

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 6 months ended 30 June 2021 - unaudited**

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue		44,057,153	26,874,124	91,329,613	51,456,372
Interest income		909,708	661,093	1,517,512	1,271,388
Other income		3,675,534	1,658,825	5,010,832	3,481,462
Operating expenses		(33,810,206)	(17,121,823)	(68,812,042)	(34,686,075)
Changes in work-in-progress and finished goods		(209,150)	62,070	(806,809)	644,660
Employee benefit expenses		(3,119,844)	(2,892,778)	(6,828,010)	(8,090,061)
Administrative expenses		(4,831,539)	(4,137,001)	(8,664,231)	(8,091,648)
Profit from operating activities	A8	6,671,656	5,104,510	12,746,865	5,986,098
Interest expense		(520,427)	(594,045)	(920,635)	(1,248,212)
Share of losses from associate		(15,954)	(18,774)	(31,987)	(37,375)
Profit before tax		6,135,275	4,491,691	11,794,243	4,700,511
Income tax expense		(1,118,634)	(937,115)	(2,318,708)	(859,385)
Profit for the period, net of tax		5,016,641	3,554,576	9,475,535	3,841,126
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		(256,658)	(775,260)	484,982	1,175,757
Other comprehensive income for the period, net of tax		(256,658)	(775,260)	484,982	1,175,757
Total comprehensive income for the period		4,759,983	2,779,316	9,960,517	5,016,883
Profit for the period attributable to:					
Owners of the Company		4,870,927	3,386,915	9,250,989	3,704,541
Non-controlling interests		145,714	167,661	224,546	136,585
Profit for the period		5,016,641	3,554,576	9,475,535	3,841,126
Total comprehensive income attributable to:					
Owners of the Company		4,666,621	2,774,060	9,636,664	4,635,469
Non-controlling interests		93,362	5,256	323,853	381,414
Total comprehensive income for the period		4,759,983	2,779,316	9,960,517	5,016,883
Basic/Diluted, earnings per ordinary share (sen)		5.25	3.65	9.98	4.00

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 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 30 June 2021 - unaudited**

	30 June 2021 RM	31 December 2020 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	100,557,246	104,878,501
Right-of-use assets	104,206	113,585
Inventories - Land held for property development	104,097,801	103,978,499
Investment properties	115,600,000	115,600,000
Interest in associate	424,970	456,957
Long term investment	24,310	21,957
Trade and other receivables	22,376,875	16,881,465
Other assets	14,210	28,062
Deferred tax assets	5,609,106	3,894,385
Total non-current assets	<u>348,808,724</u>	<u>345,853,411</u>
Current Assets		
Inventories - Property development costs	13,922,232	16,873,407
Inventories - Properties held for sale and others	32,784,661	33,055,137
Trade and other receivables	72,236,397	54,535,271
Other assets	6,031,204	7,506,366
Short term investments	64,685,518	53,743,012
Tax recoverable	878,432	422,850
Cash and cash equivalents	25,673,831	22,305,767
Total current assets	<u>216,212,275</u>	<u>188,441,810</u>
TOTAL ASSETS	<u>565,020,999</u>	<u>534,295,221</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	317,534,254	308,283,265
Reserves	(1,302,121)	(1,687,796)
Equity attributable to owners of the Company	<u>418,115,776</u>	<u>408,479,112</u>
Non-controlling interests	<u>8,092,212</u>	<u>7,768,359</u>
Total equity	<u>426,207,988</u>	<u>416,247,471</u>
Non-current Liabilities		
Loans and borrowings	33,187,856	38,485,129
Other payables	1,479,779	1,570,929
Deferred tax liabilities	4,258,838	2,606,217
Total non-current liabilities	<u>38,926,473</u>	<u>42,662,275</u>
Current Liabilities		
Loans and borrowings	33,092,905	12,329,743
Trade and other payables	32,272,196	38,890,034
Other current liabilities	33,096,455	23,266,110
Tax payable	1,424,982	899,588
Total current liabilities	<u>99,886,538</u>	<u>75,385,475</u>
Total liabilities	<u>138,813,011</u>	<u>118,047,750</u>
TOTAL EQUITY AND LIABILITIES	<u>565,020,999</u>	<u>534,295,221</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.51</u>	<u>4.41</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 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 6 months ended 30 June 2021 unaudited

