

SOUTH MALAYSIA INDUSTRIES BERHADRegistration No. 196901000152 (8482-D)
(Incorporated in Malaysia)**INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022****Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income**

| | 3 Months Ended | | 3 Months Ended | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 31.3.2022 RM'000 | 31.3.2021 RM'000 | 31.3.2022 RM'000 | 31.3.2021 RM'000 |
| Revenue | 11,976 | 13,830 | 11,976 | 13,830 |
| Operating Expenses | (13,756) | (14,435) | (13,756) | (14,435) |
| Other Expenses | (11) | (329) | (11) | (329) |
| Interest Income | 5 | 4 | 5 | 4 |
| Other Operating Income | 150 | 265 | 150 | 265 |
| Profit/(Loss) from Operations | (1,636) | (665) | (1,636) | (665) |
| Finance Costs | (223) | (352) | (223) | (352) |
| Profit/(Loss) before tax | (1,859) | (1,017) | (1,859) | (1,017) |
| Tax | (90) | (212) | (90) | (212) |
| Net profit/(loss) for the period | (1,949) | (1,229) | (1,949) | (1,229) |
| Other comprehensive income/(loss), net of tax Items that may be reclassified subsequently to profit or loss - Financial assets at fair value through other comprehensive income | (1,295) | 2,691 | (1,295) | 2,691 |
| Other comprehensive income/(loss) for the period, net of tax | (1,295) | 2,691 | (1,295) | 2,691 |
| Total comprehensive income/(loss) for the period | (3,244) | 1,462 | (3,244) | 1,462 |
| Profit/(Loss) attributable to: Owners of the parent | (1,949) | (1,229) | (1,949) | (1,229) |
| Total comprehensive income/(loss) attributable to: Owners of the parent | (3,244) | 1,462 | (3,244) | 1,462 |
| Earnings/(Loss) per share attributable to Owners of the parent: | | | | |
| Basic/Diluted (sen) | (0.93) | (0.59) | (0.93) | (0.59) |

(The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.)

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

Condensed Consolidated Statement of Financial Position

| | As at 31.3.2022 RM'000 | As at 31.12.2021 RM'000 |
|--|------------------------------|-------------------------------|
| ASSETS | | |
| Non-current assets | | |
| Property, plant and equipment | 6,875 | 7,208 |
| Right-of-use assets | 4,221 | 4,332 |
| Investment properties | 90,795 | 90,795 |
| Inventories | 6,784 | 6,745 |
| Other investments | 23,130 | 24,426 |
| | 131,805 | 133,506 |
| Current assets | | |
| Inventories | 13,253 | 13,461 |
| Trade and other receivables | 14,454 | 16,383 |
| Tax recoverable | 248 | 192 |
| Other investments | 2,720 | 3,401 |
| Deposits, bank and cash balances | 5,861 | 6,551 |
| | 36,536 | 39,988 |
| Asset held for sale | 4,008 | 4,008 |
| | 40,544 | 43,996 |
| TOTAL ASSETS | 172,349 | 177,502 |
| EQUITY | | |
| Capital and reserves attributable to the Owners of the parent | | |
| Share capital | 244,239 | 244,239 |
| Reserves | 860 | 2,155 |
| Accumulated losses | (102,704) | (100,755) |
| TOTAL EQUITY | 142,395 | 145,639 |
| LIABILITIES | | |
| Non-current liabilities | | |
| Loans and borrowings | 11,874 | 7,486 |
| Deferred tax liabilities | 1,424 | 1,335 |
| | 13,298 | 8,821 |
| Current liabilities | | |
| Trade and other payables | 9,389 | 10,259 |
| Loans and borrowings | 7,267 | 12,783 |
| | 16,656 | 23,042 |
| TOTAL LIABILITIES | 29,954 | 31,863 |
| TOTAL EQUITY AND LIABILITIES | 172,349 | 177,502 |
| Net assets per share (RM) attributable to Owners of the Parent | | |
| | 0.68 | 0.69 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.)

