

**DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter and 9 months ended 30 September 2020 - unaudited**

|   | Note      | Current Quarter<br>3 months ended<br>30 September |                   | Cumulative Quarter<br>9 months ended<br>30 September |                   |
|---|-----------|---|-------------------|--|-------------------|
|   |           | 2020<br>RM  | 2019<br>RM        | 2020<br>RM   | 2019<br>RM        |
| Revenue   |           | 51,599,521  | 44,478,127        | 103,055,893  | 142,508,021       |
| Interest income   |           | 435,645   | 205,592           | 1,707,033  | 821,824           |
| Other income  |           | 995,287   | 2,641,540         | 4,476,749  | 5,955,718         |
| Operating expenses  |           | (34,626,471)                                      | (28,500,460)      | (69,312,546)   | (105,835,184)     |
| Changes in work-in-progress and finished goods                  |           | (269,633)   | (436,377)         | 375,027  | (127,223)         |
| Employee benefit expenses                                       |           | (3,402,346)                                       | (3,270,878)       | (11,492,407)   | (11,717,977)      |
| Administrative expenses   |           | (4,114,069)                                       | (3,864,986)       | (12,205,717)   | (11,025,401)      |
| <b>Profit from operating activities</b>                         | <b>A8</b> | <b>10,617,934</b>                                 | <b>11,252,558</b> | <b>16,604,032</b>                                    | <b>20,579,778</b> |
| Interest expense  |           | (471,771)   | (748,097)         | (1,719,983)  | (2,331,985)       |
| Share of loss from associate, net of tax                        |           | (21,811)  | (22,242)          | (59,186)   | (64,630)          |
| <b>Profit before tax</b>  |           | <b>10,124,352</b>                                 | <b>10,482,219</b> | <b>14,824,863</b>                                    | <b>18,183,163</b> |
| Income tax expense  |           | (2,635,905)                                       | (2,619,335)       | (3,495,290)  | (4,454,364)       |
| <b>Profit for the period, net of tax</b>                        |           | <b>7,488,447</b>                                  | <b>7,862,884</b>  | <b>11,329,573</b>                                    | <b>13,728,799</b> |
| <b>Other comprehensive income, net of tax</b>                   |           |   |                   |  |                   |
| Foreign currency translation differences for foreign operations |           | (2,188,959)                                       | (249,891)         | (1,013,202)  | (866,127)         |
| <b>Other comprehensive income for the period, net of tax</b>    |           | <b>(2,188,959)</b>                                | <b>(249,891)</b>  | <b>(1,013,202)</b>                                   | <b>(866,127)</b>  |
| <b>Total comprehensive income for the period</b>                |           | <b>5,299,488</b>                                  | <b>7,612,993</b>  | <b>10,316,371</b>                                    | <b>12,862,672</b> |
| <b>Profit for the period attributable to:</b>                   |           |   |                   |  |                   |
| Owners of the Company   |           | 7,398,773   | 7,763,453         | 11,103,314   | 13,148,478        |
| Non-controlling interests                                       |           | 89,674  | 99,431            | 226,259  | 580,321           |
| <b>Profit for the period</b>                                    |           | <b>7,488,447</b>                                  | <b>7,862,884</b>  | <b>11,329,573</b>                                    | <b>13,728,799</b> |
| <b>Total comprehensive income attributable to:</b>              |           |   |                   |  |                   |
| Owners of the Company   |           | 5,465,727   | 7,567,400         | 10,101,196   | 12,466,766        |
| Non-controlling interests                                       |           | (166,239)   | 45,593            | 215,175  | 395,906           |
| <b>Total comprehensive income for the period</b>                |           | <b>5,299,488</b>                                  | <b>7,612,993</b>  | <b>10,316,371</b>                                    | <b>12,862,672</b> |
| Basic/Diluted, earnings per ordinary share (sen)                |           | 7.98  | 8.37              | 11.98  | 14.18             |

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

**Condensed Consolidated Statement of Financial Position  
As at 30 September 2020 - unaudited**

|  | 30 September 2020<br>RM | 31 December 2019<br>RM |
|--|-------------------------|------------------------|
| <b>ASSETS</b>  |                         |                        |
| <b>Non-Current Assets</b>  |                         |                        |
| Property, plant and equipment                                      | 108,104,129             | 116,123,530            |
| Right-of-use assets  | 122,282                 | 162,096                |
| Land held for property development                                 | 80,408,406              | 79,557,780             |
| Investment properties  | 117,150,000             | 117,290,000            |
| Investment in associates   | 270,411                 | 329,597                |
| Long term investments  | 20,128                  | 25,823                 |
| Trade and other receivables  | 19,607,413              | 17,804,618             |
| Deferred tax assets  | 3,905,032               | 4,028,659              |
| <b>Total non-current assets</b>                                    | <b>329,587,801</b>      | <b>335,322,103</b>     |
| <b>Current Assets</b>  |                         |                        |
| Property development costs   | 16,524,221              | 10,244,994             |
| Inventories  | 56,864,052              | 59,992,865             |
| Trade and other receivables  | 43,307,168              | 45,206,504             |
| Other current assets   | 5,571,384               | 3,998,216              |
| Short term investments   | 70,331,969              | 67,549,761             |
| Tax recoverable  | 259,688                 | 432,509                |
| Cash and cash equivalents  | 20,271,630              | 24,784,061             |
| <b>Total current assets</b>  | <b>213,130,112</b>      | <b>212,208,910</b>     |
| <b>TOTAL ASSETS</b>  | <b>542,717,913</b>      | <b>547,531,013</b>     |
| <b>EQUITY AND LIABILITIES</b>                                      |                         |                        |
| <b>Equity</b>  |                         |                        |
| Share capital  | 101,883,643             | 101,883,643            |
| Retained profits   | 306,365,858             | 298,043,532            |
| Reserves   | (354,201)               | 443,826                |
| <b>Total equity attributable to owners of the Company</b>          | <b>407,895,300</b>      | <b>400,371,001</b>     |
| <b>Non-controlling interests</b>                                   | <b>8,592,023</b>        | <b>8,580,941</b>       |
| <b>Total equity</b>  | <b>416,487,323</b>      | <b>408,951,942</b>     |
| <b>Non-Current Liabilities</b>                                     |                         |                        |
| Loans and borrowings   | 41,195,651              | 46,658,683             |
| Other payables   | 1,636,546               | 1,925,127              |
| Deferred tax liabilities   | 2,730,246               | 2,408,913              |
| <b>Total non-current liabilities</b>                               | <b>45,562,443</b>       | <b>50,992,723</b>      |
| <b>Current Liabilities</b>   |                         |                        |
| Loans and borrowings   | 11,660,798              | 13,334,779             |
| Trade and other payables   | 31,990,917              | 40,512,915             |
| Dividend payable   | 2,780,988               | -                      |
| Other current liabilities  | 32,106,784              | 33,166,464             |
| Tax payable  | 2,128,660               | 572,190                |
| <b>Total current liabilities</b>                                   | <b>80,668,147</b>       | <b>87,586,348</b>      |
| <b>Total liabilities</b>   | <b>126,230,590</b>      | <b>138,579,071</b>     |
| <b>TOTAL EQUITY AND LIABILITIES</b>                                | <b>542,717,913</b>      | <b>547,531,013</b>     |
| Net assets per share attributable to owners<br>of the Company (RM) | 4.40                    | 4.32                   |

