

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 3 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/03/2022 RM	COMPARATIVE QUARTER ENDED 31/03/2021 RM	CURRENT PERIOD ENDED 31/03/2022 RM	COMPARATIVE PERIOD ENDED 31/03/2021 RM
Revenue from contracts with customers	93,381,211	99,723,231	93,381,211	99,723,231
Cost of sales	(82,107,276)	(78,165,486)	(82,107,276)	(78,165,486)
<b>Gross profit</b>	<u>11,273,935</u>	<u>21,557,745</u>	<u>11,273,935</u>	<u>21,557,745</u>
Selling and distribution expenses	(114,209)	(112,944)	(114,209)	(112,944)
Administrative expenses	(8,535,882)	(8,389,143)	(8,535,882)	(8,389,143)
<b>Operating profit</b>	<u>2,623,844</u>	<u>13,055,658</u>	<u>2,623,844</u>	<u>13,055,658</u>
Finance costs	(23,154)	(885,200)	(23,154)	(885,200)
Finance income	90,794	176,746	90,794	176,746
Other expenses	(585,890)	(877,939)	(585,890)	(877,939)
Other income	1,036,049	1,097,588	1,036,049	1,097,588
Share of results of associates	11,786	586,218	11,786	586,218
<b>Profit before tax</b>	<u>3,153,429</u>	<u>13,153,071</u>	<u>3,153,429</u>	<u>13,153,071</u>
Income tax expense	(1,098,977)	(1,403,722)	(1,098,977)	(1,403,722)
<b>Profit for the period</b>	<u>2,054,452</u>	<u>11,749,349</u>	<u>2,054,452</u>	<u>11,749,349</u>
<b>Other Comprehensive Income</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Comprehensive Income for the period</b>	<u>2,054,452</u>	<u>11,749,349</u>	<u>2,054,452</u>	<u>11,749,349</u>
Profit/(Loss) for the period attributable to:				
Equity holders of the parent	2,389,432	9,522,530	2,389,432	9,522,530
Non-controlling interests	(334,980)	2,226,819	(334,980)	2,226,819
	<u>2,054,452</u>	<u>11,749,349</u>	<u>2,054,452</u>	<u>11,749,349</u>
Total Comprehensive Income/(Loss) for the period attributable to:				
Equity holders of the parent	2,389,432	9,522,530	2,389,432	9,522,530
Non-controlling interests	(334,980)	2,226,819	(334,980)	2,226,819
	<u>2,054,452</u>	<u>11,749,349</u>	<u>2,054,452</u>	<u>11,749,349</u>
<b>Earnings per share attributable to equity holders of the parent:</b>				
Basic, for profit for the period (sen)	<u>0.83</u>	<u>3.69</u>	<u>0.83</u>	<u>3.69</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**

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**INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2022****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/03/2022 RM	AS AT 31/12/2021 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	145,876,623	148,097,542
Investment in associates	6,576,985	6,565,199
Goodwill	1,632,667	1,632,667
Deferred tax assets	1,366,000	1,366,000
	<u>155,452,275</u>	<u>157,661,408</u>
<b>Current assets</b>		
Inventories	45,449,932	45,266,891
Trade and other receivables	77,882,129	59,499,253
Contract assets	68,207,140	55,101,373
Other current assets	7,557,647	7,333,070
Short term funds	165,531,222	157,313,712
Cash and short-term deposits	16,169,751	34,672,880
	<u>380,797,821</u>	<u>359,187,179</u>
<b>TOTAL ASSETS</b>	<b><u>536,250,096</u></b>	<b><u>516,848,587</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Issued capital	175,254,461	175,254,461
Retained earnings	228,166,850	225,777,418
<b>Equity attributable to equity holders of the parent</b>	<u>403,421,311</u>	<u>401,031,879</u>
<b>Non-controlling interests</b>	<u>38,430,869</u>	<u>38,765,849</u>
<b>Total equity</b>	<u>441,852,180</u>	<u>439,797,728</u>
<b>Non-current liabilities</b>		
Lease liabilities	191,447	52,387
Trade and other payables	5,897,456	5,701,088
Deferred tax liabilities	383,966	63,088
	<u>6,472,869</u>	<u>5,816,563</u>
<b>Current liabilities</b>		
Trade and other payables	86,603,076	70,197,498
Lease liabilities	160,643	116,729
Income tax payable	1,161,328	920,069
	<u>87,925,047</u>	<u>71,234,296</u>
<b>Total liabilities</b>	<u>94,397,916</u>	<u>77,050,859</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>536,250,096</u></b>	<b><u>516,848,587</u></b>