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

Condensed Consolidated Statement of Changes in Equity

| | Attributable to Owners of the Parent | | | | | Total Equity RM'000 |
|--|--------------------------------------|--|----------------------------------|---------------------------------|---------------------------------|---------------------------|
| | Share Capital RM'000 | Foreign Exchange Reserve RM'000 | Revaluation Reserve RM'000 | Fair Value Reserve RM'000 | Accumulated Losses RM'000 | |
| 3 months Ended 31 March 2022 | | | | | | |
| At 1 January 2022 | 244,239 | - | 1,168 | 987 | (100,755) | 145,639 |
| Profit/(Loss) for the period | - | - | - | - | (1,949) | (1,949) |
| Other comprehensive income/(loss) for the period | - | - | - | (1,295) | - | (1,295) |
| Total comprehensive income/(loss) for period | - | - | - | (1,295) | (1,949) | (3,244) |
| At 31 March 2022 | 244,239 | - | 1,168 | (308) | (102,704) | 142,395 |

| | | | | | | |
|---|---------|-------|-------|-------|-----------|---------|
| 3 months Ended 31 March 2021 | | | | | | |
| At 1 January 2021, as previously reported | 244,239 | 3,170 | 1,168 | 1,767 | (98,402) | 151,942 |
| Effect on adoption of Agenda Decision on MFRS 123 <i>Borrowing Costs</i> | - | - | - | - | (666) | (666) |
| At 1 January 2021, as restated | 244,239 | 3,170 | 1,168 | 1,767 | (99,068) | 151,276 |
| Profit/(Loss) for the period | - | - | - | - | (1,229) | (1,229) |
| Other comprehensive income/(loss) for the period | - | - | - | 2,691 | - | 2,691 |
| Total comprehensive income/(loss) for the period | - | - | - | 2,691 | (1,229) | 1,462 |
| At 31 March 2021 | 244,239 | 3,170 | 1,168 | 4,458 | (100,297) | 152,738 |

(The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2021.)

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

Consolidated Statement of Cash Flows

| | 3 Months Ended 31.3.2022 RM'000 | 3 Months Ended 31.3.2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit/(Loss) before tax | (1,859) | (1,017) |
| Adjustments for: | | |
| Depreciation & amortisation | 615 | 615 |
| Other non-cash items | (38) | 172 |
| Dividend Income | (1) | (5) |
| Finance costs | 223 | 352 |
| Interest income | (5) | (4) |
| Operating profit/(loss) before working capital changes | <u>(1,065)</u> | <u>113</u> |
| Change in working capital: | | |
| Inventories | 169 | 1,825 |
| Trade and other receivables | 1,943 | 1,143 |
| Trade and other payables | (896) | 262 |
| Cash generated from/(used in) operations | <u>151</u> | <u>3,343</u> |
| Interest paid | (197) | (354) |
| Tax paid | (56) | (71) |
| Net cash from/(used in) operating activities | <u>(102)</u> | <u>2,918</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest received | 5 | 4 |
| Additions to investment properties | - | (401) |
| Proceeds from disposal of financial assets | 1,667 | 2,231 |
| Purchase of financial assets | (962) | (2,384) |
| Purchase of property, plant and equipment | (132) | (29) |
| Purchase of right-of-use assets | (39) | - |
| Net dividend received | 1 | 5 |
| Net cash from/(used in) investing activities | <u>540</u> | <u>(574)</u> |

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

Consolidated Statement of Cash Flows

| | 3 Months Ended 31.3.2022 RM'000 | 3 Months Ended 31.3.2021 RM'000 |
|---|--|--|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Loans and borrowings, net drawdown/(repayment) | (1,391) | (1,818) |
| Repayment of lease liabilities | (26) | (31) |
| Net cash from/(used in) financing activities | <u>(1,417)</u> | <u>(1,849)</u> |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE FINANCIAL PERIOD | (979) | 495 |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL PERIOD | <u>6,206</u> | <u>3,652</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL PERIOD | <u><u>5,227</u></u> | <u><u>4,147</u></u> |
| Cash and Cash Equivalents at the end of the financial period comprises: | | |
| Deposits, bank and cash balances | 5,861 | 6,072 |
| Bank overdrafts | (634) | (1,925) |
| | <u><u>5,227</u></u> | <u><u>4,147</u></u> |

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A1 Accounting Policies

The interim financial report is prepared in accordance with Malaysian Financial Reporting Standards 134 - Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad. The figures have not been audited.

The interim financial report should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2021. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2021.

The accounting policies and methods of computation adopted by the Group in this interim financial report are consistent with those of the audited financial statements for the financial year ended 31 December 2021, except for the adoption of the following amendments to Malaysian Financing Reporting Standards ("MFRS") which are effective for the financial period beginning on or after 1 January 2022:

| | |
|--|--|
| Amendment 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 | |

The adoption of the above amendments to MFRSs did not result in any significant changes in the accounting policies and presentations of the financial statements of the Group.