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 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 9 months ended 30 September 2020 - unaudited**

|   | Attributable to owners of the Company |   |                                       |                                     |                           | Total<br>RM        | Non-<br>controlling<br>Interests<br>RM | Total<br>equity<br>RM |
|---|---------------------------------------|---|---------------------------------------|-------------------------------------|---------------------------|--------------------|--|-----------------------|
|   | Share<br>capital<br>RM                | Foreign<br>currency<br>translation<br>reserve<br>RM | Asset<br>revaluation<br>reserve<br>RM | Charter<br>capital<br>reserve<br>RM | Other<br>reserve<br>RM    |                    |  |                       |
|   | Non distributable                     |   |                                       |                                     |                           |                    |  |                       |
|   |                                       |   |                                       |                                     | Retained<br>profits<br>RM |                    |  |                       |
| <b>9 months ended 30 September 2020</b>   |                                       |   |                                       |                                     |                           |                    |  |                       |
| <b>Balance at 1 January 2020</b>  | 101,883,643                           | (3,313,253)   | 1,157,522                             | 3,026,004                           | (426,447)                 | 298,043,532        | 400,371,001                            | 408,951,942           |
| Total comprehensive income for the period   | -                                     | (798,027)   | -                                     | -                                   | -                         | 11,103,314         | 10,305,287                             | 10,316,369            |
| Transactions with owners:<br>Dividend on ordinary shares  | -                                     | -   | -                                     | -                                   | -                         | (2,780,988)        | (2,780,988)                            | (2,780,988)           |
| <b>Balance at 30 September 2020</b>   | <b>101,883,643</b>                    | <b>(4,111,280)</b>                                  | <b>1,157,522</b>                      | <b>3,026,004</b>                    | <b>(426,447)</b>          | <b>306,365,858</b> | <b>407,895,300</b>                     | <b>416,487,323</b>    |
| <b>9 months ended 30 September 2019</b>   |                                       |   |                                       |                                     |                           |                    |  |                       |
| <b>Balance at 1 January 2019</b>  | 101,883,643                           | (1,583,043)   | 1,157,522                             | 3,026,004                           | (426,447)                 | 294,871,825        | 398,929,504                            | 408,297,052           |
| Total comprehensive income for the period   | -                                     | (681,712)   | -                                     | -                                   | -                         | 13,148,478         | 12,466,766                             | 12,862,672            |
| Transactions with owners:<br>Dividend on ordinary shares<br>Dividend paid to minority interests | -                                     | -   | -                                     | -                                   | -                         | (2,780,988)        | (2,780,988)                            | (2,780,988)           |
|   | -                                     | -   | -                                     | -                                   | -                         | -                  | -                                      | (529,329)             |
|   | -                                     | -   | -                                     | -                                   | -                         | (2,780,988)        | (2,780,988)                            | (529,329)             |
|   | -                                     | -   | -                                     | -                                   | -                         | (2,780,988)        | (2,780,988)                            | (3,310,317)           |
| <b>Balance at 30 September 2019</b>   | <b>101,883,643</b>                    | <b>(2,264,755)</b>                                  | <b>1,157,522</b>                      | <b>3,026,004</b>                    | <b>(426,447)</b>          | <b>305,239,315</b> | <b>408,615,282</b>                     | <b>417,849,407</b>    |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.

**DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows  
For the 9 months ended 30 September 2020 - unaudited**

|  | <b>Cumulative Quarter<br/>9 months ended<br/>30 September</b> |                   |
|--|---|-------------------|
|  | <b>2020</b>   | <b>2019</b>       |
|  | <b>RM</b>   | <b>RM</b>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>            |   |                   |
| Profit before taxation                                 | 14,824,863  | 18,183,163        |
| Adjustments for:-                                      |   |                   |
| Depreciation   | 7,941,894   | 6,946,294         |
| Dividend income from long/short term investments       | (1,426,207)   | (1,331,141)       |
| Fair value changes on long term investments            | 5,695   | 11,103            |
| Gain on disposal of property, plant and equipment, net | (313,748)   | (1,748,501)       |
| Interest expense                                       | 1,734,983   | 2,352,781         |
| Interest income  | (1,707,033)   | (821,824)         |
| Property, plant and equipment written off              | 2,572   | 11,731            |
| Share of loss from associate                           | 59,186  | 64,630            |
| Unrealised gain on foreign exchange                    | (142,252)   | (2,509)           |
| (Write back of)/Allowance for impairment loss on:      |   |                   |
| - property development                                 | (144,008)   | 509,393           |
| - trade and other receivables, net                     | 1,570,655   | (1,043,960)       |
| Operating profit before changes in working capital     | <u>22,406,600</u>   | <u>23,131,160</u> |
| Changes in working capital:-                           |   |                   |
| Net changes in current assets                          | (5,352,710)   | 27,798,656        |
| Net changes in current liabilities                     | (9,822,271)   | (12,503,009)      |
| Cash flows from operations                             | <u>7,231,619</u>  | <u>38,426,807</u> |
| Interest paid  | (257,212)   | (411,947)         |
| Interest received                                      | 570,414   | 223,510           |
| Taxes paid   | (1,318,899)   | (3,867,973)       |
| Net cash flows from operating activities               | <u>6,225,922</u>  | <u>34,370,397</u> |