(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 2022****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
<b>At 1 January 2022</b>	175,254,461	225,777,418	401,031,879	38,765,849	439,797,728
Profit/(Loss) for the period	-	2,389,432	2,389,432	(334,980)	2,054,452
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	2,389,432	2,389,432	(334,980)	2,054,452
<b>At 31 March 2022</b>	<u>175,254,461</u>	<u>228,166,850</u>	<u>403,421,311</u>	<u>38,430,869</u>	<u>441,852,180</u>
<b>At 1 January 2021</b>	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)
<b>At 31 March 2021</b>	<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>

(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 2022****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 3 MONTHS ENDED 31/03/2022 RM	CUMULATIVE 3 MONTHS ENDED 31/03/2021 RM
Profit before taxation	3,153,429	13,153,071
Adjustments for:		
Depreciation of property, plant and equipment	2,703,392	2,866,129
Finance costs	23,154	885,200
Property, plant and equipment written off	-	7,959
Gain on disposal of property, plant & equipment	-	(65,000)
Dividend income	(306,818)	(390,378)
Fair value changes in short term funds	(410,691)	(34,074)
Net unrealised foreign exchange gain	(193,857)	(194,259)
Interest income from financial assets	(90,794)	(176,746)
Share of results of associates	(11,786)	(586,218)
Total adjustments	<u>1,712,600</u>	<u>2,312,613</u>
Operating cash flows before changes in working capital	4,866,029	15,465,684
Changes in working capital		
(Increase)/decrease in inventories	(183,041)	4,528,778
(Increase)/decrease in receivables	(18,278,105)	59,980,806
Increase in contract assets	(13,105,767)	(7,824,116)
Increase/(decrease) in payables	16,691,032	(42,108,344)
Decrease in other current assets	218,098	45,398
Cash flows (used in)/from operations	<u>(9,791,754)</u>	<u>30,088,206</u>
Interest paid	(23,154)	(885,200)
Taxation paid, net of refund	(979,515)	(3,431,213)
Net cash flows (used in)/from operating activities	<u>(10,794,423)</u>	<u>25,771,793</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	65,000
Purchase of property, plant and equipment	(232,771)	(198,726)
Investment in short term funds	(8,000,000)	(35,000,428)
Redemption of short term funds	499,999	10,000,000
Interest received	90,794	176,746
Net cash flows used in investing activities	<u>(7,641,978)</u>	<u>(24,957,408)</u>
Financing activities		
Dividend paid to non-controlling interests	-	(1,391,875)
Repayment of principal portion of lease liabilities	(66,728)	(218,848)
Net cash flows used in financing activities	<u>(66,728)</u>	<u>(1,610,723)</u>
Net decrease in cash and cash equivalents	(18,503,129)	(796,338)
Cash and cash equivalents at the beginning of the period	34,672,880	38,292,236
Cash and cash equivalents at the end of the period	<u><u>16,169,751</u></u>	<u><u>37,495,898</u></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 2021. 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 2021.

#### **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 2021 except for the adoption of the following with effect from 1 January 2022:

- ❖ Amendments to MFRS 16: COVID-19 - Related Rent Concessions beyond 30 June 2021
- ❖ Amendments to MFRS 3: Reference to the Conceptual Framework
- ❖ Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
- ❖ Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
- ❖ Annual Improvements to MFRS Standards 2018 – 2020 Cycle

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 2022

	Manufacturing RM	Engineering RM	Eliminations RM	Consolidated RM
External revenue	1,353,326	92,027,885	-	93,381,211
Inter-segment revenue	186,205	9,201,500	(9,387,705)	-
Total revenue	1,539,531	101,229,385	(9,387,705)	93,381,211
Results	(1,213,770)	4,378,567	-	3,164,797
Finance costs	-	(23,154)	-	(23,154)
Share of results of associates	74,251	(62,465)	-	11,786
(Loss)/Profit before tax	(1,139,519)	4,292,948	-	3,153,429
Income tax expense	(56,063)	(1,042,914)	-	(1,098,977)
(Loss)/Profit after tax	(1,195,582)	3,250,034	-	2,054,452

### OTHER DISCLOSURES

Finance income	7,018	83,776	-	90,794
Depreciation of property, plant and equipment	260,652	2,442,740	-	2,703,392

### 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
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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, lease liabilities 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.

