
Write down of slow moving inventories	139,032	31,005
Impairment loss on trade receivables	55,208	314,854
Dividend income	(1,612,432)	(2,401,619)
Fair value changes in short term funds	(31,432)	119,867
Net unrealised foreign exchange (gain)/loss	(162,221)	354,019
Interest income from financial assets	(943,266)	(1,102,480)
Share of results of associates	(1,676,529)	(2,281,585)
Total adjustments	<u>9,784,980</u>	<u>8,344,280</u>
Operating cash flows before changes in working capital	45,264,195	86,284,154
Changes in working capital		
Decrease/(increase) in inventories	24,703,267	(33,628,360)
Increase in receivables	(49,175,107)	(40,544,750)
Decrease in contract assets	52,636,851	12,479,343
Increase/(decrease) in payables	7,637,183	(26,408,776)
Increase in other current assets	(22,697)	(93,055)
Cash flows from/(used in) operations	<u>81,043,692</u>	<u>(1,911,444)</u>
Interest paid	(3,866,732)	(4,158,169)
Taxation paid, net of refund	(18,209,020)	(8,590,737)
Net cash flows from/(used in) operating activities	<u>58,967,940</u>	<u>(14,660,350)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	59,000	45,721
Purchase of property, plant and equipment	(18,853,609)	(21,911,483)
Investment in short term funds	(64,001,722)	(28,501,850)
Redemption of short term funds	13,905,500	65,123,562
Interest received	943,266	1,102,480
Net cash flows (used in)/from investing activities	<u>(67,947,565)</u>	<u>15,858,430</u>
Financing activities		
Dividend paid to shareholders of the Company	(15,467,520)	(10,311,680)
Dividend paid to non-controlling interests	-	(391,875)
Net (payment of)/proceeds from bankers' acceptances	(9,730,000)	9,730,000
Repayment of principal lease liabilities	(898,195)	(977,374)
Net cash flows used in financing activities	<u>(26,095,715)</u>	<u>(1,950,929)</u>
Net decrease in cash and cash equivalents	(35,075,340)	(752,849)
Cash and cash equivalents at the beginning of the period	73,367,576	74,120,425
Cash and cash equivalents at the end of the period	<u>38,292,236</u>	<u>73,367,576</u>

(These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Selected explanatory notes pursuant to Malaysian Financial Reporting Standards ("MFRS") 134 Interim Financial Reporting

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board ("MASB"), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2019. The explanatory notes attached to the condensed consolidated 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.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2019 except for the adoption of the following with effect from 1 January 2020:

- ❖ Amendments to MFRS 3: Definition of a Business
- ❖ Amendments to MFRS 9, MFRS 139 and MFRS 7: Interest Rate Benchmark Reform
- ❖ Amendments to MFRS 101 and MFRS 108: Definition of Material
- ❖ Revised Conceptual Framework for Financial Reporting

The initial application of the above is not expected to have any material financial impact on the Group's results.

3. Seasonal or cyclical factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors in the current quarter and financial year to date.

4. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group in the current quarter and financial year to date except that the Group's business activities are affected by the Movement Control Order imposed by the Malaysian Government to contain the on-going spread of COVID-19 pandemic.

5. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the current quarter and financial year to date.

6. Debt and equity securities

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares in the current quarter and financial year to date.

7. Dividend paid

On 15 September 2020, the Company paid a first and final single tier dividend of six (6.0) sen per ordinary share, in respect of the financial year ended 31 December 2019.

8. Segmental Reporting

The information for business segments predominantly conducted in Malaysia for the current financial year to date was as follows:

RESULTS FOR PERIOD-TO-DATE ENDED 31 DECEMBER 2020

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	77,242,869	330,624,263	-	407,867,132
Inter-segment revenue	69,939,550	25,897,156	(95,836,706)	-
Total revenue	147,182,419	356,521,419	(95,836,706)	407,867,132
Results	20,086,667	17,582,751	-	37,669,418
Finance costs	(118,667)	(3,748,065)	-	(3,866,732)
Share of results of associates	664,999	1,011,530	-	1,676,529
Profit before tax	20,632,999	14,846,216	-	35,479,215
Income tax expense	(4,606,375)	(9,079,556)	-	(13,685,931)
Profit after tax	16,026,624	5,766,660	-	21,793,284