**DKLS INDUSTRIES BERHAD (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 9 months ended 30 September 2019 - unaudited**

|  | <b>Cumulative Quarter<br/>9 months ended<br/>30 September</b> |                         |
|--|---|-------------------------|
|  | <b>2019</b>   | <b>2018</b>             |
|  | <b>RM</b>   | <b>RM</b>               |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                    |   |                         |
| Interest received  | 388,642   | 605,767                 |
| Land held for property development                             | (603,305)   | (2,709,138)             |
| Net dividend received from long/short term investments         | 1,426,207   | 1,331,141               |
| Placement of deposits with maturity period more than 3 months  | (385,123)   | (379,990)               |
| Proceeds from disposal of:                                     |   |                         |
| - investment property  | 140,000   | -                       |
| - short term investments                                       | 42,160,000  | 72,533,000              |
| - property, plant and equipment                                | 572,750   | 3,970,640               |
| Purchase of:   |   |                         |
| - short term investments                                       | (44,942,208)  | (109,865,711)           |
| - property, plant and equipment                                | (886,255)   | (1,948,792)             |
| Withdrawal of deposits with maturity period more than 3 months | -   | 499,266                 |
| Net cash flows used in investing activities                    | <u>(2,129,292)</u>  | <u>(35,963,817)</u>     |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                    |   |                         |
| Dividend paid  | -   | (2,780,988)             |
| Dividend paid to non-controlling interest                      | (643,657)   | (689,294)               |
| Interest paid  | (1,822,957)   | (2,415,211)             |
| Payment of principal portion of lease liability                | (34,716)  | -                       |
| Repayment of term loan   | (3,750,003)   | (9,298,428)             |
| Repayment of hire purchase liabilities                         | (1,314,001)   | (2,575,517)             |
| Net cash flows used in financing activities                    | <u>(7,565,334)</u>  | <u>(17,759,438)</u>     |
| <b>Net decrease in cash and cash equivalents</b>               | <b>(3,468,704)</b>  | <b>(19,352,858)</b>     |
| <b>Effects of exchange rate differences</b>                    | <b>68,970</b>   | <b>99,980</b>           |
| <b>Cash and cash equivalents at beginning of the period</b>    | <b>9,764,005</b>  | <b>25,518,976</b>       |
| <b>Cash and cash equivalents at end of the period</b>          | <b><u>6,364,271</u></b>                                       | <b><u>6,266,098</u></b> |

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

|  |                    |                     |
|--|--------------------|---------------------|
| Cash and bank balances                           | 6,702,590          | 11,897,663          |
| Deposits with licensed banks                     | 13,569,040         | 14,409,869          |
| Bank overdrafts                                  | <u>(4,073,485)</u> | <u>(10,504,235)</u> |
|  | 16,198,145         | 15,803,297          |
| Less:  |                    |                     |
| Deposits with maturity period more than 3 months | <u>(9,833,874)</u> | <u>(9,537,199)</u>  |
|  | <u>6,364,271</u>   | <u>6,266,098</u>    |

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2019 and the accompanying notes attached to the Interim Financial Statements.*

**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 FRS 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 2019. 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 2019.

**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 audited financial statements for the year ended 31 December 2019 except as follows:

On 1 January 2020, the Group adopted the following applicable amended MFRSs mandatory for annual financial period beginning on or after 1 January 2020.

Amendments to References to the Conceptual Framework in MFRS Standards  
Definition of a Business (Amendments to MFRS 3 : Business Combination)  
Interest Rate Benchmark Reform (Amendments to MFRS 9 : Financial Instruments, MFRS 139 :  
Financial Instruments : Recognition and Measurement and MFRS 7 : Financial Instruments :  
Disclosures)  
Definition of Material (Amendments to MFRS 101 : Presentation of Financial Statements and  
MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors)

Adoption of the above standards did not have any material 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 financial year to date.

**A5. Changes in Estimates**

There were no changes in estimation that have had any material effect on the current quarter and the financial year to date results.

**DKLS INDUSTRIES BERHAD (369472-P)**

(Incorporated in Malaysia)

**A. Notes to the Interim Financial Statements (cont'd.)****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 financial year to date.

**A7. Dividend Paid**

The first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2019, which was approved at the Annual General Meeting on 27 July 2020 was paid on 23 October 2020 to shareholders whose names appear in the Record of Depositors on 30 September 2020.

**A8. Profit from operating activities**

| Current Quarter<br>3 months ended<br>30 September |      | Cumulative Quarter<br>9 months ended<br>30 September |      |
|---|------|--|------|
| 2020  | 2019 | 2020   | 2019 |
| RM  | RM   | RM   | RM   |

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

|  |           |           |             |             |
|--|-----------|-----------|-------------|-------------|
| Total depreciation                                       | 2,594,935 | 2,237,910 | 7,941,894   | 6,946,294   |
| Depreciation capitalised under construction costs        | (360,658) | (328,597) | (1,091,493) | (1,111,316) |
| Depreciation charged to profit from operating activities | 2,234,277 | 1,909,313 | 6,850,401   | 5,834,978   |
| Dividend income from long/short term investments         | (398,398) | (495,871) | (1,426,207) | (1,331,141) |
| Fair value changes on long/short term investments        | (1,348)   | 1,777     | 5,695       | 11,103      |
| Gain on disposal of property, plant and equipment, net   | (130,090) | (137,321) | (313,748)   | (1,748,501) |
| Loss/(Gain) on foreign exchange                          |           |           |             |             |
| - realised   | (54,027)  | 212,326   | (32,557)    | 259,425     |
| - unrealised   | 290,464   | (41,109)  | (142,252)   | (2,509)     |
| Property, plant and equipment written off                | 1,695     | 902       | 2,572       | 11,731      |
| (Write back of)/Allowance for impairment losses on:      |           |           |             |             |
| - property development                                   | (11,173)  | 509,393   | (144,008)   | 509,393     |
| - trade and other receivables                            | 915,418   | (950,531) | 1,570,655   | (1,043,960) |
| 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 quarter 3 months  
ended 30 September 2020**

