

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2021 RM	COMPARATIVE QUARTER ENDED 31/03/2020 RM	CURRENT PERIOD ENDED 31/03/2021 RM	COMPARATIVE PERIOD ENDED 31/03/2020 RM
Revenue from contracts with customers	99,723,231	108,180,503	99,723,231	108,180,503
Cost of sales	(78,165,486)	(88,099,442)	(78,165,486)	(88,099,442)
Gross profit	<u>21,557,745</u>	<u>20,081,061</u>	<u>21,557,745</u>	<u>20,081,061</u>
Selling and distribution expenses	(112,944)	(49,817)	(112,944)	(49,817)
Administrative expenses	(8,389,143)	(7,944,788)	(8,389,143)	(7,944,788)
Operating profit	<u>13,055,658</u>	<u>12,086,456</u>	<u>13,055,658</u>	<u>12,086,456</u>
Finance costs	(885,200)	(883,524)	(885,200)	(883,524)
Finance income	176,746	338,003	176,746	338,003
Other expenses	(877,939)	(558,377)	(877,939)	(558,377)
Other income	1,097,588	852,793	1,097,588	852,793
Share of results of associates	586,218	517,122	586,218	517,122
Profit before tax	<u>13,153,071</u>	<u>12,352,473</u>	<u>13,153,071</u>	<u>12,352,473</u>
Income tax expense	(1,403,722)	(3,103,344)	(1,403,722)	(3,103,344)
Profit for the period	<u>11,749,349</u>	<u>9,249,129</u>	<u>11,749,349</u>	<u>9,249,129</u>
Other Comprehensive Income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Comprehensive Income for the period	<u>11,749,349</u>	<u>9,249,129</u>	<u>11,749,349</u>	<u>9,249,129</u>
Profit for the period attributable to:				
Equity holders of the parent	9,522,530	6,819,418	9,522,530	6,819,418
Non-controlling interests	2,226,819	2,429,711	2,226,819	2,429,711
	<u>11,749,349</u>	<u>9,249,129</u>	<u>11,749,349</u>	<u>9,249,129</u>
Total Comprehensive Income for the period attributable to:				
Equity holders of the parent	9,522,530	6,819,418	9,522,530	6,819,418
Non-controlling interests	2,226,819	2,429,711	2,226,819	2,429,711
	<u>11,749,349</u>	<u>9,249,129</u>	<u>11,749,349</u>	<u>9,249,129</u>
Earnings per share attributable to equity holders of the parent:				
Basic, for profit for the period (sen)	<u>3.69</u>	<u>2.65</u>	<u>3.69</u>	<u>2.65</u>
Diluted, for 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

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/03/2021 RM	AS AT 31/12/2020 RM
ASSETS		
Non-current assets		
Property, plant & equipment	155,920,405	158,595,767
Investment in associates	6,036,618	5,450,400
Goodwill	1,632,667	1,632,667
Deferred tax assets	1,315,193	1,179,935
	<u>164,904,883</u>	<u>166,858,769</u>
Current assets		
Inventories	40,450,494	44,979,272
Trade and other receivables	64,585,629	124,393,380
Contract assets	96,351,079	88,526,963
Other current assets	3,513,932	2,064,196
Short term funds	115,244,101	89,819,221
Cash and short-term deposits	37,495,898	38,292,236
	<u>357,641,133</u>	<u>388,075,268</u>
TOTAL ASSETS	<u>522,546,016</u>	<u>554,934,037</u>
EQUITY AND LIABILITIES		
Equity		
Issued capital	128,896,000	128,896,000
Retained earnings	219,580,682	210,058,152
Equity attributable to equity holders of the parent	<u>348,476,682</u>	<u>338,954,152</u>
Non-controlling interests	<u>38,112,832</u>	<u>37,277,888</u>
Total equity	<u>386,589,514</u>	<u>376,232,040</u>
Non-current liabilities		
Interest-bearing loans and borrowings	116,363	179,046
Trade and other payables	9,066,075	8,936,144
Deferred tax liabilities	384,639	1,280,172
	<u>9,567,077</u>	<u>10,395,362</u>
Current liabilities		
Trade and other payables	123,552,652	165,812,131
Interest-bearing loans and borrowings	585,577	741,742
Income tax payable	2,251,196	1,752,762
	<u>126,389,425</u>	<u>168,306,635</u>
Total liabilities	<u>135,956,502</u>	<u>178,701,997</u>
TOTAL EQUITY AND LIABILITIES	<u>522,546,016</u>	<u>554,934,037</u>