OTHER DISCLOSURES

Finance income	164,976	778,290	-	943,266
Depreciation of property, plant and equipment	1,178,048	9,059,650	-	10,237,698

RESULTS FOR PERIOD-TO-DATE ENDED 31 DECEMBER 2019

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	52,840,709	506,440,479	-	559,281,188
Inter-segment revenue	55,881,838	62,612,563	(118,494,401)	-
Total revenue	108,722,547	569,053,042	(118,494,401)	559,281,188
Results	8,351,853	71,464,605	-	79,816,458
Finance costs	(436,886)	(3,721,283)	-	(4,158,169)
Share of results of associates	324,160	1,957,425	-	2,281,585
Profit before tax	8,239,127	69,700,747	-	77,939,874
Income tax expense	(2,446,532)	(14,015,633)	-	(16,462,165)
Profit after tax	5,792,595	55,685,114	-	61,477,709

OTHER DISCLOSURES

Finance income	159,659	942,821	-	1,102,480
Depreciation of property, plant and equipment and right-of-use assets	1,081,625	8,104,098	-	9,185,723
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9. Material subsequent events

There were no material subsequent events as at the date of this announcement.

10. Changes in composition of the Group

There were no changes in composition of the Group for the current quarter and financial year to date.

11. Fair Value of Financial Instruments

(a) Determination of fair value

The carrying amounts of trade and other receivables, trade and other payables, cash and short-term deposits, interest-bearing loans and borrowings are reasonable approximation of fair values, due to their short-term and interest-bearing nature. In addition to that, trade receivables and trade payables are subject to normal trade credit terms while the current portion of loans and borrowings has an insignificant impact of discounting.

Loans and borrowings

The fair value of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

(b) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Quantitative disclosures of the fair value measurement hierarchy were as follows:

	Date of valuation	Level 1 RM	Level 2 RM	Level 3 RM	Total RM
Assets measured at fair value:					
Short term funds	31/12/2020	89,819,221	-	-	89,819,221
	31/12/2019	38,079,135	-	-	38,079,135
		=====	=====	=====	=====

There has been no transfers between the fair value hierarchy during the period.

12. Contingent liabilities/Contingent assets as at 31 December 2020

There were no material contingent liabilities or contingent assets as at the date of this announcement.

13. Capital Commitments

	As At 31/12/2020 RM	As At 31/12/2019 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	181,086	14,332,310
- Approved but not contracted for	-	10,056,137
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	181,086	24,388,447
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14. Related Party Transactions

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2020 RM	Comparative Quarter Ended 31/12/2019 RM	Current Period Ended 31/12/2020 RM	Comparative Period Ended 31/12/2019 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	14,400	13,300	42,250	21,144
- Provision of miscellaneous services such as machineries, equipments and labour etc	579,410	349,184	1,753,257	1,047,106
- Rental income	6,000	6,000	24,000	24,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	69,105	13,710	166,815	45,119
Transactions with subsidiary of an investor, Cahya Mata Sarawak Bhd.				
- Sales of steel pipes and pipe fittings to CMS Infra Trading Sdn. Bhd.	-	15,032	-	4,505,575
- Sales of fabricated/galvanised steel products and structural steel works to CMS Concrete Products Sdn. Bhd.	2,224	1,346	4,223	1,346
Short term lease expense paid to companies in which certain directors of the Company have substantial financial interest and/or are also directors				
- KKB Development Sdn. Bhd.	17,850	17,850	71,400	71,400
- KKB Realty Sdn. Bhd.	10,500	10,500	42,000	40,000
- Sepang Kaya Sdn. Bhd.	30,856	32,708	124,660	130,832
Short term lease expense paid to a director, Dato Kho Kak Beng	19,200	19,200	76,800	76,800

Transactions with a person connected with certain directors of the Company				
Sales of fabricated/structural Steel works				
- AHE Ceilings Sdn Bhd	589,503	-	589,503	-
Short term lease expense				
- Kho Siew Lan	4,800	4,800	19,200	19,200
Professional services				
- Sekhar Savin & Partners	-	3,180	-	19,080
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	1,343,848	486,810	2,914,108	6,001,602
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These transactions have been entered into with related parties on terms and conditions that are not more favourable to the related party than those generally available to the public.

