

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 3 months ended 31 March 2022 - unaudited

	Note	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
		2022 RM	2021 RM	2022 RM	2021 RM
Revenue		40,106,360	47,272,460	40,106,360	47,272,460
Interest income		1,037,753	607,804	1,037,753	607,804
Other income		979,990	1,335,298	979,990	1,335,298
Operating expenses		(29,546,893)	(35,001,836)	(29,546,893)	(35,001,836)
Changes in work-in-progress and finished goods		(188,715)	(597,659)	(188,715)	(597,659)
Employee benefit expenses		(4,185,009)	(3,708,166)	(4,185,009)	(3,708,166)
Administrative expenses		(5,901,005)	(3,832,692)	(5,901,005)	(3,832,692)
Profit from operating activities	A8	2,302,481	6,075,209	2,302,481	6,075,209
Interest expense		(520,292)	(400,208)	(520,292)	(400,208)
Share of losses from associate		-	(16,033)	-	(16,033)
Profit before tax		1,782,189	5,658,968	1,782,189	5,658,968
Income tax expense		(1,183,726)	(1,200,074)	(1,183,726)	(1,200,074)
Profit for the period, net of tax		598,463	4,458,894	598,463	4,458,894
Other comprehensive income, net of tax					
Items that will be reclassified to profit or loss in the future:					
Foreign currency translation differences for foreign operations		(1,310,552)	741,640	(1,310,552)	741,640
Other comprehensive income for the period, net of tax		(1,310,552)	741,640	(1,310,552)	741,640
Total comprehensive income for the period		(712,089)	5,200,534	(712,089)	5,200,534
Profit for the period attributable to:					
Owners of the Company		400,988	4,380,062	400,988	4,380,062
Non-controlling interests		197,475	78,832	197,475	78,832
Profit for the period		598,463	4,458,894	598,463	4,458,894
Total comprehensive income attributable to:					
Owners of the Company		(638,935)	4,970,043	(638,935)	4,970,043
Non-controlling interests		(73,154)	230,491	(73,154)	230,491
Total comprehensive income for the period		(712,089)	5,200,534	(712,089)	5,200,534
Basic/Diluted, earnings per ordinary share (sen)		0.43	4.73	0.43	4.73

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 31 March 2022 - unaudited**

	31 March 2022 RM	31 December 2021 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	80,801,782	83,474,337
Right-of-use assets	87,600	93,769
Inventories - Land held for property development	103,611,014	104,837,637
Investment properties	124,220,000	124,220,000
Long term investments	25,355	26,924
Trade and other receivables	1,508,993	25,082,566
Deferred tax assets	5,270,843	5,236,243
Total non-current assets	<u>315,525,587</u>	<u>342,971,476</u>
Current Assets		
Inventories - Property development costs	14,123,481	14,072,103
Inventories - Properties held for sale and others	30,847,833	30,874,206
Trade and other receivables	79,380,620	48,224,616
Other current assets	12,569,741	11,603,425
Short term investments	58,172,192	67,487,177
Tax recoverable	1,370,863	684,817
Cash and bank balances	26,828,706	27,198,806
Total current assets	<u>223,293,436</u>	<u>200,145,150</u>
TOTAL ASSETS	<u>538,819,023</u>	<u>543,116,626</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	322,660,888	322,259,900
Reserves	(6,047,915)	(5,007,992)
Equity attributable to owners of the Company	<u>418,496,616</u>	<u>419,135,551</u>
Non-controlling interests	<u>6,794,320</u>	<u>6,867,474</u>
Total equity	<u>425,290,936</u>	<u>426,003,025</u>
Non-Current Liabilities		
Loans and borrowings	27,434,474	28,724,995
Other payables	1,039,491	1,168,753
Deferred tax liabilities	5,073,912	4,818,164
Total non-current liabilities	<u>33,547,877</u>	<u>34,711,912</u>
Current Liabilities		
Loans and borrowings	29,916,809	30,099,975
Trade and other payables	32,752,526	33,832,962
Other current liabilities	17,067,275	17,816,306
Tax payable	243,600	652,446
Total current liabilities	<u>79,980,210</u>	<u>82,401,689</u>
Total liabilities	<u>113,528,087</u>	<u>117,113,601</u>
TOTAL EQUITY AND LIABILITIES	<u>538,819,023</u>	<u>543,116,626</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.51</u>	<u>4.52</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity
For 3 months ended 31 March 2022 - unaudited**