The Group has not early adopted the following MFRSs and amendments to MFRSs that have been issued but not yet effective:

| | | Effective for financial periods <u>beginning on or after</u> |
|-----------------------------|--|--|
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 & 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

These new and amended standards will have no significant changes on the financial statements of the Group upon their initial application.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A2 Auditors Report of the Previous Audited Financial Statements

The auditors report of the previous audited financial statements was not qualified.

A3 Seasonality or Cyclicity of Interim Operations

The Group's operations were not significantly affected by any seasonal or cyclical factors.

A4 Unusual Items Affecting the Financial Statements

Besides the current Covid-19 pandemic, there were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their material effect in the current quarter under review.

A5 Changes in Accounting Estimates

There were no changes in estimates of amount reported in prior interim periods or prior financial years that have a material effect in the current quarter under review.

A6 Debt and Equity Securities

There were no issuance of debt and equity securities, share buy back, share cancellation, share held as treasury and resale of treasury share during the financial period ended 31 March 2022.

A7 Dividends Paid

No dividend has been paid during the financial period ended 31 March 2022.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A8 Segment Reporting

The Group is organised into three main business segments:

- (a) Property development - develop and sale of residential and commercial properties
- (b) Property & investment holding - investment in properties, carpark operation and holding company
- (c) Manufacturing & trading - manufacture of assorted wires and trading

Other operations of the Group mainly comprise of dormant companies which are not of sufficient size to be reported separately.

| 3 months ended 31.3.2022 | Property | Property & Investment | Manufacturing | Others | Elimination | Total |
|--|--------------|--------------------------|---------------|------------|--------------|----------------|
| | Development | Holding | & Trading | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | | | |
| External revenue | 1,495 | 1,949 | 8,532 | - | - | 11,976 |
| Intersegment revenue | - | 327 | - | - | (327) | - |
| | <u>1,495</u> | <u>2,276</u> | <u>8,532</u> | <u>-</u> | <u>(327)</u> | <u>11,976</u> |
| Segment Results | | | | | | |
| Profit/(Loss) from operations | (538) | (193) | (295) | (0) | - | (1,026) |
| Interest Income | 4 | 1 | 0 | - | - | 5 |
| Finance costs | (0) | (138) | (85) | - | - | (223) |
| Depreciation & amortisation | (10) | (155) | (450) | - | - | (615) |
| Profit/(Loss) before tax | <u>(544)</u> | <u>(485)</u> | <u>(830)</u> | <u>(0)</u> | <u>-</u> | <u>(1,859)</u> |
| Taxation | - | (93) | 3 | - | - | (90) |
| Net profit/(loss) attributable to owners of the parent | <u>(544)</u> | <u>(578)</u> | <u>(827)</u> | <u>(0)</u> | <u>-</u> | <u>(1,949)</u> |
| Assets and Liabilities | | | | | | |
| Segment assets | 23,068 | 121,383 | 27,021 | 877 | - | 172,349 |
| Segment liabilities | <u>5,747</u> | <u>15,690</u> | <u>8,514</u> | <u>3</u> | <u>-</u> | <u>29,954</u> |

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A8 Segment Reporting (cont'd)

| 3 months ended 31.3.2021 | Property | Property & Investment | Manufacturing | Others | Elimination | Total |
|--|--------------|--------------------------|---------------|----------|--------------|----------------|
| | Development | Holding | & Trading | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Segment Revenue | | | | | | |
| External revenue | 3,141 | 1,351 | 9,338 | - | - | 13,830 |
| Intersegment revenue | - | 400 | - | - | (400) | - |
| | <u>3,141</u> | <u>1,751</u> | <u>9,338</u> | <u>-</u> | <u>(400)</u> | <u>13,830</u> |
| Segment Results | | | | | | |
| Profit/(Loss) from operations | 60 | (640) | 526 | - | - | (54) |
| Interest Income | 3 | 1 | - | - | - | 4 |
| Finance costs | (33) | (178) | (141) | - | - | (352) |
| Depreciation & amortisation | (16) | (176) | (423) | - | - | (615) |
| Profit/(Loss) before tax | <u>14</u> | <u>(993)</u> | <u>(38)</u> | <u>-</u> | <u>-</u> | <u>(1,017)</u> |
| Taxation | (161) | (54) | 3 | - | - | (212) |
| Net profit/(loss) attributable to owners of the parent | <u>(147)</u> | <u>(1,047)</u> | <u>(35)</u> | <u>-</u> | <u>-</u> | <u>(1,229)</u> |
| Assets and Liabilities | | | | | | |
| Segment assets | 26,525 | 132,422 | 30,246 | 872 | - | 190,065 |
| Segment liabilities | <u>9,024</u> | <u>18,229</u> | <u>10,071</u> | <u>3</u> | <u>-</u> | <u>37,327</u> |

A9 Valuation of Property, Plant & Equipment

The valuation of property, plant and equipment have been brought forward, without amendments from the previous audited financial statements.