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

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**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 2021	128,896,000	210,058,152	338,954,152	37,277,888	376,232,040
Profit for the period	-	9,522,530	9,522,530	2,226,819	11,749,349
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	9,522,530	9,522,530	2,226,819	11,749,349
Dividend paid to non-controlling interests	-	-	-	(1,391,875)	(1,391,875)
At 31 March 2021	<u>128,896,000</u>	<u>219,580,682</u>	<u>348,476,682</u>	<u>38,112,832</u>	<u>386,589,514</u>
At 1 January 2020	128,896,000	207,835,023	336,731,023	33,175,253	369,906,276
Profit for the period	-	6,819,418	6,819,418	2,429,711	9,249,129
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	6,819,418	6,819,418	2,429,711	9,249,129
At 31 March 2020	<u>128,896,000</u>	<u>214,654,441</u>	<u>343,550,441</u>	<u>35,604,964</u>	<u>379,155,405</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

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2021**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2021 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2020 RM
Profit before taxation	13,153,071	12,352,473
Adjustments for:		
Depreciation of property, plant and equipment	2,866,129	2,414,281
Finance costs	885,200	883,524
Property, plant and equipment written off	7,959	937
Gain on disposal of property, plant & equipment	(65,000)	-
Dividend income	(390,378)	(405,606)
Fair value changes in short term funds	(34,074)	26,001
Net unrealised foreign exchange gain	(194,259)	(356,481)
Interest income from financial assets	(176,746)	(338,003)
Share of results of associates	(586,218)	(517,122)
Total adjustments	<u>2,312,613</u>	<u>1,707,531</u>
Operating cash flows before changes in working capital	15,465,684	14,060,004
Changes in working capital		
Decrease/(increase) in inventories	4,528,778	(7,004,568)
Decrease/(increase) in receivables	59,980,806	(43,360,562)
(Increase)/decrease in contract assets	(7,824,116)	8,427,264
(Decrease)/increase in payables	(42,108,344)	20,025,772
Decrease in other current assets	45,398	29,084
Cash flows from/(used in) operations	<u>30,088,206</u>	<u>(7,823,006)</u>
Interest paid	(885,200)	(883,524)
Taxation paid, net of refund	<u>(3,431,213)</u>	<u>(5,445,993)</u>
Net cash flows from/(used in) operating activities	<u>25,771,793</u>	<u>(14,152,523)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	65,000	-
Purchase of property, plant and equipment	(198,726)	(3,965,662)
Investment in short term funds	(35,000,428)	(36,500,614)
Redemption of short term funds	10,000,000	3,900,000
Interest received	176,746	338,003
Net cash flows used in investing activities	<u>(24,957,408)</u>	<u>(36,228,273)</u>
Financing activities		
Dividend paid to non-controlling interests	(1,391,875)	-
Net payment of bankers' acceptances	-	(1,044,000)
Repayment of principal lease liabilities	<u>(218,848)</u>	<u>(202,407)</u>
Net cash flows used in financing activities	<u>(1,610,723)</u>	<u>(1,246,407)</u>
Net decrease in cash and cash equivalents	(796,338)	(51,627,203)
Cash and cash equivalents at the beginning of the period	38,292,236	73,367,576
Cash and cash equivalents at the end of the period	<u>37,495,898</u>	<u>21,740,373</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 2020. 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 2020.

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 2020 except for the adoption of the following with effect from 1 January 2021:

- ❖ Amendments to MFRS 16: Covid-19-Related Rent Concessions
- ❖ Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform – Phase 2

Adoption 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.

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

No dividend was paid in the current quarter and financial year to date.