|                                   | Investment<br>RM | Construction<br>RM | Quarry<br>RM | Property<br>development<br>RM | Utilities<br>RM | Others<br>RM | Total<br>RM |
|-----------------------------------|------------------|--------------------|--------------|-------------------------------|-----------------|--------------|-------------|
| <b>Revenue</b>                    |                  |                    |              |                               |                 |              |             |
| Total revenue                     | 1,448,947        | 24,520,583         | 22,614,561   | 3,480,981                     | 2,908,040       | 310,328      | 55,283,440  |
| Inter-segment sales               | (133,309)        | (3,057,829)        | (182,453)    | -                             | -               | (310,328)    | (3,683,919) |
| External sales                    | 1,315,638        | 21,462,754         | 22,432,108   | 3,480,981                     | 2,908,040       | -            | 51,599,521  |
| <b>Results</b>                    |                  |                    |              |                               |                 |              |             |
| Segment results                   | 460,958          | 5,553,318          | 3,616,199    | 508,547                       | 378,915         | 99,997       | 10,617,934  |
| Interest expense                  | (376,061)        | (153)              | (11,507)     | (6,676)                       | (77,407)        | 33           | (471,771)   |
| Share of losses from associate    | -                | -                  | -            | (21,811)                      | -               | -            | (21,811)    |
| Profit before tax                 | 84,897           | 5,553,165          | 3,604,692    | 480,060                       | 301,508         | 100,030      | 10,124,352  |
| Income tax expense                | -                | -                  | -            | -                             | -               | -            | (2,635,905) |
| Profit for the period             | -                | -                  | -            | -                             | -               | -            | 7,488,447   |
| <b>Total Assets</b>               |                  |                    |              |                               |                 |              |             |
| Segment assets                    | (88,241)         | 6,457,932          | 6,580,797    | 621,449                       | (4,191,562)     | 594,616      | 9,974,991   |
| Interest in associates            | -                | -                  | -            | -                             | -               | -            | 54,715      |
| Unallocated corporate assets      | -                | -                  | -            | -                             | -               | -            | 7,916,437   |
| Total assets                      | -                | -                  | -            | -                             | -               | -            | 17,946,143  |
| <b>Total liabilities</b>          |                  |                    |              |                               |                 |              |             |
| Segment liabilities               | (964,097)        | 181,113            | 2,889,956    | (1,385,399)                   | (1,299,298)     | (3,462)      | (581,187)   |
| Unallocated corporate liabilities | -                | -                  | -            | -                             | -               | -            | 3,607,472   |
| Total liabilities                 | -                | -                  | -            | -                             | -               | -            | 3,026,285   |
| <b>Other information</b>          |                  |                    |              |                               |                 |              |             |
| Capital expenditure               | -                | 2,600              | 389,226      | -                             | 117,851         | -            | 509,677     |



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

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

**Current quarter 3 months  
ended 30 September 2019**

|                                   | Investment<br>RM | Construction<br>RM | Quarry<br>RM | Property<br>development<br>RM | Utilities<br>RM | Others<br>RM | Total<br>RM  |
|-----------------------------------|------------------|--------------------|--------------|-------------------------------|-----------------|--------------|--------------|
| <b>Revenue</b>                    |                  |                    |              |                               |                 |              |              |
| Total revenue                     | 1,588,385        | 18,449,827         | 14,870,984   | 8,899,709                     | 2,921,523       | 263,737      | 46,994,165   |
| Inter-segment sales               | (143,209)        | (1,254,426)        | (896,130)    | -                             | (16)            | (222,257)    | (2,516,038)  |
| External sales                    | 1,445,176        | 17,195,401         | 13,974,854   | 8,899,709                     | 2,921,507       | 41,480       | 44,478,127   |
| <b>Results</b>                    |                  |                    |              |                               |                 |              |              |
| Segment results                   | 1,000,148        | 6,947,377          | 1,062,047    | 448,345                       | 294,970         | 1,499,671    | 11,252,558   |
| Interest expense                  | (631,853)        | (3,281)            | (22,631)     | (552)                         | (89,780)        | -            | (748,097)    |
| Share of losses from associate    | -                | -                  | -            | (22,242)                      | -               | -            | (22,242)     |
| Profit before tax                 | 368,295          | 6,944,096          | 1,039,416    | 425,551                       | 205,190         | 1,499,671    | 10,482,219   |
| Income tax expense                |                  |                    |              |                               |                 |              | (2,619,335)  |
| Profit for the period             |                  |                    |              |                               |                 |              | 7,862,884    |
| <b>Total Assets</b>               |                  |                    |              |                               |                 |              |              |
| Segment assets                    | 377,190          | (10,621,093)       | (7,655,460)  | (1,762,153)                   | (1,497,193)     | 444,431      | (20,714,278) |
| Interest in associates            |                  |                    |              |                               |                 |              | (22,242)     |
| Unallocated corporate assets      |                  |                    |              |                               |                 |              | 7,814,466    |
| Total assets                      |                  |                    |              |                               |                 |              | (12,922,054) |
| <b>Total liabilities</b>          |                  |                    |              |                               |                 |              |              |
| Segment liabilities               | (1,495,936)      | (9,602,874)        | (1,954,778)  | (4,501,290)                   | 305,414         | (47,269)     | (17,296,733) |
| Unallocated corporate liabilities |                  |                    |              |                               |                 |              | 72,003       |
| Total liabilities                 |                  |                    |              |                               |                 |              | (17,224,730) |
| <b>Other information</b>          |                  |                    |              |                               |                 |              |              |
| Capital expenditure               | -                | -                  | 418,495      | 3,597                         | 148,290         | -            | 570,382      |