A10 Material Events Subsequent to the End of the Interim Period

There were no material events subsequent to the current financial period ended 31 March 2022 up to the date of this report.

A11 Changes in the Composition of the Group

There were no changes in the composition of the Group during the current financial period ended 31 March 2022.

A12 Changes in Contingent Liabilities and Contingent Assets

There were no changes in contingent liabilities and contingent assets since 31 December 2021.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

A13 Outstanding Commitments

There were no outstanding commitments for the financial period under review.

A14 Related Party Transactions

The following related party transactions were carried out in the ordinary course of business and were established on terms and conditions that are not materially different from those obtainable in transactions with unrelated parties:

| | 3 months ended 31.3.2022 RM'000 |
|--|---------------------------------------|
| Rental income received / receivable from related parties | 202 |
| Management fee paid/payable to related parties | 317 |
| Advisory fee paid to a related party | <u>30</u> |

ADDITIONAL INFORMATION REQUIRED PURSUANT TO APPENDIX 9B OF THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

B1 Review of Performance of the Company and its Principal Subsidiaries

For the Quarter

| | 31.3.2022 | 31.3.2021 | Changes | |
|--|----------------|----------------|----------------|-------------|
| | RM'000 | RM'000 | RM'000 | % |
| 3 Months Ended | | | | |
| Revenue | | | | |
| Property Development | 1,495 | 3,141 | (1,646) | -52% |
| Manufacturing & Trading | 8,532 | 9,338 | (806) | -9% |
| Property & Investment Holding | 1,949 | 1,352 | 597 | 44% |
| | <u>11,976</u> | <u>13,830</u> | <u>(1,855)</u> | <u>-13%</u> |
| Profit Before Tax | | | | |
| Property Development | (544) | 14 | (558) | 4050% |
| Manufacturing & Trading | (830) | (38) | (792) | -2087% |
| Property & Investment Holding and Others | (485) | (993) | 508 | 51% |
| | <u>(1,859)</u> | <u>(1,017)</u> | <u>(842)</u> | <u>-83%</u> |

The Group registered revenue of RM11.98 million and loss before tax of RM1.86 million in the first quarter ended 31 March 2022 as compared to a revenue of RM13.83 million and a loss before tax of RM1.02 million in the preceding year corresponding quarter. The manufacturing and trading division recorded a lower revenue of RM8.53 million in the first quarter ended 31 March 2022 as compared to RM9.34 million in the first quarter 2021 mainly due to restricted production capacity and lower sales quantities as a result of higher raw materials cost and labour shortage impacted by Covid-19 pandemic, despite higher selling prices.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

B1 Review of Performance of the Company and its Principal Subsidiaries (cont'd)

For the Quarter (cont'd)

The property development division recorded a revenue of RM1.49 million in the first quarter 2022, a decrease of RM1.65 million mainly due to lower contribution on the completion of certain projects in Ipoh. As for the property and investment holding division, the revenue was higher at RM1.95 million in the first quarter 2022 as compared to RM1.35 million in the first quarter 2021 mainly due to improvement in the carpark operation after the lockdown ended in mid of September 2021.

The Group recorded a loss before tax of RM1.86 million in the period under review as compared to RM1.02 million in the first quarter ended 31 March 2021 mainly due to the higher loss of the property division and the manufacturing and trading division.

The property development division recorded a loss of RM0.54 million in the first quarter 2022 as compared to a profit of RM0.01 million in the first quarter 2021 mainly due to lower contribution from the on-going projects and the absence of sales of completed projects in Ipoh.

The Group's manufacturing and trading division recorded a loss of RM0.83 million in the first quarter 2021 as compared to RM0.04 million in the first quarter 2021 mainly due to lower sales quantities as a result of lower production capacity caused by the labour shortage impacted by the Covid-19 pandemic and the higher raw materials costs.