	Attributable to owners of the Company		Distributable				Total equity RM	
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM	Retained profits RM		Non- controlling interests RM
3 months ended 31 March 2022								
Balance at 1 January 2022	101,883,643	(9,665,787)	2,058,238	3,026,004	(426,447)	322,259,900	6,867,474	426,003,025
Total comprehensive income for the period	-	(1,039,923)	-	-	-	400,988	(73,154)	(712,089)
Balance at 31 March 2022	101,883,643	(10,705,710)	2,058,238	3,026,004	(426,447)	322,660,888	6,794,320	425,290,936
3 months ended 31 March 2021								
Balance at 1 January 2021	101,883,643	(5,444,875)	1,157,522	3,026,004	(426,447)	308,283,265	7,768,359	416,247,471
Total comprehensive income for the period	-	589,981	-	-	-	4,380,062	230,491	5,200,534
Balance at 31 March 2021	101,883,643	(4,854,894)	1,157,522	3,026,004	(426,447)	312,663,327	7,998,850	421,448,005

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 and the accompanying notes attached to the Interim Financial Statements.

**Condensed Consolidated Statement of Cash Flows
For the 3 months ended 31 March 2022 - unaudited**

	3 months ended 31 March	
	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	1,782,189	5,658,968
Adjustments for :-		
Allowance for impairment loss on trade and other receivables	2,500,837	53,233
Depreciation	1,771,774	2,508,272
Dividend income from short term investments	(202)	(196,299)
Fair value gain on short/long term investments	(265,446)	(2,876)
Gain on disposal of property, plant and equipment, net	(241,711)	(200)
Interest expense	520,292	402,830
Interest income	(1,037,753)	(607,804)
Inventories written back to net realisable value:		
- property development costs	-	(30,439)
- property held for sale and others	-	(28,506)
Property, plant and equipment written off	714	-
Share of losses of associate	-	16,033
Unrealised gain on foreign exchange	(92,486)	(341,769)
Operating profit before changes in working capital	<u>4,938,208</u>	<u>7,431,443</u>
Changes in working capital:-		
Net changes in current assets	(9,603,687)	(14,808,730)
Net changes in current liabilities	(1,152,508)	7,910,292
Cash flows from operations	<u>(5,817,987)</u>	<u>533,005</u>
Interest paid	(235,960)	(58,553)
Interest received	1,011,476	108,183
Taxes paid	(2,062,070)	(1,666,087)
Net cash flows used in operating activities	<u>(7,104,541)</u>	<u>(1,083,452)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from short term investments	202	196,299
Interest received	1,830	3,232
Inventories - Land held for property development	(395,803)	(417,942)
Proceeds from disposal of:		
- short term investments	17,787,081	17,555,765
- property, plant and equipment	273,300	200
Purchase of:		
- short term investments	(8,205,081)	(11,657,602)
- property, plant and equipment	(445,805)	(250,549)
Net cash flows from investing activities	<u>9,015,724</u>	<u>5,429,403</u>

DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 3 months ended 31 March 2022 - unaudited**