Explanatory notes pursuant to Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Review Of Performance

Financial review for current quarter and financial year to date

	Quarter		Changes (%)	Cumulative 12 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	31/12/20 RM'000	31/12/19 RM'000		31/12/20 RM'000	31/12/19 RM'000	
Revenue	92,732	156,277	-40.7%	407,867	559,281	-27.1%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	226	34,540	-99.3%	49,584	91,284	-45.7%
(Loss)/Profit before interest and tax	(2,658)	32,118	-108.3%	39,346	82,098	-52.1%
(Loss)/Profit before tax	(3,668)	31,263	-111.7%	35,479	77,940	-54.5%
(Loss)/Profit after tax	(7,661)	25,289	-130.3%	21,793	61,478	-64.6%
(Loss)/Profit attributable to equity holders of the parent	(4,529)	19,642	-123.1%	17,691	47,686	-62.9%

The Group recorded revenue of RM92.7 million in the current quarter compared to RM156.3 million in the preceding year corresponding quarter, and its year-to-date revenue of RM407.9 million (FY2019: RM559.3 million). The Engineering sector contributed 84% (RM78.2 million) towards the Group's current quarter total revenue whilst 16% (RM14.5 million) from the Manufacturing sector.

Quarter on quarter, revenue decreased by RM63.6 million or 40.7%, mainly attributed to lower revenue from the Civil Construction and Steel Fabrication division within the Engineering sector coupled with lower revenue from the Steel Pipes Manufacturing business.

The weak performance of the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd, undertaking the Pan Borneo Highway project in the State of Sarawak (Phase 1 Works Package Contract – WPC-

09) has pulled down the overall results of the Group for the current quarter and year-to-date, which resulted to the Group posted a pre-tax loss of RM3.7 million in the current quarter against a pre-tax profit of RM31.3 million in the preceding year 4th Quarter. Similarly, the Group's year-to-date pre-tax profit also decreased by more than two folds to RM35.5 million compared to RM77.9 million recorded in FY2019.

Although works were allowed to gradually resume following the easing of movement restrictions in early May 2020, site work activities of the on-going projects are still at a slower pace due to stringent health and safety control measures to curb the spread of Covid-19. Supply chain were also impacted which affected the efficient ramping up of works and increase cost of raw materials.

Engineering Sector

The sector's results were seen to be impacted by the Movement Control Order ("MCO") imposed by the Malaysian Government starting from 18 March 2020 to curb the spread of Covid-19. All site work activities of the on-going projects are still at a slower pace due to stringent health and safety control measures imposed by the Authorities, hence resulted in lower revenue recognition from the Group's Civil Construction and Steel Fabrication divisions within the Engineering sector for the quarter and year to date.

Revenue for the Group Construction's division decreased to RM32.2 million in the current quarter, from RM75.7 million recorded in the preceding year corresponding quarter. Lower revenue mainly due to lower progress claims from the Pan Borneo Highway project in the State of Sarawak (Phase 1 Works Package Contract – WPC-09) undertaken by the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd., which contributed revenue of RM4.5 million in the current quarter, down by 90.9% as compared to RM49.2 million recorded in the preceding year corresponding quarter. The other water related construction projects secured from Jabatan Bekalan Air Luar Bandar Sarawak for Package SR1 (Southern Region), Package 1C, Package 3A and 3B implemented under the Sarawak Water Supply Grid Programme contributed a combined revenue of RM9.3 million in the current quarter. Meanwhile, the two projects awarded by Kuching Water Board - the Construction, Completion and Commissioning of the Proposed 1600mm diameter MSCL Pipes from Jalan Batu Kawa/Matang to and fro Matang Mid-Level Reservoir and Associated Works implemented under the Sarawak Water Supply Grid Programme and the Proposed 400mm Link-up from Polytechnic to Kampung Stoh contributed combined revenue of RM18.4 million in the current quarter.

The Group's Steel Fabrication division recorded revenue of RM44.8 million (4Q19: RM57.0 million), decreased by 21.4% over the preceding year corresponding quarter. Current quarter's revenue were mostly derived from the Engineering, Procurement, Construction, Installation and Commissioning of Wellhead Platforms for BKD-A and Host Tie-In Modification at BNCPP-B Topsides – BAKAU Non-Associated Gas Development Project for Petronas Carigali Sdn Bhd and Engineering, Procurement, Construction and Commissioning of PEMANIS Satellite Topside under PTTEP Sarawak Oil Limited, and other miscellaneous fabrication works such as the Low & High tension steel poles and Structural Steel Works for office building cum factory.