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 MARCH 2021

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	9,776,976	89,946,255	-	99,723,231
Inter-segment revenue	4,167,714	19,686,713	(23,854,427)	-
Total revenue	13,944,690	109,632,968	(23,854,427)	99,723,231
Results	(23,674)	13,475,727	-	13,452,053
Finance costs	(3,980)	(881,220)	-	(885,200)
Share of results of associates	250,572	335,646	-	586,218
Profit before tax	222,918	12,930,153	-	13,153,071
Income tax expense	(33,220)	(1,370,502)	-	(1,403,722)
Profit after tax	189,698	11,559,651	-	11,749,349

OTHER DISCLOSURES

Finance income	29,153	147,593	-	176,746
Depreciation of property, plant and equipment	303,776	2,562,352	-	2,866,129

RESULTS FOR PERIOD-TO-DATE ENDED 31 MARCH 2020

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	23,137,755	85,042,748	-	108,180,503
Inter-segment revenue	18,052,593	6,225,866	(24,278,459)	-
Total revenue	41,190,348	91,268,614	(24,278,459)	108,180,503
Results	3,514,839	9,204,036	-	12,718,875
Finance costs	(108,095)	(775,429)	-	(883,524)
Share of results of associates	251,406	265,716	-	517,122
Profit before tax	3,658,150	8,694,323	-	12,352,473
Income tax expense	(1,292,975)	(1,810,369)	-	(3,103,344)
Profit after tax	2,365,175	6,883,954	-	9,249,129

OTHER DISCLOSURES

Finance income	58,040	279,963	-	338,003
Depreciation of property, plant and equipment	293,520	2,120,761	-	2,414,281
	-----	-----	-----	-----

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	31/03/2021	115,244,101	-	-	115,244,101
	31/12/2020	89,819,221	-	-	89,819,221
		=====	=====	=====	=====

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

12. Contingent liabilities/Contingent assets as at 31 March 2021

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

13. Capital Commitments

	As At 31/03/2021 RM	As At 31/03/2020 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	198,726	11,319,153
- Approved but not contracted for	-	9,125,899
	-----	-----
	198,726	20,445,052
	=====	=====

14. Related Party Transactions

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2021 RM	Comparative Quarter Ended 31/03/2020 RM	Current Period Ended 31/03/2021 RM	Comparative Period Ended 31/03/2020 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	-	6,650	-	6,650
- Provision of miscellaneous services such as machineries, equipments and labour etc	469,365	279,536	469,365	279,536
- Rental income	6,000	6,000	6,000	6,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	58,426	10,122	58,426	10,122
Transactions with subsidiary of an investor, Cahya Mata Sarawak Bhd.				
- Sales of fabricated/galvanised steel products and structural steel works to CMS Concrete Products Sdn. Bhd.	3,246	637	3,246	637
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	17,850	17,850
- KKB Realty Sdn. Bhd.	10,500	10,500	10,500	10,500
- Sepang Kaya Sdn. Bhd.	30,857	32,091	30,857	32,091
Short term lease expense paid to a director, Dato Kho Kak Beng	19,200	19,200	19,200	19,200
Transactions with a person connected with certain directors of the Company				
Sales of fabricated/structural steel works				
- AHE Ceilings Sdn Bhd	175,501	-	175,501	-

Short term lease expense				
- Kho Siew Lan	4,800	4,800	4,800	4,800
	-----	-----	-----	-----
	795,745	387,386	795,745	387,386
	-----	-----	-----	-----

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 3 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	31/03/21	31/03/20		31/03/21	31/03/20	
	RM'000	RM'000		RM'000	RM'000	
Revenue	99,723	108,181	-7.8%	99,723	108,181	-7.8%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	16,904	15,650	8.0%	16,904	15,650	8.0%
Profit before interest and tax	14,038	13,236	6.1%	14,038	13,236	6.1%
Profit before tax	13,153	12,352	6.5%	13,153	12,352	6.5%
Profit after tax	11,749	9,249	27.0%	11,749	9,249	27.0%
Profit attributable to equity holders of the parent	9,523	6,819	39.7%	9,523	6,819	39.7%

The Group's current quarter revenue of RM99.7 million (1Q20: RM108.2 million) comprises revenue from the Engineering and Manufacturing sectors of RM89.9 million (1Q20: RM85.00 million) and RM9.8 million (1Q20: RM23.1 million) respectively. Revenue decreased by 7.8% compared to the preceding year corresponding first quarter, mainly due to lower revenue registered by the Group's Steel Pipes manufacturing division.