	3 months ended 31 March	
	2022 RM	2021 RM
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(97,407)
Interest paid	(289,237)	(413,790)
Payment of principal portion of lease liability	(2,980)	(4,528)
Repayment of term loan	(1,250,001)	(1,748,820)
Repayment of hire purchase liabilities	(122,544)	(168,740)
Net cash flows used in financing activities	<u>(1,664,762)</u>	<u>(2,433,285)</u>
Net increase in cash and cash equivalents	246,421	1,912,666
Effects of exchange rate differences	78,975	(131,694)
Cash and cash equivalents at beginning of the period	<u>16,106,345</u>	<u>9,053,377</u>
Cash and cash equivalents at end of the period	<u><u>16,431,741</u></u>	<u><u>10,834,349</u></u>

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

Cash and bank balances	12,084,032	11,973,277
Deposits with licensed banks	14,744,674	13,374,090
Bank overdrafts	(50,713)	(4,701,397)
	<u>26,777,993</u>	<u>20,645,970</u>
Less:		
Deposits with maturity period more than 3 months	(10,346,252)	(9,811,621)
	<u>16,431,741</u>	<u>10,834,349</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2021 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD 199501040269 (369472-P)

(Incorporated in Malaysia)

A. Notes to the Interim Financial Statements

A1. Basis of Preparation

These interim financial statements are unaudited and have been prepared in accordance with the requirements of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of the Bursa Malaysia Securities Berhad ("BMSB").

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 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 year ended 31 December 2021.

A2. Significant Accounting Policies

The significant accounting policies and presentation adopted by the Group in these interim financial statements are consistent with those of the Group's consolidated financial statements for the year ended 31 December 2021 except as follows:

On 1 January 2022, the Group adopted the following applicable amended MFRSs mandatory for annual financial period beginning on or after the following dates.

	Effective for annual financial periods beginning on or after
Covid-19 Related Rent Concessions beyond 30 June 2021 (Amendments to MFRS 16 : Leases)	1 April 2021
Annual Improvements to MFRS Standards 2018 – 2020 Cycle	
(i) Amendments to MFRS 1 : First-time Adoption of Malaysian Financial Reporting Standards : Subsidiary as a First-Time Adopter	1 January 2022
(ii) Amendments to MFRS 9 : Financial Instruments : Fees in the '10 per cent' Test for Derecognition of Financial Liabilities	1 January 2022
(iii) Illustrative Examples accompanying MFRS 16 : Leases : Lease Incentives	1 January 2022
(iv) Amendments to MFRS 141 : Agriculture : Taxation in Fair Value Measurements	1 January 2022
Reference to the Conceptual Framework (Amendments to MFRS 3 : Business Combina Property, Plant and Equipment – Proceeds before Intended Use (Amendments to MFRS 116 : Property, Plant and Equipment)	1 January 2022
Onerous Contracts – Costs of Fulfilling a Contract (Amendments to MFRS 137 : Provisions, Contingent Liabilities and Contingent Assets)	1 January 2022

Adoption of the above amendments did not have any effect on the financial performance or position of the Group.

A3. Seasonal or Cyclical Factors

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the current quarter.

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

A5. Changes in Estimates

There were no changes in estimation that have had any material effect on the current quarter results.

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities, share buy-back and share held as treasury shares during the current quarter.

A7. Dividend Paid

No dividend has been paid during the current quarter.

A8. Profit from operating activities

Curret quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
2022	2021	2022	2021
RM	RM	RM	RM

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

Total depreciation	1,771,774	2,508,272	1,771,774	2,508,272
Depreciation capitalised under construction costs	(174,369)	(281,818)	(174,369)	(281,818)
Depreciation charged to profit from operating activities	1,597,405	2,226,454	1,597,405	2,226,454
Allowance for impairment loss on trade and other receivables	2,500,837	53,233	2,500,837	53,233
Dividend income from short term investments	(202)	(196,299)	(202)	(196,299)
Fair value gain on short/long term investments	(265,446)	(2,876)	(265,446)	(2,876)
Gain on disposal of property, plant and equipment	(241,711)	(200)	(241,711)	(200)
Gain on foreign exchange :				
- realised	(4,133)	(26,539)	(4,133)	(26,539)
- unrealised	(92,486)	(341,769)	(92,486)	(341,769)
Inventories written back to net realisable value:				
- property development costs	-	(30,439)	-	(30,439)
- property held for sale and others	-	(28,506)	-	(28,506)
Property, plant and equipment written off	714	-	714	-
Impairment loss on property, plant and equipment	N/A	N/A	N/A	N/A
Inventories written off	N/A	N/A	N/A	N/A
Gain on derivatives	N/A	N/A	N/A	N/A