#### **(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
<b>Assets measured at fair value:</b>					
Short term funds	31/03/2022	165,531,222	-	-	165,531,222
	31/12/2021	157,313,712	-	-	157,313,712
		=====	=====	=====	=====

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

### **12. Contingent liabilities/Contingent assets as at 31 March 2022**

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

### 13. Capital Commitments

	As At 31/03/2022 RM	As At 31/03/2021 RM
Commitments in respect of capital expenditure:		
Property, plant and equipment		
- Approved and contracted for	73,125	198,726
- Approved but not contracted for	-	-
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	73,125	198,726
	=====	=====

### 14. Related Party Transactions

	3 Months Ended		Cumulative 3 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM	RM	RM	RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Provision of miscellaneous services such as machineries, equipments and labour etc	482,748	469,365	482,748	469,365
- Rental income	6,000	6,000	6,000	6,000
- Purchase of miscellaneous services such as machineries, equipments and labour etc	11,476	58,426	11,476	58,426
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	-	3,246
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.	15,300	10,500	15,300	10,500
- Sepang Kaya Sdn. Bhd.	32,708	30,857	32,708	30,857
Short term lease expense paid to a director, Dato Sri 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
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	590,082	795,745	590,082	795,745
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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 3 months		Changes (%)
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period	
	31/03/22	31/03/21		31/03/22	31/03/21	
	RM'000	RM'000		RM'000	RM'000	
Revenue	93,381	99,723	-6.4%	93,381	99,723	-6.4%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	5,880	16,904	-65.2%	5,880	16,904	-65.2%
Profit before interest and tax	3,177	14,038	-77.4%	3,177	14,038	-77.4%
Profit before tax	3,153	13,153	-76.0%	3,153	13,153	-76.0%
Profit after tax	2,054	11,749	-82.5%	2,054	11,749	-82.5%
Profit attributable to equity holders of the parent	2,389	9,523	-74.9%	2,389	9,523	-74.9%

The Group's current quarter revenue of RM93.4 million was 6.4% lower compared to RM99.7 million registered in the preceding year corresponding quarter. The steel pipes division within the manufacturing sector was the main trigger for the lower revenue.

The Group's pre-tax profit has taken a deep cutback of 76.0% on the back of lower revenue and margin contribution recorded from both the Steel Pipes and Steel Fabrication divisions.

#### Engineering Sector

The Engineering sector contributed 99% (1Q2021: 90%) to the Group's total revenue. The sector's revenue of RM92.0 million (1Q2021: RM89.9 million) increased marginally by 2.3%, showing higher revenue from the Civil Construction division as compared with the preceding year corresponding quarter.

The Civil Construction division recorded revenue of RM54.8 million (1Q2021: RM35.3 million), increased by 55.2% compared to the preceding year corresponding first quarter. Improved revenue in the current quarter mainly due to higher progress claims from the Pan Borneo Highway project undertaken by the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd., which contributed revenue of RM48.6 million in the current quarter compared to RM21.7 million recorded in the preceding year corresponding first quarter. The other contribution came from the few on-going water related construction projects secured from Jabatan Bekalan Air Luar Bandar Sarawak, Kuching Water Board and LAKU Management Sdn Bhd implemented under the Sarawak Water Supply Grid Programme.

Whilst for Steel Fabrication division, group revenue reduced by 32.0% to RM36.4 million, compared to RM53.5 million in the preceding year corresponding first 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 BNCP-B Topsides – BAKAU Non-Associated Gas Development Project; Engineering, Procurement and Construction of Flare Platform for

Kasawari Gas Development Project and Engineering, Procurement, Construction and Commissioning of PEMANIS Satellite Topsiside.

Hot Dip Galvanising division recorded a lower revenue of RM811K compared to RM1.1 million 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 ad-hoc walk in customers.

#### Manufacturing Sector

The Manufacturing sector's revenue for the current quarter decreased by 85.7% to RM1.4 million, compared to RM9.8 million recorded in the preceding year corresponding quarter, due to lower revenue recorded from the Steel Pipes manufacturing division.

Revenue from the Group's Steel Pipes manufacturing division for the quarter decreased significantly to a low of RM64K (1Q2021: RM6.3 million), as the quarter's revenue were mostly from ad-hoc customers while contracts for supply of Mild Steel Pipes required under the Sarawak Water Supply Grid Programme had been fulfilled.

LP Gas Cylinders manufacturing division's revenue for the quarter of RM1.3 million was 62.9% lower compared to the preceding year first quarter of RM3.5 million. About 11% of its revenue was from the supply of new LPG cylinders, 59% from the Reconditioning/Requalification of LPG Cylinders and 30% for sales of LPG Compact Valves.

### **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 (%)
	31/03/22	31/12/21	
	RM'000	RM'000	
Revenue	93,381	111,765	-16.4%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	5,880	6,061	-3.0%
Profit before interest and tax	3,177	3,332	-4.7%
Profit before tax	3,153	2,793	12.9%
Profit after tax	2,054	3,744	-45.1%
Profit attributable to equity holders of the parent	2,389	4,402	-45.7%

The Group's current quarter revenue decreased by 16.4% to RM93.4 million, compared to RM111.8 million in the preceding quarter, mainly due to lower revenue recognition from the Civil Construction division as some of its projects are reaching the tail end.

Despite recorded lower revenue, Group's profit before taxation for the current quarter improved by 12.9% to RM3.2 million, compared to RM2.8 million achieved in the preceding quarter.