	Attributable to owners of the Company					Total equity RM			
	Non distributable			Distributable					
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
6 months ended 30 June 2021									
Balance at 1 January 2021	101,883,643	(5,444,875)	1,157,522	3,026,004	(426,447)	308,283,265	408,479,112	7,768,359	416,247,471
Total comprehensive income for the period	-	385,675	-	-	-	9,250,989	9,636,664	323,853	9,960,517
Balance at 30 June 2021	101,883,643	(5,059,200)	1,157,522	3,026,004	(426,447)	317,534,254	418,115,776	8,092,212	426,207,988
6 months ended 30 June 2020									
Balance at 1 January 2020	101,883,643	(3,313,253)	1,157,522	3,026,004	(426,447)	298,043,532	400,371,001	8,580,941	408,951,942
Total comprehensive income for the period	-	930,928	-	-	-	3,704,541	4,635,469	381,414	5,016,883
Balance at 30 June 2020	101,883,643	(2,382,325)	1,157,522	3,026,004	(426,447)	301,748,073	405,006,470	8,962,355	413,968,825

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 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 6 months ended 30 June 2021 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,794,243	4,700,511
Adjustments for :-		
Adjustment on early receipt of receivable	(2,073,474)	-
Depreciation	4,971,652	5,346,959
Dividend income from short term investments	(493,272)	(1,027,809)
Fair value changes on long term investments	(2,353)	7,043
Loss/(Gain) on disposal of property, plant and equipment, net	27,440	(183,658)
Interest expense	925,239	1,257,898
Interest income	(1,517,512)	(1,271,388)
Inventories - properties held for sale and others written off	173	-
Property, plant and equipment written off	1	877
Share of losses of associate	31,987	37,375
Unrealised gain on foreign exchange	(345,255)	(432,716)
(Write back of)/Allowance for impairment losses on:		
- inventories - property development	(30,439)	(132,835)
- trade and other receivables	749,235	655,237
Operating profit before changes in working capital	<u>14,037,665</u>	<u>8,957,494</u>
Changes in working capital:-		
Net changes in current assets	(15,465,893)	13,866,307
Net changes in current liabilities	23,086,385	(12,036,249)
Cash flows from operations	<u>21,658,157</u>	<u>10,787,552</u>
Interest paid	(244,295)	(181,767)
Interest received	265,643	257,459
Taxes paid	(2,310,411)	(1,149,985)
Net cash flows from operating activities	<u>19,369,094</u>	<u>9,713,259</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 6 months ended 30 June 2021 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2021 RM	2020 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from short term investments	493,272	1,027,809
Interest received	391,184	388,642
Inventories - Land held for property development	(718,729)	(305,925)
Placement of deposits with maturity period more than 3 months	(387,951)	(385,123)
Proceeds from disposal of:		
- investment properties	-	140,000
- property, plant and equipment	291,200	288,600
- short term investments	44,565,765	24,145,000
Purchase of:		
- property, plant and equipment	(413,903)	(376,578)
- short term investments	(55,508,271)	(29,698,310)
Net cash flows used in investing activities	<u>(11,287,433)</u>	<u>(4,775,885)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(97,407)	(643,657)
Interest paid	(820,560)	(1,326,318)
Payment of principal portion of lease liability	(8,406)	(27,535)
Repayment of term loan	(3,351,072)	(2,500,002)
Repayment of hire purchase liabilities	(331,615)	(885,682)
Net cash flows used in financing activities	<u>(4,609,060)</u>	<u>(5,383,194)</u>
Net increase/(decrease) in cash and cash equivalents	3,472,601	(445,820)
Effects of exchange rate differences	(99,230)	(323,050)
Cash and cash equivalents at beginning of the period	9,053,377	9,764,005
Cash and cash equivalents at end of the period	<u><u>12,426,748</u></u>	<u><u>8,995,135</u></u>

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

Cash and bank balances	11,841,204	10,824,621
Deposits with licensed banks	<u>13,832,627</u>	<u>13,425,397</u>
	25,673,831	24,250,018
Less:		
Bank overdrafts	(3,032,381)	(5,123,524)
Deposits with maturity period more than 3 months	<u>(10,214,702)</u>	<u>(10,131,359)</u>
	<u><u>12,426,748</u></u>	<u><u>8,995,135</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2020 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
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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 2020. 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 2020.

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 2020 except as follows:

On 1 January 2021, 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 (Amendments to MFRS 16 : Leases)	1 June 2020
Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9 : Financial Instruments, MFRS 139 : Financial Instruments : Recognition and Measurement, MFRS 7 : Financial Instruments : Disclosures, MFRS 4 : Insurance Contracts and MFRS 16 : Leases)	1 January 2021

Adoption of the above standards 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 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.