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

A9. Segmental reporting

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment. Current taxes, deferred taxes and certain financial assets not allocated to those segments as they are managed on a group basis.

Current quarter 3 months ended 31 March 2022

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	3,149,983	15,428,274	18,756,056	6,065,581	2,237,853	201,657	45,839,404
Inter-segment sales	(2,117,947)	(3,346,788)	(217,953)	-	-	(50,356)	(5,733,044)
External sales	1,032,036	12,081,486	18,538,103	6,065,581	2,237,853	151,301	40,106,360
Results							
Segment results	408,801	(1,440,254)	1,855,787	694,667	797,528	(14,048)	2,302,481
Interest expense	(283,407)	(223,880)	(4,650)	-	(8,355)	-	(520,292)
Profit/(Loss) before tax	125,394	(1,664,134)	1,851,137	694,667	789,173	(14,048)	1,782,189
Income tax expense							(1,183,726)
Profit for the period							<u>598,463</u>
Total Assets							
Segment assets	136,750,324	82,586,734	72,250,437	143,138,604	38,964,427	289,244	473,979,770
Unallocated corporate assets							64,839,253
Total assets							<u>538,819,023</u>
Total Liabilities							
Segment liabilities	34,427,648	54,207,691	9,273,452	7,708,811	2,584,396	8,577	108,210,575
Unallocated corporate liabilities							5,317,512
Total liabilities							<u>113,528,087</u>

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Current quarter 3 months ended 31 March 2022 (cont'd.)

Type of goods and services	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	12,074,833	-	-	-	-	12,074,833
Sale of completed properties	-	-	-	-	-	-	-
Sale of development properties	-	-	-	6,058,182	-	-	6,058,182
Sale of goods and services	1,420	6,653	18,538,103	7,399	2,237,853	151,301	20,942,729
Revenue from contracts with customers	1,420	12,081,486	18,538,103	6,065,581	2,237,853	151,301	39,075,744
Rental income from investment properties	1,030,616	-	-	-	-	-	1,030,616
	<u>1,032,036</u>	<u>12,081,486</u>	<u>18,538,103</u>	<u>6,065,581</u>	<u>2,237,853</u>	<u>151,301</u>	<u>40,106,360</u>
Geographical markets							
Malaysia	1,420	12,081,486	18,538,103	6,065,581	-	151,301	36,837,891
Lao People's Democratic Republic	-	-	-	-	2,237,853	-	2,237,853
	<u>1,420</u>	<u>12,081,486</u>	<u>18,538,103</u>	<u>6,065,581</u>	<u>2,237,853</u>	<u>151,301</u>	<u>39,075,744</u>
Timing of transfer of goods and services							
At a point in time	1,420	6,653	18,538,103	7,399	2,237,853	151,301	20,942,729
Over time	-	12,074,833	-	6,058,182	-	-	18,133,015
	<u>1,420</u>	<u>12,081,486</u>	<u>18,538,103</u>	<u>6,065,581</u>	<u>2,237,853</u>	<u>151,301</u>	<u>39,075,744</u>