### **17. Prospects**

KKB Group remains vigilant and cautious amidst the uncertain and challenging business environment. As the Group navigates through these challenges, KKB Group remained proactive in exploring business opportunities that are aligned with our long-term strategic goals.

Premised on the Group's proven experience and credibility, Management continues to intensify its efforts and resources to secure more infrastructure and water related construction projects in Sarawak, and continuously exploring collaborations with strategic partners, be it local or foreign to expand the Group's income stream and sustainability of our core businesses.

Management is of the view that existing and future projects will continue to provide sustainable business for the Group and boost its performance, moving forward.

Supported by the current orders in hand and our diverse portfolio of businesses coupled with the Group's healthy financial position, the Board and Management anticipates that the Group's performance for the financial year ending 2022 will remain satisfactory, barring any unforeseen circumstances.

The Board is cautious that the continued uncertainties in the global economic environment, higher Oil prices and escalation of costs due to inflationary pressure, volatility of global raw material steel prices, and fluctuation of foreign 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	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM	RM	RM	RM
Malaysian taxation				
- Current year	778,099	2,434,513	778,099	2,434,513
Deferred tax	320,878	(1,030,791)	320,878	(1,030,791)
	-----	-----	-----	-----
	1,098,977	1,403,722	1,098,977	1,403,722
	=====	=====	=====	=====

The higher effective tax expense for the financial year to date was primarily due to losses at subsidiaries level for which no deferred tax was provided.

**22. Status of Corporate Proposals**

(A) There were no corporate proposals announced which have not been completed as at the date of this announcement.

## (B) Status of Utilisation of Proceeds

Pursuant to the Private Placement which was duly completed on 22 December 2021 upon the subscription and listing of the 30,935,040 Placement Shares at RM1.5004 on the Main Market of Bursa Malaysia Securities Berhad, the gross proceeds raised from the Private Placement Exercise was RM46,414,934.

The utilisation of the Private Placement proceeds as at 5 May 2022 is as set out below:

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Balance/ (Deviation) (RM)	Intended Timeframe for Utilisation from date of listing of the Placement Shares
Business expansion	10,000,000	-	10,000,000	Within 24 months
Working capital	36,214,934	(12,100,536)	24,114,398	Within 24 months
Estimated expenses for the Private Placement	200,000	(56,473)	143,527	Upon completion of the Private Placement

## 23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 31 March 2022 were as follows: -

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

	Secured RM	Unsecured RM
<u>Current</u>		
Lease liabilities	76,063	84,580
	-----	-----
<u>Non-Current</u>		
Lease liabilities	35,094	156,353
	-----	-----
Total borrowings	111,157	240,933
	=====	=====

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
	=====	=====

## 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 2022.

## 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 five (5.0) sen per ordinary share, in respect of the financial year ended 31 December 2021 has been recommended by the Board of Directors on 23 February 2022, payable to shareholders of the Company whose names appear in the Record of Depositors on 31 May 2022.

The payment of this first and final dividend is subject to the shareholders' approval at the forthcoming Forty-Sixth (46<sup>th</sup>) Annual General Meeting to be held on 24 May 2022, and if approved will be paid on 24 June 2022.

## 29. Earnings per share

	3 Months Ended		Cumulative 3 Months Ended	
	Current Quarter Ended 31/03/2022	Comparative Quarter Ended 31/03/2021	Current Period Ended 31/03/2022	Comparative Period Ended 31/03/2021
Net profit attributable to equity holders of the parent (RM)	<u>2,389,432</u>	<u>9,522,530</u>	<u>2,389,432</u>	<u>9,522,530</u>
Weighted average number of ordinary shares in issue	<u>288,727,040</u>	<u>257,792,000</u>	<u>288,727,040</u>	<u>257,792,000</u>
Basic earnings per share for the period attributable to equity holders of the parent (sen)	<u>0.83</u>	<u>3.69</u>	<u>0.83</u>	<u>3.69</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 2021 was not qualified.

### 31. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 3 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	31/03/2022	31/03/2021	31/03/2022	31/03/2021
	RM	RM	RM	RM
Profit for the period is arrived at after charging/(crediting):				
Interest income from financial assets	(90,794)	(176,746)	(90,794)	(176,746)
Realised foreign exchange loss	3,034	3,611	3,034	3,611
Unrealised foreign exchange gain	(193,857)	(194,259)	(193,857)	(194,259)
Rental income	(46,500)	(30,000)	(46,500)	(30,000)
Gain on disposal of property, plant and equipment	-	(65,000)	-	(65,000)
Depreciation of property, plant and equipment	2,703,392	2,866,129	2,703,392	2,866,129
Finance costs	23,154	885,200	23,154	885,200
Property, plant and equipment written off	-	7,959	-	7,959

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, provision for and write off of inventories, 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 2022.