**DKLS INDUSTRIES BERHAD (369472-P)**  
(Incorporated in Malaysia)

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

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

**Cumulative quarter 9 months  
ended 30 September 2020**

|                                   | Investment<br>RM | Construction<br>RM | Quarry<br>RM | Property<br>development<br>RM | Utilities<br>RM | Others<br>RM | Total<br>RM  |
|-----------------------------------|------------------|--------------------|--------------|-------------------------------|-----------------|--------------|--------------|
| <b>Revenue</b>                    |                  |                    |              |                               |                 |              |              |
| Total revenue                     | 6,145,523        | 52,412,902         | 38,919,045   | 8,553,134                     | 8,895,606       | 900,876      | 115,827,086  |
| Inter-segment sales               | (2,399,926)      | (8,462,882)        | (1,023,145)  | -                             | -               | (885,240)    | (12,771,193) |
| External sales                    | 3,745,597        | 43,950,020         | 37,895,900   | 8,553,134                     | 8,895,606       | 15,636       | 103,055,893  |
| <b>Results</b>                    |                  |                    |              |                               |                 |              |              |
| Segment results                   | 2,565,729        | 8,467,185          | 3,219,200    | 913,479                       | 1,133,665       | 304,774      | 16,604,032   |
| Interest expense                  | (1,418,305)      | (2,335)            | (42,982)     | (8,923)                       | (246,853)       | (585)        | (1,719,983)  |
| Share of losses from associate    | -                | -                  | -            | (59,186)                      | -               | -            | (59,186)     |
| Profit before tax                 | 1,147,424        | 8,464,850          | 3,176,218    | 845,370                       | 886,812         | 304,189      | 14,824,863   |
| Income tax expense                |                  |                    |              |                               |                 |              | (3,495,290)  |
| Profit for the period             |                  |                    |              |                               |                 |              | 11,329,573   |
| <b>Total Assets</b>               |                  |                    |              |                               |                 |              |              |
| Segment assets                    | 136,589,825      | 91,864,312         | 71,217,957   | 115,167,187                   | 52,014,509      | 1,076,895    | 467,930,685  |
| Interest in associates            |                  |                    |              |                               |                 |              | 270,411      |
| Unallocated corporate assets      |                  |                    |              |                               |                 |              | 74,516,817   |
| Total assets                      |                  |                    |              |                               |                 |              | 542,717,913  |
| Segment liabilities               | 42,943,906       | 46,329,025         | 9,766,291    | 12,229,933                    | 7,254,088       | 67,453       | 118,590,696  |
| Unallocated corporate liabilities |                  |                    |              |                               |                 |              | 7,639,894    |
| Total liabilities                 |                  |                    |              |                               |                 |              | 126,230,590  |
| <b>Other information</b>          |                  |                    |              |                               |                 |              |              |
| Capital expenditure               | 2,569            | 311,186            | 556,019      | -                             | 281,082         | 899          | 1,151,755    |

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

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

**Cumulative quarter 9 months  
ended 30 September 2019**

|                                   | Investment<br>RM | Construction<br>RM | Quarry<br>RM | Property<br>development<br>RM | Utilities<br>RM | Others<br>RM | Total<br>RM |
|-----------------------------------|------------------|--------------------|--------------|-------------------------------|-----------------|--------------|-------------|
| <b>Revenue</b>                    |                  |                    |              |                               |                 |              |             |
| Total revenue                     | 4,853,270        | 65,469,443         | 44,285,955   | 24,993,716                    | 9,109,978       | 2,452,481    | 151,164,843 |
| Inter-segment sales               | (429,626)        | (4,891,609)        | (2,559,636)  | -                             | (487)           | (775,464)    | (8,656,822) |
| External sales                    | 4,423,644        | 60,577,834         | 41,726,319   | 24,993,716                    | 9,109,491       | 1,677,017    | 142,508,021 |
| <b>Results</b>                    |                  |                    |              |                               |                 |              |             |
| Segment results                   | 2,827,244        | 8,493,711          | 3,108,623    | 2,128,385                     | 2,315,275       | 1,706,540    | 20,579,778  |
| Interest expense                  | (1,936,176)      | (25,084)           | (86,857)     | (552)                         | (283,316)       | -            | (2,331,985) |
| Share of losses from associate    | -                | -                  | -            | (64,630)                      | -               | -            | (64,630)    |
| Profit before tax                 | 891,068          | 8,468,627          | 3,021,766    | 2,063,203                     | 2,031,959       | 1,706,540    | 18,183,163  |
| Income tax expense                | -                | -                  | -            | -                             | -               | -            | (4,454,364) |
| Profit for the period             | -                | -                  | -            | -                             | -               | -            | 13,728,799  |
| <b>Total Assets</b>               |                  |                    |              |                               |                 |              |             |
| Segment assets                    | 136,622,414      | 96,865,755         | 68,342,195   | 120,738,116                   | 59,372,257      | 3,705,860    | 485,646,597 |
| Interest in associates            | -                | -                  | -            | -                             | -               | -            | 193,454     |
| Unallocated corporate assets      | -                | -                  | -            | -                             | -               | -            | 74,414,846  |
| Total assets                      | -                | -                  | -            | -                             | -               | -            | 560,254,897 |
| <b>Segment liabilities</b>        |                  |                    |              |                               |                 |              |             |
| Unallocated corporate liabilities | 50,560,816       | 52,878,823         | 9,439,104    | 15,707,153                    | 9,633,702       | 81,467       | 138,301,065 |
| Total liabilities                 | -                | -                  | -            | -                             | -               | -            | 4,104,425   |
| <b>Other information</b>          |                  |                    |              |                               |                 |              |             |
| Capital expenditure               | 8,719            | 9,500              | 1,099,220    | 37,280                        | 794,073         | -            | 1,948,792   |

**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 financial year to date.

**A11. Changes in Composition of the Group**

There are no changes in the composition of the Group for the financial year to date.

**A12. Changes in Contingent Liabilities and Assets**

(a) Contingent Liabilities

|   | As at 30 September |                    |
|---|--------------------|--------------------|
|   | 2020<br>RM         | 2019<br>RM         |
| Unsecured:  |                    |                    |
| Corporate guarantees given to banks for facilities granted to subsidiaries  | 74,791,184         | 102,181,760        |
| Corporate guarantees given to third parties for credit facilities granted to subsidiaries   | 46,684             | 467,635            |
| Corporate guarantee given to third parties for payment of balance purchase price in connection with land acquisition by one of the subsidiaries | -                  | 2,800,000          |
|   | <u>74,837,868</u>  | <u>105,449,395</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 recognized 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 2019.