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 2 sen per ordinary share in respect of the financial year ended 31 December 2020, which was approved at the Annual General Meeting on 18 June 2021, was paid on 20 August 2021 to shareholders whose names appear in the Record of Depositors on 30 July 2021.

A8. Profit from operating activities

Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
2021	2020	2021	2020
RM	RM	RM	RM

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

Total depreciation	2,463,380	2,667,362	4,971,652	5,346,959
Depreciation capitalised under construction costs	(237,800)	(445,771)	(519,618)	(730,835)
Depreciation charged to profit from operating activities	2,225,580	2,221,591	4,452,034	4,616,124
Adjustment on early receipt of receivable	(2,073,474)	-	(2,073,474)	-
Dividend income from short term investments	(296,973)	(516,534)	(493,272)	(1,027,809)
Fair value changes on long term investment	523	-	(2,353)	7,043
Inventories - properties held for sale and others written off	28,679	-	173	-
(Gain)/Loss on foreign exchange :				
- realised	(131)	(9,973)	(26,670)	21,470
- unrealised	(3,486)	196,297	(345,255)	(432,716)
Loss/(Gain) on disposal of property, plant and equipment, net	27,640	(182,468)	27,440	(183,658)
Property, plant and equipment written off	1	-	1	877
(Write back of)/Allowance for impairment losses on:				
- inventories - property development	-	(28,334)	(30,439)	(132,835)
- trade and other receivables	696,002	433,452	749,235	655,237
- property, plant and equipment	N/A	N/A	N/A	N/A
Gain on derivatives	N/A	N/A	N/A	N/A

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 30 June 2021**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	11,489,979	16,918,026	16,164,583	7,400,977	2,988,235	2,012,988	56,974,788
Inter-segment sales	(10,133,308)	(2,682,315)	(31,552)	-	-	(70,460)	(12,917,635)
External sales	1,356,671	14,235,711	16,133,031	7,400,977	2,988,235	1,942,528	44,057,153
Results							
Segment results	1,322,969	2,099,717	1,426,586	1,126,694	612,881	82,809	6,671,656
Interest expense	(317,589)	(122,558)	(9,679)	(5,560)	(62,620)	(2,421)	(520,427)
Share of losses of associate	(15,954)	-	-	-	-	-	(15,954)
Profit before tax	989,426	1,977,159	1,416,907	1,121,134	550,261	80,388	6,135,275
Income tax expense	-	-	-	-	-	-	(1,118,634)
Profit for the period	989,426	1,977,159	1,416,907	1,121,134	550,261	80,388	5,016,641
Total Assets							
Segment assets	368,505	1,591,077	(3,413,928)	2,607,647	(1,302,832)	284,246	134,715
Interest in associate	-	-	-	-	-	-	(15,954)
Unallocated corporate assets	-	-	-	-	-	-	18,349,249
Total assets	368,505	1,591,077	(3,413,928)	2,607,647	(1,302,832)	284,246	18,468,010
Total Liabilities							
Segment liabilities	(1,340,914)	17,953,091	(4,136,334)	134,708	(1,599,014)	714,288	11,725,825
Unallocated corporate liabilities	-	-	-	-	-	-	1,982,202
Total liabilities	(1,340,914)	17,953,091	(4,136,334)	134,708	(1,599,014)	714,288	13,708,027