The Group's property and investment holding division recorded a lower loss of RM0.48 million in the first quarter 2022 as compared to RM0.99 million loss in the first quarter 2021 mainly due to higher contribution from car park operation as a result of increase in season parking.

B2 Explanatory comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter

First Quarter 2022 vs Fourth Quarter 2021

| | Current Quarter 31.3.2022 | Immediate Preceding Quarter 31.12.2021 | Changes | |
|--|---------------------------------|---|----------------|--------------|
| | RM'000 | RM'000 | RM'000 | % |
| Revenue | | | | |
| Property Development | 1,495 | 2,421 | (926) | -38% |
| Manufacturing & Trading | 8,532 | 10,556 | (2,024) | -19% |
| Property & Investment Holding | 1,949 | 1,865 | 84 | 4% |
| | <u>11,976</u> | <u>14,841</u> | <u>(2,867)</u> | <u>-19%</u> |
| Profit Before Tax | | | | |
| Property Development | (544) | (730) | 187 | -26% |
| Manufacturing & Trading | (830) | (210) | (620) | -295% |
| Property & Investment Holding and Others | (485) | 271 | (756) | 279% |
| | <u>(1,859)</u> | <u>(670)</u> | <u>(1,189)</u> | <u>-178%</u> |

During the 3 months ended 31 March 2022, the Group's revenue of RM11.98 million represents a decrease of RM2.87 million or 19% from the RM14.84 million revenue recorded in the preceding 3 months ended 31 December 2021. The property division recorded a lower revenue of RM1.49 million in the current quarter as compared to RM2.42 million in the fourth quarter 2021 due to lower sales and development progress. The manufacturing and trading division recorded a lower revenue of RM8.53 million in the first quarter 2021, as compared with RM10.56 million in the fourth quarter 2021 mainly due higher selling price as a result of higher raw material costs and lower production capacity due to shortage of labour impacted by Covid-19 pandemic.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

B2 Explanatory comments on Any Material Change in the Profit Before Tax for the Quarter Reported on as Compared with the Immediate Preceding Quarter (cont'd)

First Quarter 2022 vs Fourth Quarter 2021 (cont'd)

As for the property and investment holding division, the revenue was 4% higher at RM1.95 million in the current quarter as compared to RM1.87 million in the preceding 3 months ended 31 December 2021. The car park operation is on the recovery trend after the end of lockdown in September 2021.

The Group recorded a loss before tax of RM1.86 million in the first quarter 2022, a higher loss of RM1.19 million as compared to a loss of RM0.67 million in the fourth quarter 2021 mainly due higher loss of manufacturing and trading division and the absence of fair value gain on investment properties.

The property development division recorded a loss of RM0.54 million in the first quarter 2022, lower loss as compared to RM0.73m in fourth quarter 2021 mainly due to lower operating expenses.

The Group's manufacturing and trading division recorded a higher loss of RM0.83 million in the first quarter 2022 as compared to a RM0.21 million loss in the fourth quarter 2021 mainly due to lower sales quantities as a result of lower production capacity caused by labour shortage impacted by Covid-19 pandemic and the higher raw material costs.

The Group's property & investment holding division recorded a loss before tax of RM0.48 million in the first quarter 2022, higher loss of RM0.76 million as compared to a profit of RM0.27 million in the fourth quarter 2021 mainly due the absence of fair value gain on investment properties.

B3 Commentary on Prospects

With the recovery momentum and a GDP growth of 3.1% in 2021, Bank Negara Malaysia projected Malaysia's GDP growth expansion of between 5.3% and 6.3% in 2022, driven by normalisation in economic and social activities as Malaysia entered the transition to endemic phase on 1 April 2022. The Group's car park business is expected to recover in 2022 with the rebound in economic activity. The property glut situation is not expected to improve in the immediate future. In the short term, the Group will remain cautious and focus on selling the unsold units at Pinnacle Kelana Jaya and the continuation of its existing projects in Ipoh in 2022.

The manufacturing division will strive to minimise losses in 2022.

The investment holding division's rental income and car park income are expected to improve in line with the economic recovery in 2022.

Faced with the uncertainties from development surrounding Covid-19, impact of the military conflict in Ukraine on global growth and the corresponding rise in global commodity prices, rising inflation and high input costs amid prolonged supply chain disruption, the Group's result in 2022 is not expected to improve significantly.

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(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

B4 Explanatory Notes for Variance of Actual Profit from Forecast Profit / Profit Guarantee

Not applicable.