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

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

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 31 March 2021 (cont'd.)							
Type of goods and services							
Construction contracts	-	12,875,553	-	-	-	-	12,875,553
Sale of completed properties	-	-	-	865,392	-	-	865,392
Sale of development properties	-	-	-	7,934,434	-	-	7,934,434
Sale of goods and services	240	-	21,612,828	3,450	2,585,846	13,953	24,216,317
Revenue from contracts with customers	240	12,875,553	21,612,828	8,803,276	2,585,846	13,953	45,891,696
Rental income from investment properties	1,380,764	-	-	-	-	-	1,380,764
	<u>1,381,004</u>	<u>12,875,553</u>	<u>21,612,828</u>	<u>8,803,276</u>	<u>2,585,846</u>	<u>13,953</u>	<u>47,272,460</u>
Geographical markets							
Malaysia	240	12,875,553	21,612,828	8,803,276	-	13,953	43,305,850
Lao People's Democratic Republic	-	-	-	-	2,585,846	-	2,585,846
	<u>240</u>	<u>12,875,553</u>	<u>21,612,828</u>	<u>8,803,276</u>	<u>2,585,846</u>	<u>13,953</u>	<u>45,891,696</u>
Timing of transfer of goods and services							
At a point in time	240	-	21,612,828	865,392	2,585,846	13,953	25,078,259
Over time	-	12,875,553	-	7,937,884	-	-	20,813,437
	<u>240</u>	<u>12,875,553</u>	<u>21,612,828</u>	<u>8,803,276</u>	<u>2,585,846</u>	<u>13,953</u>	<u>45,891,696</u>

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

A10. Material Subsequent Events

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

A11. Changes in Composition of the Group

There are no changes in composition of the Group for the current quarter.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 31 March	
	2022 RM	2021 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	65,702,517	63,318,887
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	-	33,431
	<u>65,702,517</u>	<u>63,352,318</u>

The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognised the value of the obligation under the financial guarantee in the statement of financial position.

(b) Contingent Assets

There were no contingent assets since 31 December 2021.

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

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchase of consumables from DKLS Service Station	(1,207)	(744)	(1,207)	(744)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,400)	(4,320)	(4,400)	(4,320)
Supply of electricity by Ipoh Tower Sdn Bhd	(16,832)	(17,256)	(16,832)	(17,256)
	<u>(16,832)</u>	<u>(17,256)</u>	<u>(16,832)</u>	<u>(17,256)</u>

The Directors are of the opinion that all related party transactions have been entered into in the ordinary course of business at arm's length basis on normal commercial terms.

There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

A14. Capital Commitments

	As at 31 March 2022 RM
Approved and contracted for: Property, plant and equipment	<u>2,274,996</u>
Approved but not contracted for: Property, plant and equipment	<u>-</u>

A15. Operating lease commitments - as lessor

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

	As at 31 March 2022 RM
Not later than 1 year	2,926,267
Later than 1 year but not later than 5 years	2,045,551
	<u>4,971,818</u>

B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****Review of Performance for 1Q22 vs 1Q21**

For the first quarter ended 31 March 2022 ("1Q22"), the Group has recorded a lower revenue of RM40.106 million, a decrease of 15.2% as compared to RM47.272 in the previous year corresponding quarter ("1Q21"). The Group has also recorded a lower profit before tax of RM1.782 million, a decrease of 68%, as compared to RM5.659 million in 1Q21. The decrease in revenue and profit before tax of the Group can be analysed by segment as below:-

1Q22 vs 1Q21

Increase/(Decrease)

	Revenue	Profit before tax
	RM'000	RM'000
Investment	(349)	(612)
Construction	(794)	(1,867)
Quarry	(3,075)	(775)
Property development	(2,737)	(1,023)
Utilities	(348)	485
Others	137	(85)
	<u>(7,166)</u>	<u>(3,877)</u>

Investment

The investment segment derived its main income from investment properties.