**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  |          | 9 months ended     |          |
|  | 30 September    |          | 30 September       |          |
|  | 2020            | 2019     | 2020               | 2019     |
|  | RM              | RM       | RM                 | RM       |
| Purchase of consumables<br>from DKLS Service Station   | (1,851)         | (2,040)  | (4,186)            | (7,243)  |
| Rental of car park paid to<br>Aplikasi Budimas Sdn Bhd | (4,930)         | (5,700)  | (13,350)           | (18,340) |
| Rental income<br>from Sri Ikhlas Kredit Sdn Bhd        | 900             | -        | 1,200              | -        |
| Supply of electricity by<br>Ipoh Tower Sdn Bhd         | (18,689)        | (18,782) | (51,395)           | (58,497) |

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<br>30 September 2020<br>RM |
|---|----------------------------------|
| Approved and contracted for:<br>Property, plant and equipment | -                                |

**A15. Operating lease commitments - as lessor**

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

|  | As at<br>30 September 2020<br>RM |
|--|----------------------------------|
| Not later than 1 year                        | 4,444,887                        |
| Later than 1 year but not later than 5 years | 3,029,355                        |
|  | <u>7,474,242</u>                 |

**B. Additional information required by BMSB's Listing Requirements**

**B1. Operating Segment Review**

**(a) Review of Performance for 3Q20 vs 3Q19**

The Group has posted a higher revenue of RM51.599 million for the current quarter ended 30 September 2020 (3Q20) as compared to the revenue of RM44.478 million for the corresponding quarter ended 30 September 2019 (3Q19), an increase of RM7.121 million (or 16.0%). Despite registering a higher revenue, the Group has recorded a slightly lower pre-tax profit of RM10.124 million for 3Q20, as compared to the pre-tax profit of RM10.482 million for 3Q19, a decrease of RM0.358 million (or 3.4%). The higher revenue and the lower pre-tax profit of the Group can be analysed as below:-

**3Q20 vs 3Q19**

| Increase/(Decrease)  | Revenue<br>RM'000 | Pre-tax profit<br>RM'000 |
|----------------------|-------------------|--------------------------|
| Investment           | (130)             | (283)                    |
| Construction         | 4,267             | (1,391)                  |
| Quarry               | 8,457             | 2,565                    |
| Property development | (5,419)           | 55                       |
| Utilities            | (13)              | 96                       |
| Others               | (41)              | (1,400)                  |
|                      | <u>7,121</u>      | <u>(358)</u>             |

**(b) Review of Performance to date for FY20 vs FY19**

The Group has recorded a lower revenue of RM103.056 million for the financial year to date ended 30 September 2020 (FY20) as compared to RM142.508 million in the corresponding financial year to date ended 30 September 2019 (FY19), a decrease of RM39.452 million (or 27.7%). Correspondingly, the pre-tax profit of the Group for FY20 dropped to RM14.825 million, a decrease of RM3.358 million or 18.5% from FY19's pre-tax profit of RM18.183 million. The lower revenue and pre-tax profit of the Group can be analysed as below:-

**FY20 vs FY19**

| Increase/(Decrease)  | Revenue<br>RM'000 | Pre-tax profit<br>RM'000 |
|----------------------|-------------------|--------------------------|
| Investment           | (678)             | 256                      |
| Construction         | (16,628)          | (4)                      |
| Quarry               | (3,830)           | 155                      |
| Property development | (16,441)          | (1,218)                  |
| Utilities            | (214)             | (1,145)                  |
| Others               | (1,661)           | (1,402)                  |
|                      | <u>(39,452)</u>   | <u>(3,358)</u>           |

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

**B1. Operating Segment Review (cont'd.)**

**Investment**

The investment segment derives its main income from investment properties.

The investment segment has recorded a lower revenue of RM3.746 million for FY20 as compared to RM4.424 million in FY19. This was due to expiry and early termination of certain leases and provision of rental assistance to the tenants during this pandemic outbreak.

Despite achieving a lower revenue, the investment segment has recorded a higher pre-tax profit of RM1.147 million in FY20 (FY19 : RM0.891 million) mainly due to:-

1. Compensation received of RM0.366 million from tenants due to early termination of leases (FY19 : RM0.103million).
2. Lower depreciation charges of RM0.093 million (FY19 : RM0.197 million).
3. Lower interest expense of RM1.418 million (FY19 : RM1.936 million).

**Construction**

The construction segment continue to register a lower revenue of RM43.950 million for FY20 as compared to RM60.578 million in FY19 despite efforts been put in place to catch up on the delays caused by the temporary suspension of physical construction works for all ongoing projects during the nationwide Movement Control Order ("MCO") period.

Even though recorded a lower revenue, the construction segment still managed to maintain a pre-tax profit of RM8.465 million (FY19 : RM8.469 million), mainly due to recognition of additional profit from a previous completed project upon obtaining final approval from main contractor and also the closing of one of the ongoing projects.

**Quarry**

The quarry segment has recorded a slightly higher pre-tax profit of RM3.176 million (FY19 : RM3.022 million) against a lower revenue of RM37.896 million for FY20 (FY19 : RM41.726 million). The decline in sales volume mainly caused by the suspension of the quarry operations during the MCO period and the slow recovery in the subsequent months, coupled with the implementation of Conditional Movement Control in Kedah state in the third quarter which affected one of the Group's quarry operations located in Kedah state.

Despite achieving a lower sale volume, the quarry segment managed to capitalise on the lower bitumen cost being the main raw material to record a slightly higher profit for FY20.

**Property Development**

The development segment continue to record a lower pre-tax profit of RM0.845 million and revenue of RM8.553 million for FY20 as compared to RM2.063 million and revenue of RM24.994 million for FY19 respectively.

For the current financial year, the development segment main focus is on selling its remaining completed units as compared to corresponding period which has recorded sales from near completion on going commercial development. In the current quarter, the development segment had launched and realised sales from its second phase of guarded and gated residential "GOSHEN" Ipoh Premier City Ipoh.