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 30 June 2021 (cont'd.)							
Type of goods and services							
Construction contracts	-	14,234,793	-	-	-	-	14,234,793
Sale of completed properties	-	-	-	351,420	-	-	351,420
Sale of development properties	-	-	-	7,048,807	-	-	7,048,807
Sale of goods and services	160	918	16,133,031	750	2,988,235	1,942,528	21,065,622
Revenue from contracts with customers	160	14,235,711	16,133,031	7,400,977	2,988,235	1,942,528	42,700,642
Rental income from investment properties	1,356,511	-	-	-	-	-	1,356,511
	<u>1,356,671</u>	<u>14,235,711</u>	<u>16,133,031</u>	<u>7,400,977</u>	<u>2,988,235</u>	<u>1,942,528</u>	<u>44,057,153</u>
Geographical markets							
Malaysia	160	14,235,711	16,133,031	7,400,977	-	1,942,528	39,712,407
Lao People's Democratic Republic	-	-	-	-	2,988,235	-	2,988,235
	<u>160</u>	<u>14,235,711</u>	<u>16,133,031</u>	<u>7,400,977</u>	<u>2,988,235</u>	<u>1,942,528</u>	<u>42,700,642</u>
Timing of transfer of goods and services							
At a point in time	160	918	16,133,031	351,420	2,988,235	1,942,528	21,416,292
Over time	-	14,234,793	-	7,049,557	-	-	21,284,350
	<u>160</u>	<u>14,235,711</u>	<u>16,133,031</u>	<u>7,400,977</u>	<u>2,988,235</u>	<u>1,942,528</u>	<u>42,700,642</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 30 June 2020							
Revenue							
Total revenue	1,240,679	13,962,288	8,262,686	1,995,433	3,127,787	233,338	28,822,211
Inter-segment sales	(133,309)	(1,449,577)	(131,863)	-	-	(233,338)	(1,948,087)
External sales	1,107,370	12,512,711	8,130,823	1,995,433	3,127,787	-	26,874,124
Results							
Segment results	1,011,391	2,712,596	277,733	461,045	573,515	68,230	5,104,510
Interest expense	(491,587)	(611)	(15,767)	(2,247)	(83,435)	(398)	(594,045)
Share of losses of associate	-	-	-	(18,774)	-	-	(18,774)
Profit before tax	519,804	2,711,985	261,966	440,024	490,080	67,832	4,491,691
Income tax expense	-	-	-	-	-	-	(937,115)
Profit for the period	-	-	-	-	-	-	3,554,576
Total Assets							
Segment assets	70,991	(5,701,676)	1,385,088	1,881,455	(1,494,659)	(1,033,838)	(4,892,639)
Interest in associate	-	-	-	-	-	-	(18,774)
Unallocated corporate assets	-	-	-	-	-	-	5,752,004
Total assets	-	-	-	-	-	-	840,591
Total Liabilities							
Segment liabilities	(1,433,534)	(2,090,320)	1,071,842	414,865	(470,147)	(21,176)	(2,528,470)
Unallocated corporate liabilities	-	-	-	-	-	-	589,744
Total liabilities	-	-	-	-	-	-	(1,938,726)

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 30 June 2020 (cont'd.)							
Type of goods and services							
Construction contracts	-	12,505,564	-	-	-	-	12,505,564
Sale of completed properties	-	-	-	1,700,630	-	-	1,700,630
Sale of development properties	-	-	-	287,447	-	-	287,447
Sale of goods and services	580	7,147	8,130,823	7,356	3,127,787	-	11,273,693
Revenue from contracts with customers	580	12,512,711	8,130,823	1,995,433	3,127,787	-	25,767,334
Rental income from investment properties	1,106,790	-	-	-	-	-	1,106,790
	<u>1,107,370</u>	<u>12,512,711</u>	<u>8,130,823</u>	<u>1,995,433</u>	<u>3,127,787</u>	<u>-</u>	<u>26,874,124</u>
Geographical markets							
Malaysia	580	12,512,711	8,130,823	1,995,433	-	-	22,639,547
Lao People's Democratic Republic	-	-	-	-	3,127,787	-	3,127,787
	<u>580</u>	<u>12,512,711</u>	<u>8,130,823</u>	<u>1,995,433</u>	<u>3,127,787</u>	<u>-</u>	<u>25,767,334</u>
Timing of transfer of goods and services							
At a point in time	580	7,147	8,130,823	1,700,630	3,127,787	-	12,966,967
Over time	-	12,505,564	-	294,803	-	-	12,800,367
	<u>580</u>	<u>12,512,711</u>	<u>8,130,823</u>	<u>1,995,433</u>	<u>3,127,787</u>	<u>-</u>	<u>25,767,334</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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
Cumulative quarter 6 months ended 30 June 2021							
Revenue							
Total revenue	15,504,292	33,569,107	37,932,337	16,204,253	5,574,081	2,159,264	110,943,334
Inter-segment sales	(12,766,617)	(6,457,843)	(186,478)	-	-	(202,783)	(19,613,721)
External sales	2,737,675	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	91,329,613
Results							
Segment results	2,401,689	2,305,248	4,061,712	2,850,283	972,697	155,236	12,746,865
Interest expense	(642,770)	(125,076)	(18,463)	(11,396)	(118,783)	(4,147)	(920,635)
Share of losses of associate	(31,987)	-	-	-	-	-	(31,987)
Profit before tax	1,726,932	2,180,172	4,043,249	2,838,887	853,914	151,089	11,794,243
Income tax expense	-	-	-	-	-	-	(2,318,708)
Profit for the period	-	-	-	-	-	-	9,475,535
Total Assets							
Segment assets	135,746,799	90,241,646	67,081,294	148,333,078	49,564,254	2,431,592	493,398,663
Interest in associate	-	-	-	-	-	-	424,970
Unallocated corporate assets	-	-	-	-	-	-	71,197,366
Total assets	-	-	-	-	-	-	565,020,999
Total Liabilities							
Segment liabilities	38,502,026	64,041,191	6,456,540	16,484,247	6,148,798	1,496,389	133,129,191
Unallocated corporate liabilities	-	-	-	-	-	-	5,683,820
Total liabilities	-	-	-	-	-	-	138,813,011

DKLS INDUSTRIES BERHAD (199501040269) (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 6 months ended 30 June 2021 (cont'd.)