For the current quarter under review, the investment segment has recorded a lower revenue of RM1.032 million as compared to RM1.381 million in the previous year corresponding quarter mainly due to lower occupancy rate of 71% (1Q21 : 93%) and higher rental discount given to tenant of RM0.048 million (1Q21 : RM0.005 million). In light of the lower revenue and lower unrealised gain on foreign exchange of RM0.080 million (1Q21 : RM0.311 million), the investment segment has recorded a lower profit before tax of RM0.125 million as compared to RM0.737 million in the previous year corresponding quarter.

Construction

The construction segment has recorded a lower revenue of RM12.081 million from its on-going projects in the current quarter under review as compared to RM12.875 million in the previous year corresponding quarter as a result of lower order book.

The (loss)/profit before tax of the construction segment in 1Q22 and 1Q21 were affected by the following items:

- a) higher interest income of RM0.985 million (1Q21 : RM0.546 million) from long term receivables;
- b) higher allowance for impairment losses on receivables of RM2.650 million (1Q21 : RM0.253 million); and
- c) higher interest expense of RM0.224 million (1Q21 : RM0.003 million).

If these items were excluded from the (loss)/profit before tax, the construction segment would have recorded a marginal profit before tax in 1Q22 versus a marginal loss before tax in 1Q21 which contributed from its on-going projects commenced in second quarter of 2021 with higher margin.

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

B1. Operating Segment Review (cont'd.)

Quarry

For the current quarter under review, the quarry segment has recorded a lower profit before tax of RM1.851 million (1Q21 : RM2.626 million) on a lower revenue of RM18.538 million (1Q21 : RM21.613 million) with a lower margin due to the escalation in bitumen and fuel prices being the main costs for premix production.

There were no major fluctuations in other operating income and overhead costs except for the following:

- a) wages subsidy received of RMNil (1Q21 : RM0.186 million); and
- b) gain on disposal of RM0.125 million (1Q21 : RMNil).

Property Development

For the current quarter under review, the property development segment has recorded a lower revenue of RM6.066 million (1Q21 : RM8.803 million) mainly due to the lower percentage of completion achieved for its near completion Phase 2 of gated and guarded residential project "GOSHEN" Ipoh Premier City ("IPC"). The decrease in the revenue contributed by IPC Phase 2 project was partially offset by the revenue from the newly launched Pantai Point II project at Pantai Remis, Perak.

With the lower revenue and consistent overhead costs, the property development segment has recorded a lower profit before tax of RM0.695 million in the current quarter as compared to RM1.718 million in the previous year corresponding quarter.

Utilities

The revenue of utilities segment is derived from the supply of treated water and related services to consumers from a water treatment plant located in Lao People's Democratic Republic.

The Utilities segment has recorded a higher profit before tax of RM0.789 million (1Q21 : RM0.304 million) on a lower revenue of RM2.238 million (1Q21 : RM2.586 million) mainly due to lower depreciation charges of RM0.524 million (1Q21 : RM1.199 million) as some of the property, plant and equipment have been fully depreciated.

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

	Current Quarter 31 March 2022 RM'000	Immediate Preceding Quarter 31 December 2021 RM'000	Changes Amount RM'000
Revenue	40,106	54,004	(13,898)
Profit before tax	1,782	6,272	(4,490)

The Group has recorded a lower revenue and profit before tax in the current quarter as compared to the immediate preceding quarter. The lower revenue was affected by:

- (a) the shorter business cycle due to Chinese New Year festive holidays;
- (b) lower order book in the construction segment; and
- (c) lower contribution from near completion project in the development segment.

The profit before tax for 1Q22 and 4Q21 were affected by the following exceptional items:

- (a) gain arising from modification of repayment terms of long term receivables of RMNil (4Q21 : RM0.804 million);
- (b) allowance of impairment losses on receivables of RM2.501 million (4Q21 : RM4.329 million);
- (c) gain on fair value adjustment of investment properties of RMNil (4Q21 : RM0.120 million);
- (d) gain on foreign exchange of RM0.092 million (4Q21 : loss on foreign exchange of RM0.145 million);
- (e) government grant received of RMNil (4Q21 : RM0.585 million);
- (f) gain on disposal of property, plant and equipment of RM0.242 million (4Q21 : RM0.485 million); and
- (g) share of losses of associate of RMNil (4Q21 : RM0.408 million).