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

**B1. Operating Segment Review (cont'd.)**

**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 lower pre-tax profit of RM0.887 million in FY20 (FY19 : RM2.032 million) against a lower revenue of RM8.895 million (FY19 : RM9.109 million). The lower pre-tax profit was mainly due to revision of estimated useful life of certain types of plant in 4Q19 which resulted in higher depreciation charges of RM3.856 million in FY20 (FY19 : RM2.150 million) and also provision for impairment loss on trade receivables of RM0.125 million in FY20 (FY19 : RM0.596 million). If these were excluded from the pre-tax profit, the utilities segment would have recorded a fairly consistent margin.

**Others**

The revenue of others segment is mainly derived from trading of construction materials and provision of procurement services.

This segment has recorded a lower pre-tax profit of RM0.304 million (FY19 : RM1.706 million) on a lower revenue of RM0.015 million (FY19 : RM1.677 million). The profit for FY20 was mainly derived from provision of procurement services as compared to the write back of allowance for impairment loss on trade receivable of RM1.600 million in FY19.

**B2. Variance of Results Against Preceding Quarter**

|                | <b>Current<br/>quarter<br/>30 September 2020<br/>RM'000</b> | <b>Immediate<br/>preceding<br/>quarter<br/>30 June 2020<br/>RM'000</b> | <b>Changes<br/>amount<br/>RM'000</b> |
|----------------|---|--|--------------------------------------|
| Revenue        | 51,600  | 26,874   | 24,726                               |
| Pre-tax profit | 10,124  | 4,492  | 5,632                                |

The Group recorded a higher revenue in 3Q20 as compared to the immediate preceding quarter as most of the businesses have resumed operation during the recovery phase of "Movement Control Order".

The pre-tax profits for 3Q20 and 2Q20 were affected by the following exceptional items respectively:

- a) Government wages subsidy of RM0.632 million (2Q20 : RM0.214 million).
- b) Loss on foreign exchange of RM0.290 million (2Q20 : loss on foreign exchange of RM0.196 million).
- c) Quit rent and assessment of RM0.302 million (2Q20 : RM0.617 million).
- d) Allowance for impairment on trade receivables of RM0.915 million (2Q20 : RM0.433 million).
- e) Government grant of RM0.031 million (2Q20 : RM0.397 million) for PPAM project.
- f) Compensation from tenants for early termination of lease of RM0.074 million (2Q20 : RM0.215 million).

If these were excluded, 3Q20 would have recorded a consistent pre-tax profit margin.



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

**B3. Prospects**

In spite of the virus outbreak that has plunged the global economy, prospects for our nation remain hopeful as Malaysia's GDP is forecasted to experience a rebound of economic growth up to 7.5% from -4.5% in 2020 year-on-year, with a projected fiscal deficit of 5.4% of GDP. The expansionary Budget 2021 is angled to spur the nation's economic activity as the country grapples with the pandemic's effects via a boost in allocation of RM322.5 billion, which has been earmarked for Operating Expenditure (73.3%), Development Expenditure (21.40%) and a special allocation for the Covid-19 fund (5.30%).

The construction sector is expected to experience the biggest decline in 2020, following the significant contraction in all its subsector (civil engineering, residential buildings, non-residential buildings and special trade activities) and prolonged property overhang. However, the construction sector is set to greatly benefit from the projects and expenditure outlined in the recent Budget 2021, with the Mass Rapid Transit 3 (MRT3) and the Kuala Lumpur-Singapore High-Speed Rail (HSR) and RM3.8 billion for infrastructure projects including the construction of bridges and roads in several viewed as being big opportunities. Hence, the Group remain optimistic on the prospects of replenishment of its order book in a competitive tender environment and continue to focus on execution and timely completion of its existing order book. In addition, strategies had also been drawn up to enhance operational and cost efficiency.

As part of its effort to stimulate the national housing sector, the Government supported and reintroduced the Home Ownership Campaign ("HOC") 2020 which was well received by the buyers at large. Additional incentives given, such as uplifting of the loan margin and exemption of RPGT for disposal of residential properties also contributed an uptick in buying interests. Furthermore, the OPR cuts by a total of 125bps year to date to all time low 1.75% continue to provide the support needed to the housing demand, particularly in the primary market. The recent Budget 2021 is another extension of the stimulus measures rolled out by the transfer and for the loan agreement for houses worth up to RM500,000 which will take effect from 1 January 2021 until 31 December 2025. The exemption granted will help to encourage sales to first-time home buyers as it lessens the affordability gap for them.

Taking the cue from the current market demand and stimulus measures, the Group launched its second phase of guarded and gated residential project "GOSHEN" Ipoh Premier City Ipoh in 3Q20. In line with the new norm, buyers are increasing more adaptive and at ease using the digital tools and means to source for their new homes. Heeding this paradigm shift, the Group is placing more emphasis on digital marketing initiatives to engage its broad-based customers. The Group is also leveraging on targeted social media and messaging applications in assist buyers in their buying process.

The Group is aiming in securing more bookings and swift conversion of these bookings into sales.

The utilities segment's concession water treatment plant in Lao People's Democratic Republic have not been significantly impacted by Covid-19 pandemic and will continue to contribute a stable and sustainable recurring income stream to the Group. However, the volatility of the foreign exchange rates may impact the segment's performance in the forthcoming year.

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

**B4. Income tax expense**

|   | Current Quarter<br>3 months ended<br>30 September |                  | Cumulative Quarter<br>9 months ended<br>30 September |                  |
|---|---|------------------|--|------------------|
|   | 2020<br>RM  | 2019<br>RM       | 2020<br>RM   | 2019<br>RM       |
| Current income tax:   |   |                  |  |                  |
| Malaysia income tax   | 1,975,789   | 2,038,799        | 2,817,446  | 2,852,213        |
| Foreign tax   | 69,069  | 57,658           | 211,167  | 468,967          |
| Under provision in prior year                                       | 20,286  | 23,103           | 20,286   | 23,103           |
|   | <u>2,065,144</u>                                  | <u>2,119,560</u> | <u>3,048,899</u>                                     | <u>3,344,283</u> |
| Deferred income tax:  |   |                  |  |                  |
| Relating to origination and<br>reversal of temporary<br>differences | 603,375   | 428,177          | 464,770  | 1,007,152        |
| (Over)/Under provision in prior year                                | (33,853)  | 70,844           | (19,618)   | 91,206           |
|   | <u>569,522</u>                                    | <u>499,021</u>   | <u>445,152</u>                                       | <u>1,098,358</u> |
| Real property gains tax   | <u>1,239</u>                                      | <u>754</u>       | <u>1,239</u>   | <u>11,723</u>    |
| Income tax expense  | <u>2,635,905</u>                                  | <u>2,619,335</u> | <u>3,495,290</u>                                     | <u>4,454,364</u> |