Hot Dip Galvanising division recorded revenue of RM1.2 million in the current quarter as compared to RM903K in the preceding year corresponding quarter. More than 50% of its current quarter's revenue was from the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad and other walk in customers.

Manufacturing Sector

The sector's revenue for the current quarter reduced to RM14.5 million as compared to RM22.6 million recorded in the preceding year fourth quarter. However, the sector's year to date revenue increased to RM77.2 million compared to RM52.8 million registered in the preceding year, due to increase offtake of Mild Steel Pipes required under the Sarawak Water Supply Grid Programme.

The Group's Steel Pipes manufacturing division recorded a lower revenue of RM11.3 million in the current quarter as compared to RM20.3 million registered in the preceding year corresponding quarter. Revenue decreased by about 44.3% as most of its existing order for supply of Mild Steel

Pipes required under the Sarawak Water Supply Grid Programme has almost been fulfilled. The Steel Pipes plant in Kota Kinabalu, Sabah contributed revenue of RM2.0 million in 4Q20 for sales of Mild Steel Pipes to external parties.

LP Gas Cylinders manufacturing division recorded revenue of RM3.2 million (4Q19: RM2.3 million), improved by 39.1%. The Company recorded its maiden sales to Petrosniaga Sdn Bhd in 4Q20 amounting to RM57K. Revenue for the quarter was mostly from the supply of New and Reconditioning/Requalification of LP Gas Cylinders to Petronas Dagangan Berhad.

16. Material changes in the quarterly results compared to the results of the preceding quarter

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	31/12/20	30/09/20	
	RM'000	RM'000	
Revenue	92,732	117,753	-21.2%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	226	20,327	-98.9%
(Loss)/Profit before interest and tax	(2,658)	17,804	-114.9%
(Loss)/Profit before tax	(3,668)	16,844	-121.8%
(Loss)/Profit after tax	(7,661)	13,436	-157.0%
(Loss)/Profit attributable to equity holders of the parent	(4,529)	11,036	-141.0%

Group's revenue for the current quarter of RM92.7 million recorded a decrease of 21.3%, compared to the preceding quarter of RM117.8 million, mainly due to lower revenue from the Civil Construction and Steel Pipes Manufacturing divisions.

Current quarter saw the Group posted a pre-tax loss of RM3.7 million against a pre-tax profit of RM16.8 million in the preceding quarter. The weak performance of the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd has pulled down the overall results of the Group for the current quarter.

17. Prospects

2021 will be another challenging year for the Group against the backdrop of continued uncertainties in the domestic and global economy brought forth by the unprecedented Covid-19 pandemic and volatility of crude oil prices.

The COVID-19 pandemic has affected the supply of raw material and prices. The Board is mindful of the challenges ahead and is taking measures to mitigate the negative impact. Externally we will continue to seek for new opportunities to secure more revenue, while internally cost cutting and streamlining the operation to achieve better output and efficiency. The continuing global economic uncertainty will continue to pose a big challenge to the businesses, and management will continue to be prudent in our approach to ensure the Group is on strong footing to meet this challenge.

Notwithstanding, our diverse portfolio of businesses coupled with the Group's healthy financial position with relatively low gearing will provide us with the resilience to mitigate the adverse effects under the prevailing competitive and challenging business environment.

Moving forward, the Group's resilience is underpinned by its current orders in hand and the on-going construction works for Water related projects including the supply, laying and commissioning of water pipes, other related infrastructure works implemented under the Sarawak Water Supply Grid Programme, the on-going major Onshore fabrication jobs for the Oil & Gas facilities and the Pan Borneo Highway project in the State of Sarawak (Phase 1 Works Package Contract – WPC-09).

The Group however continues to manage the challenges of uncertainties in the global economic environment, the on-going COVID-19 outbreak, escalation of costs due to inflationary pressure, volatility of global raw material steel prices and fluctuation of exchange rates are amongst factors that may impact the Group's performance.

18. Variances from financial estimate, forecast or projection, or profit guarantee

Not applicable to the Group as no financial estimate, forecast or projection, or profit guarantee were published.