Group's pre-tax profit improved by 6.5% to RM13.2 million compared to RM12.4 million recorded in the preceding year first quarter, despite recorded a lower revenue in the current quarter.

The Group's overall improved bottom line was mainly attributable to the improved gross profit margin of the Engineering sector, in particular the Steel Fabrication division on the back of higher revenue registered in the current quarter.

Engineering Sector

The Engineering sector contributed 90% (1Q20: 79%) to the Group's total revenue. The sector's revenue improved by 5.8% to reach RM89.9 million compared to RM85.0 million recorded in the preceding year corresponding quarter, as a result of higher progress billings from the on-going major Onshore Steel Fabrication jobs.

The Group's Steel Fabrication division recorded revenue of RM53.5 million (1Q20: RM47.6 million), increased by 12.4% as compared to the preceding year corresponding quarter. Current quarter's revenue was mostly derived from the Engineering, Procurement, Construction, Installation and Commissioning of Wellhead Platforms – BAKAU Non-Associated Gas Development Project under Petronas Carigali Sdn Bhd, 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.

Construction's division recorded a revenue of RM35.3 million (1Q20: RM36.9 million), decreased by 4.3% compared to the preceding year corresponding first quarter. 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 contributed a lower revenue of RM21.7 million in the current quarter compared to RM33.1 million recorded in the preceding year corresponding first quarter. The other water related construction projects secured from Jabatan Bekalan Air Luar Bandar Sarawak and Kuching Water Board implemented under the Sarawak Water Supply Grid Programme contributed a combined revenue of RM13.4 million in the current quarter (1Q20: RM3.6 million).

Hot Dip Galvanising division recorded a revenue of RM1.1 million compared to RM507K in the preceding year corresponding first quarter. Revenue mainly contributed from the supply of galvanized Low and High Tension Steel Poles to Syarikat Sesco Berhad and other walk in customers.

Manufacturing Sector

The Manufacturing sector revenue for the quarter of RM9.8 million was 57.6% lower as compared to RM23.1 million recorded in the preceding year corresponding quarter, due to lower revenue recorded from the Steel Pipes manufacturing division.

The Group's Steel Pipes manufacturing division recorded a revenue of RM6.3 million in the current quarter as compared to RM21.6 million registered in the preceding year corresponding quarter. Revenue decreased by about 70.8% as most of its orders for supply of Mild Steel Pipes required under the Sarawak Water Supply Grid Programme has been fulfilled.

LPG Cylinders manufacturing division recorded a revenue of RM3.5 million (1Q20: RM1.5 million), increased by 133.3%. About 39% was from the supply of new LPG cylinders, 31% from the Reconditioning/Requalification of LPG Cylinders and 30% for supply of LPG Compact Valves to Petronas Dagangan Berhad. The Company also recorded sales of RM212K to Petrosniaga Sdn Bhd in 1Q21.

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 (%)
	31/03/21	31/12/20	
	RM'000	RM'000	
Revenue	99,723	92,732	7.5%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	16,904	226	7379.6%
Profit/(loss) before interest and tax	14,038	(2,658)	628.1%
Profit/(loss) before tax	13,153	(3,668)	458.6%
Profit/(loss) after tax	11,749	(7,661)	253.4%
Profit/(loss) attributable to equity holders of the parent	9,523	(4,529)	310.3%

Current quarter saw an increase in both revenue and pre-tax profit. Revenue increased to RM99.7 million (4Q20: RM92.7 million) whilst pre-tax profit of RM13.2 million, increased by 458.6% against a pre-tax loss of RM3.7 million in the preceding quarter.

Improved margin from the Engineering sector in particular the Steel Fabrication division has contributed to the Group's overall improved bottom line on the back of higher revenue.