If these were excluded from the profit before tax, the Group would have recorded a lower margin on lower revenue with consistent overhead costs.

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

B3. Prospects

From April 2022, Malaysia has begun its transition to the endemic phase of COVID-19. In addition to re-opening of the country's international borders, the Government has lifted almost all pandemic-related restrictions on businesses to spur economic recovery. While economic recovery remains underway in 2022, the pace of recovery remains very challenging as fluctuation in raw material prices, increase in minimum wages, disruption in supply chain, increase in overnight policy rate ("OPR") and rising inflationary pressures may dampen discretionary spending. The Group is also mindful of the threat of COVID-19 related virus and will continue to adhere to the existing SOPs to safeguard the health and safety of the Group's employees.

While the Construction Division actively seek out for potential prospects and collaborations for the Group to grow its order book, it anticipates that this year's performance will be mainly driven by residential sector. The Division will continue to deliver its current outstanding order and divert its resources to focus on providing their expertise and value added services to development projects undertaken by the Property Development Division.

The Property Division will continue to focus on monetising its inventories and progressing its development projects for timely completion. New product launches will be phased according to prevailing market conditions. However, the recent adverse fluctuation in building material prices and increase in OPR by 25bps to 2% has put pressure on the Division.

The Quarry Division is well-positioned to capitalize on infrastructure tailwinds and strong private demands across our geographic footprint. The demand environment for Quarry Division is anticipated to remain robust with long-term commitments in place from policy makers to fund infrastructure and construction. Furthermore, construction for residential projects has gradually increased, helping to drive sales growth for the Division. While commodity cost volatility and supply chain disruptions are expected to continue, the Division will remain focus on its pricing dynamic and cost efficiency to drive further growth.

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

Barring any unforeseen circumstances, the Group remains optimistic about the long-term prospects. The Group will continue to adopt a cautious business strategy, focusing on improving its group synergies to become more resilient and competitive.

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

B4. Income tax expense

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	825,682	1,492,903	825,682	1,492,903
Foreign tax	136,896	24,025	136,896	24,025
	<u>962,578</u>	<u>1,516,928</u>	<u>962,578</u>	<u>1,516,928</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	227,916	(253,827)	227,916	(253,827)
Over provision in prior year	(6,768)	-	(6,768)	-
	<u>221,148</u>	<u>(253,827)</u>	<u>221,148</u>	<u>(253,827)</u>
Withholding tax refund	-	(63,027)	-	(63,027)
Income tax expense	<u>1,183,726</u>	<u>1,200,074</u>	<u>1,183,726</u>	<u>1,200,074</u>

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% of the estimated assessable profit for the period.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

B4. Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31 March		31 March	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	1,782,189	5,658,968	1,782,189	5,658,968
Taxation at applicable tax rates	427,725	1,358,152	427,725	1,358,152
Income not subject to tax	(152,972)	(314,795)	(152,972)	(314,795)
Expenses not deductible for tax purposes	947,061	218,151	947,061	218,151
Expenses for special deduction for tax purposes	(23,124)	-	(23,124)	-
Difference in tax rate of subsidiary	(27,366)	(5,195)	(27,366)	(5,195)
Deferred tax assets not recognised	6	3,442	6	3,442
Deferred tax on undistributed earnings from foreign subsidiary	19,164	3,346	19,164	3,346
Withholding tax refunded	-	(63,027)	-	(63,027)
Over provision of deferred tax in prior year	(6,768)	-	(6,768)	-
Income tax expense	1,183,726	1,200,074	1,183,726	1,200,074

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

B5. Corporate Proposals and Profit Forecast

Not applicable as no profit forecast was published.