19. Commentary on the company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

20. Statement of the Board of Directors' opinion as to whether the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

21. Income Tax Expense

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2020 RM	Comparative Quarter Ended 31/12/2019 RM	Current Period Ended 31/12/2020 RM	Comparative Period Ended 31/12/2019 RM
Malaysian taxation				
- Current year	3,201,927	6,049,701	12,876,008	16,251,369
- Prior year	2,916	40,393	(42,344)	96,036
Deferred tax	788,264	(116,281)	852,267	114,760
	-----	-----	-----	-----
	3,993,107	5,973,813	13,685,931	16,462,165
	=====	=====	=====	=====

The higher effective tax expense for the current quarter and financial year to date was primarily due to certain expenses were disallowed for tax deduction, losses for which deferred tax assets are not recognized and reversal of previously recognized deferred tax assets as it is no longer probable that sufficient future taxable profit will be available to allow the deferred tax asset to be utilized.

22. Status of Corporate Proposals

There were no new or outstanding corporate proposals announced which have not been completed as at the date of this announcement.

23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 31 December 2020 were as follows: -

Interest-bearing Loans and Borrowings (denominated in Ringgit Malaysia)

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	544,449	197,293
	-----	-----
<u>Non-Current</u>		
Lease liabilities	149,976	29,070
	-----	-----
Total borrowings	694,425	226,363
	=====	=====

Total Group's loans and borrowings as at 31 December 2019 were as follows: -

Interest-bearing Loans and Borrowings (denominated in Ringgit Malaysia)

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	631,004	123,834
Bankers' acceptances	-	9,730,000
	-----	-----
<u>Non-Current</u>		
Lease liabilities	510,112	37,536
	-----	-----
Total borrowings	1,141,116	9,891,370
	=====	=====

24. Off Balance Sheet Financial Instruments

There are no financial instruments with off balance sheet risks entered into by the Group as at the date of this announcement.

25. Derivative Financial Instruments

There were no derivative financial instruments entered into by the Group as at 31 December 2020.

26. Gains/Losses Arising from Fair Value Changes of Financial Liabilities

There were no gains/losses arising from fair value changes of financial liabilities for the current quarter and financial year to date.

27. Material Litigations

There were no pending material litigations as at the date of this announcement.

28. Dividend

The Board of Directors is pleased to recommend a first and final single tier dividend of four (4.0) sen per ordinary share, in respect of the financial year ended 31 December 2020.

The payment of this dividend is subject to shareholders' approval at the forthcoming Annual General Meeting.

The date of the Annual General Meeting and the dates of the dividend entitlement and payment will be announced at a later date.

29. Earnings per share

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2020	Comparative Quarter Ended 31/12/2019	Current Period Ended 31/12/2020	Comparative Period Ended 31/12/2019
Net (loss)/profit attributable to equity holders of the parent RM)	<u>(4,528,526)</u>	<u>19,641,946</u>	<u>17,690,649</u>	<u>47,686,481</u>
Weighted average number of ordinary shares in issue	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>
Basic (loss)/earnings per share for the period attributable to equity holders of the parent (sen)	<u>(1.76)</u>	<u>7.62</u>	<u>6.86</u>	<u>18.50</u>

There is no dilution in its (loss)/earnings per ordinary share in the current quarter and financial year to date as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

30. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2019 was not qualified.

31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2020 RM	Comparative Quarter Ended 31/12/2019 RM	Current Period Ended 31/12/2020 RM	Comparative Period Ended 31/12/2019 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(186,163)	(481,063)	(943,266)	(1,102,480)
Realised foreign exchange (gain)/loss	(149,189)	1,073,092	(209,479)	1,063,821
Unrealised foreign exchange loss/(gain)	275,710	356,480	(162,221)	354,019
Rental income	(30,000)	(12,000)	(66,000)	(47,324)
Gain on disposal of property, plant and equipment	(38,999)	(19,999)	(58,998)	(42,121)
Award arising from settlement of Arbitration	-	-	-	(4,000,000)
Bad debts recovered	(34,887)	-	(34,887)	-
Depreciation of property, plant and equipment	2,883,814	2,422,688	10,237,698	9,185,723
Finance costs	1,010,277	854,689	3,866,732	4,158,169
Impairment loss on trade receivables	55,208	314,854	55,208	314,854
Property, plant and equipment written off	3,007	5,454	6,075	8,448
Write down of slow moving inventories	139,032	31,005	139,032	31,005

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no provision for and write off of receivables, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and period ended 31 December 2020.