17. Prospects

The Board and Management acknowledges that the on-going COVID-19 pandemic and restrictions shall continue to have an impact on the Group's operations. The uncertainties emanating from the pandemic is expected to weigh on the financial performance of the Group as operating conditions are expected to be difficult going forward. Nevertheless, the Group continue to be prudent in managing its business operations and financial resources in meeting the challenges ahead.

The onset of the coronavirus Covid-19 outbreak in early 2020 exacerbated the economic situation. Almost all economic sectors were affected by the unprecedented Covid-19 pandemic. The effect which is felt globally has caused disruptions to the global supply chain and logistics which naturally impact the supply of materials, equipments and resources for the smooth execution of the Group's on-going projects in hand. We see further cost pressures arising from supply disruptions due to COVID-19.

Notwithstanding, the Group's diversified operations coupled with its healthy financial position will continue to bolster the Group's development in bracing the adverse impact under the prevailing competitive and challenging business environment. The Group will also intensify the efforts to seek for new opportunities to strengthen its performance prospectively.

Barring any unforeseen circumstances, the Board and Management believe the Group would remain resilient and robust to achieve a satisfactory result for the financial year ending 2021, supported by the 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 endeavour to manage the challenges of uncertainties in the global economic environment. The on-going restrictions posed by the 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 3 Months Ended	
	Current Quarter Ended 31/03/2021 RM	Comparative Quarter Ended 31/03/2020 RM	Current Period Ended 31/03/2021 RM	Comparative Period Ended 31/03/2020 RM
Malaysian taxation - Current year	2,434,513	2,965,102	2,434,513	2,965,102
Deferred tax	(1,030,791)	138,242	(1,030,791)	138,242
	-----	-----	-----	-----
	1,403,722	3,103,344	1,403,722	3,103,344
	=====	=====	=====	=====

The lower effective tax expense for the current quarter and financial year to date was primarily due to utilization of unabsorbed capital allowance for which deferred tax assets were not recognized.

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 March 2021 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	423,172	162,405
	-----	-----
<u>Non-Current</u>		
Lease liabilities	110,740	5,623
	-----	-----
Total borrowings	533,912	168,028
	=====	=====

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

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	598,260	109,873
Bankers' acceptances	-	8,686,000
	-----	-----
<u>Non-Current</u>		
Lease liabilities	372,448	19,498
	-----	-----
Total borrowings	970,708	8,815,371
	=====	=====

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 March 2021.

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

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 has been recommended by the Board of Directors on 23 February 2021, payable to shareholders of the Company whose names appear in the Record of Depositors on 6 July 2021.

The payment of this first and final dividend is subject to the shareholders' approval at the forthcoming Forty-Fifth (45th) Annual General Meeting to be held on 28 June 2021, and if approved will be paid on 22 July 2021.

29. Earnings per share

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2021	Comparative Quarter Ended 31/03/2020	Current Period Ended 31/03/2021	Comparative Period Ended 31/03/2020
Net profit attributable to equity holders of the parent (RM)	<u>9,522,530</u>	<u>6,819,418</u>	<u>9,522,530</u>	<u>6,819,418</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 earnings per share for the period attributable to equity holders of the parent (sen)	<u>3.69</u>	<u>2.65</u>	<u>3.69</u>	<u>2.65</u>

There is no dilution in its 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 2020 was not qualified.

31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2021 RM	Comparative Quarter Ended 31/03/2020 RM	Current Period Ended 31/03/2021 RM	Comparative Period Ended 31/03/2020 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(176,746)	(338,003)	(176,746)	(338,003)
Realised foreign exchange loss	3,611	14,423	3,611	14,423
Unrealised foreign exchange gain	(194,259)	(356,481)	(194,259)	(356,481)
Rental income	(30,000)	(12,000)	(30,000)	(12,000)
Gain on disposal of property, plant and equipment	(65,000)	-	(65,000)	-
Depreciation of property, plant and equipment	2,866,129	2,414,281	2,866,129	2,414,281
Finance costs	885,200	883,524	885,200	883,524
Property, plant and equipment written off	7,959	937	7,959	937

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 March 2021.