There were no corporate proposals announced but not completed as at the reporting date.

B6. Borrowing and Debt Securities

	As at 31 March 2022 RM	As at 31 March 2021 RM
Short term borrowings		
Bank overdrafts (secured)	50,713	4,593,301
Hire purchase liabilities (secured)	254,064	556,017
Term loans (secured)	5,000,004	7,473,234
Bank overdrafts (unsecured)	-	108,096
Bankers' acceptances (unsecured)	-	1,079,000
Lease liabilities (unsecured)	12,028	12,729
Revolving credit (unsecured)	24,600,000	-
	<u>29,916,809</u>	<u>13,822,377</u>
Long term borrowings		
Hire purchase liabilities (secured)	11,633	129,867
Lease liabilities (unsecured)	89,545	109,434
Term loans (secured)	27,333,296	36,870,800
	<u>27,434,474</u>	<u>37,110,101</u>
Total borrowings	<u>57,351,283</u>	<u>50,932,478</u>

Loan and borrowings are denominated in the following currencies:

	As at 31 March 2022 RM	As at 31 March 2021 RM
Ringgit Malaysia	57,273,768	46,245,097
Lao Kip	77,515	4,687,381
	<u>57,351,283</u>	<u>50,932,478</u>

The loans and borrowings denominated in Lao Kip was undertaken by a foreign subsidiary in which the repayment is to be settled in the functional currency of the said subsidiary as such no hedging to Ringgit Malaysia is required.

B7. Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B. Additional information required by BMSB's Listing Requirements (cont'd.)**B8. Proposed Dividend**

No dividend has been proposed or declared in respect of the current quarter ended 31 March 2022.

The Board of Directors has recommended a first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2021. The dividend was approved by the shareholders at the Annual General Meeting held on 24 May 2022. The dividend is payable on 19 August 2022 to shareholders whose name appear in the Record of Depositors on 29 July 2022.

B9. Basic Earnings Per Share**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares in issue during the financial year:

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit attributable to owners of the Company	400,988	4,380,062	400,988	4,380,062
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	Sen	Sen	Sen	Sen
Basic earnings per share	0.43	4.73	0.43	4.73

(b) Diluted

There is no dilutive effect on earnings per share as the Company has no potential issues of ordinary shares.

B10. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the financial statements for the financial year ended 31 December 2021 was unqualified.

B11. Financial Assistance in the Ordinary Course of Business

As at the end of the reporting period, DKLS Construction Sdn Bhd, a wholly-owned subsidiary of the Company, as a Turnkey Contractor, in the ordinary course of business has advanced a total of RM24,599,800 to its main contractor to finance the development works.

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

B12. Fair value of non-financial assets and financial instruments

The following table provides the fair value measurement hierarchy of the Group's non-financial assets and financial instruments as at 31 March 2022:

Fair value of financial instruments that are carried at fair value

	Quoted prices in active markets for identical assets Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM
Non-financial assets:			
Investment properties	-	-	124,220,000
Financial assets:			
Long term/Short term investments			
- Equity instruments (quoted)	25,355	-	-
- Unit trust fund (quoted)	-	58,172,192	-
Financial liabilities:			
Other commitments	-	1,754,730	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current quarter.

Level 1

Level 1 fair value is derived from quoted (unadjusted) market price in active markets for identical assets and liabilities.

Level 2

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

Level 3 fair value

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

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

B12. Fair value of non-financial assets and financial instruments (cont'd.)

Fair value of financial instruments that are carried at fair value (cont'd.)

Determination of fair value

Investment properties

Fair value is determined based on valuations as at 31 December 2021. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison and income capitalisation method that makes reference to the recent transaction value.

Quoted equity instruments

Fair value is determined directly by reference to the published market bid price at the reporting date.

Unit trust fund (quoted)

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

Other commitments

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

Dated : 24 May 2022