B5 Taxation

**3 months
Ended
31.3.2022
RM'000**

Taxation based on the results for the period:

| | |
|--|-------|
| Malaysian taxation | - |
| Transfer to/(from) deferred taxation | 90 |
| | <hr/> |
| | 90 |
| Under/(Over) provision of taxation in respect of prior year | - |
| | <hr/> |
| | 90 |
| | <hr/> |

The disproportionate tax charge in the current period was mainly due to non availability of group relief in respect of losses incurred by the Company and certain subsidiary companies, certain expenses which are not deductible for tax purposes and certain income which are not subject to tax.

B6 Status of Corporate Proposals

No corporate proposal was undertaken by the Group in the financial period ended 31 March 2022.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

B7 Group Borrowings

| | As at 31.3.2022 RM'000 | As at 31.3.2021 RM'000 |
|--|------------------------------|------------------------------|
| Current | | |
| Secured (RM denominated):- | | |
| - Lease liabilities (fixed interest rate) | 109 | 29 |
| - Bankers' acceptance (floating interest rate) | - | 6,197 |
| - Term loan (floating interest rate) | 2,700 | 2,764 |
| - Trust receipt (floating interest rate) | 124 | - |
| - Revolving credit (floating interest rate) | 3,700 | 4,200 |
| - Bank overdrafts (floating interest rate) | 634 | 1,925 |
| | <u>7,267</u> | <u>15,115</u> |
| Non-current | | |
| Secured (RM denominated):- | | |
| - Lease liabilities (fixed interest rate) | 137 | - |
| - Term loan (floating interest rate) | 11,737 | 9,640 |
| | <u>11,874</u> | <u>9,640</u> |
| Borrowings maturity: | | |
| Less than one year | 7,267 | 15,115 |
| Later than one year and not later than two years | 3,211 | 2,907 |
| Later than two years and not later than five years | 6,628 | 6,607 |
| Later than five years | 2,035 | 126 |
| | <u>19,141</u> | <u>24,755</u> |
| The weighted average effective rates per annum are as follows: | | |
| - Lease liabilities | 6.97% | 3.46% |
| - Bankers' acceptance | - | 4.80% |
| - Term loan | 5.37% | 4.74% |
| - Trust receipt | 6.70% | - |
| - Revolving credit | 4.46% | 4.46% |
| - Bank overdrafts | 6.80% | 7.05% |
| The proportion of debts are as follows: | | |
| - Fixed interest rate | 1.3% | 0.1% |
| - Floating interest rate | 98.7% | 99.9% |

B8 Derivative Financial Instruments

There were no derivative financial instruments as at financial period ended 31 March 2022.

B9 Material Litigation

As at the date of this report, there is no pending material litigation for the Group.

SOUTH MALAYSIA INDUSTRIES BERHAD

Registration No. 196901000152 (8482-D)

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER AND FINANCIAL PERIOD ENDED 31 MARCH 2022

NOTES TO THE INTERIM FINANCIAL REPORT

B10 Dividends

The Directors do not recommend any payment of dividend for the financial period ended 31 March 2022.

B11 Profit/(Loss) From Operations

The following items have been charged/(credited) in arriving at profit/(loss) from operations:

| | 3 Months Ended | |
|---|----------------|-----------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| (a) Other income including investment income | (135) | (149) |
| (b) Depreciation and amortisation | 615 | 615 |
| (c) Provision for and write-off/(write-back) of receivables | (15) | 9 |
| (d) Loss/(Gain) on disposal of quoted investments | (2) | 141 |
| (e) Foreign exchange loss/(gain) | 4 | 1 |
| (f) Impairment/(reversal) of other investment | - | 35 |

Other than the above, there were no loss/(gain) on derivatives, and exceptional items for the current quarter and financial period ended 31 March 2022.

B12 Earnings per Share

| | 3 Months Ended | |
|--|----------------|-----------|
| | 31.3.2022 | 31.3.2021 |
| | RM'000 | RM'000 |
| (a) Basic Earnings per Share | | |
| Net profit/(loss) attributable to owners of the parent | (1,949) | (1,229) |
| Weighted average number of shares in issue ('000) | 209,940 | 209,940 |
| Basic earnings/(loss) per share (sen) | (0.93) | (0.59) |

(b) Diluted Earnings per Share

There is no dilutive event as at 31 March 2022 and 31 March 2021. Therefore, the diluted EPS is the same as the basic EPS.

By Order of the Board

Tan Siew Chin

Company Secretary

Kuala Lumpur

Date: 30 May 2022