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

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 tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

|  | Current Quarter<br>3 months ended<br>30 September |            | Cumulative Quarter<br>9 months ended<br>30 September |            |
|--|---|------------|--|------------|
|  | 2020<br>RM  | 2019<br>RM | 2020<br>RM   | 2019<br>RM |
| Profit before tax  | 10,124,352  | 10,482,219 | 14,824,863   | 18,183,163 |
| Taxation at applicable tax rates                               | 2,429,843   | 2,515,732  | 3,557,966  | 4,363,959  |
| Income not subject to tax                                      | (287,553)   | (554,419)  | (1,133,004)  | (763,358)  |
| Expenses not deductible for tax purposes                       | 499,899   | 363,439    | 1,131,626  | 648,115    |
| Expenses under special deduction for tax purposes              | (3,776)   | -          | (29,940)   | -          |
| Current year tax losses that cannot be carried forward         | 65  | 88         | 284  | 307        |
| Difference in tax rate of foreign subsidiaries                 | (13,815)  | (6,868)    | (42,233)   | (88,776)   |
| Difference in tax rate   | -   | -          | -  | -          |
| Deferred tax assets not recognised                             | 3,539   | 65         | 20,705   | 1,609      |
| Deferred tax on undistributed earnings from foreign subsidiary | 19,340  | (74,691)   | 59,477   | 39,980     |
| Real property gains tax  | 1,239   | 754        | 1,239  | 11,723     |
| Utilisation of previously unrecognised deferred tax assets     | -   | 156,563    | -  | -          |
| Withholding tax  | 691   | 124,725    | (71,498)   | 126,496    |
| Under provision of current tax in prior years                  | 20,286  | 23,103     | 20,286   | 23,103     |
| (Over)/Under provision of deferred tax in prior years          | (33,853)  | 70,844     | (19,618)   | 91,206     |
| Income tax expense   | 2,635,905   | 2,619,335  | 3,495,290  | 4,454,364  |

**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.

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

**B6. Borrowing and Debt Securities**

|                                     | <b>As at<br/>30 September<br/>2020</b> | <b>As at<br/>30 September<br/>2019</b> |
|-------------------------------------|--|--|
|                                     | <b>RM</b>                              | <b>RM</b>                              |
| <b>Short term borrowings</b>        |  |  |
| Bank overdrafts (unsecured)         | -                                      | 4,757,911                              |
| Bank overdrafts (secured)           | 4,073,485                              | 5,746,324                              |
| Hire purchase liabilities (secured) | 703,108                                | 1,582,842                              |
| Lease liabilities (unsecured)       | 16,727                                 | -                                      |
| Revolving credits (secured)         | -                                      | 3,000,000                              |
| Term loans (secured)                | 6,867,478                              | 5,000,004                              |
|                                     | <u>11,660,798</u>                      | <u>20,087,081</u>                      |
| <b>Long term borrowings</b>         |  |  |
| Hire purchase liabilities (secured) | 196,018                                | 327,335                                |
| Lease liabilities (unsecured)       | 116,331                                | -                                      |
| Term loans (secured)                | 40,883,302                             | 47,750,780                             |
|                                     | <u>41,195,651</u>                      | <u>48,078,115</u>                      |
| <b>Total borrowings</b>             | <u>52,856,449</u>                      | <u>68,165,196</u>                      |

Loan and borrowings are denominated in the following currencies:

|                  | <b>As at<br/>30 September<br/>2020</b> | <b>As at<br/>31 December<br/>2019</b> |
|------------------|--|---------------------------------------|
|                  | <b>RM</b>                              | <b>RM</b>                             |
| Ringgit Malaysia | 48,687,307                             | 62,384,658                            |
| Lao Kip          | 4,169,142                              | 5,780,538                             |
|                  | <u>52,856,449</u>                      | <u>68,165,196</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.

**B8. Proposed Dividend**

No dividend has been proposed or declared in respect of the financial year to date.

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

**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<br>3 months ended<br>30 September |            | Cumulative Quarter<br>9 months ended<br>30 September |            |
|---|---|------------|--|------------|
|   | 2020  | 2019       | 2020   | 2019       |
|   | RM  | RM         | RM   | RM         |
| Profit attributable to owners of the Company        | 7,398,773   | 7,763,453  | 11,103,314   | 13,148,478 |
| 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                            | 7.98  | 8.37       | 11.98  | 14.18      |

**(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 2019 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 RM18.1 million 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 30 September 2020:

**Fair value of financial instruments that are carried at fair value**

|                                  | Quoted prices<br>in active<br>markets for<br>identical<br>assets<br>Level 1<br>RM | Significant<br>other<br>observable<br>inputs<br>Level 2<br>RM | Significant<br>unobservable<br>inputs<br>Level 3<br>RM |
|----------------------------------|---|---|--|
| <b>Non-financial assets:</b>     |   |   |  |
| Investment properties            | -   | -   | 117,150,000  |
| <b>Financial assets:</b>         |   |   |  |
| Long term/short term investments |   |   |  |
| - Equity instruments (quoted)    | 20,128  | -   | -  |
| - Unit trust fund (quoted)       | -   | 70,331,969  | -  |
| <b>Financial liabilities:</b>    |   |   |  |
| Other commitments                | -   | 2,357,491   | -  |

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period.

**Level 1**

Level 1 fair value is derived from quoted market price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

**Level 2**

Level 2 fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the investment property, either directly or indirectly.

**Level 3 fair value**

Level 3 fair value is estimated using unobservable inputs for the investment property. The most significant unobservable inputs into this valuation approach is price per square feet of comparable properties and recent estimated net income then capitalised by using an appropriate rate of interest (yield).

**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 at the reporting date. 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 their published market bid price at reporting date.

**Quoted unit trust fund**

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

**Other commitments (non-current)**

The fair value of other commitments is estimated by discounting expected future cash flows at market borrowing interest rates.

Dated : 23 November 2020