Type of goods and services
Construction contracts
Sale of completed properties
Sale of development properties
Sale of goods and services
Revenue from contracts with customers
Rental income from investment properties

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
	-	27,110,346	-	-	-	-	27,110,346
	-	-	-	1,216,812	-	-	1,216,812
	-	-	-	14,983,241	-	-	14,983,241
	400	918	37,745,859	4,200	5,574,081	1,956,481	45,281,939
	400	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	88,592,338
	2,737,275	-	-	-	-	-	2,737,275
	2,737,675	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	91,329,613

Geographical markets

Malaysia
Lao People's Democratic Republic

	400	27,111,264	37,745,859	16,204,253	-	1,956,481	83,018,257
	-	-	-	-	5,574,081	-	5,574,081
	400	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	88,592,338

Timing of transfer of goods and services

At a point in time
Over time

	400	918	37,745,859	1,216,812	5,574,081	1,956,481	46,494,551
	-	27,110,346	-	14,987,441	-	-	42,097,787
	400	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	88,592,338

DKLS INDUSTRIES BERHAD (199501040269) (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 6 months
ended 30 June 2020**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	4,696,576	27,892,319	16,304,484	5,072,153	5,987,566	590,548	60,543,646
Inter-segment sales	(2,266,617)	(5,405,053)	(840,692)	-	-	(574,912)	(9,087,274)
External sales	2,429,959	22,487,266	15,463,792	5,072,153	5,987,566	15,636	51,456,372
Results							
Segment results	2,104,771	2,913,867	(396,999)	404,932	754,750	204,777	5,986,098
Interest expense	(1,042,244)	(2,182)	(31,475)	(2,247)	(169,446)	(618)	(1,248,212)
Share of losses of associate	-	-	-	(37,375)	-	-	(37,375)
Profit/(loss) before tax	1,062,527	2,911,685	(428,474)	365,310	585,304	204,159	4,700,511
Income tax expense	-	-	-	-	-	-	(859,385)
Profit for the period	-	-	-	-	-	-	3,841,126
Total Assets							
Segment assets	136,678,066	85,406,380	64,637,160	114,545,738	56,206,071	482,279	457,955,694
Interest in associate	-	-	-	-	-	-	292,222
Unallocated corporate liabilities	-	-	-	-	-	-	77,895,051
Total assets	-	-	-	-	-	-	536,142,967
Total Liabilities							
Segment liabilities	43,908,003	46,147,912	6,876,335	13,615,332	8,553,386	70,915	119,171,883
Unallocated corporate liabilities	-	-	-	-	-	-	3,002,259
Total liabilities	-	-	-	-	-	-	122,174,142

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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
Cumulative quarter 6 months ended 30 June 2020 (cont'd.)							
Type of goods and services							
Construction contracts	-	22,489,589	-	-	-	-	22,489,589
Sale of completed properties	-	-	-	4,127,516	-	-	4,127,516
Sale of development properties	-	-	-	929,784	-	-	929,784
Sale of goods and services	2,000	(2,323)	15,463,792	14,853	5,987,566	15,636	21,481,524
Revenue from contracts with customers	2,000	22,487,266	15,463,792	5,072,153	5,987,566	15,636	49,028,413
Rental income from investment properties	2,427,959	-	-	-	-	-	2,427,959
	<u>2,429,959</u>	<u>22,487,266</u>	<u>15,463,792</u>	<u>5,072,153</u>	<u>5,987,566</u>	<u>15,636</u>	<u>51,456,372</u>
Geographical markets							
Malaysia	2,000	22,487,266	15,463,792	5,072,153	-	15,636	43,040,847
Lao People's Democratic Republic	-	-	-	-	5,987,566	-	5,987,566
	<u>2,000</u>	<u>22,487,266</u>	<u>15,463,792</u>	<u>5,072,153</u>	<u>5,987,566</u>	<u>15,636</u>	<u>49,028,413</u>
Timing of transfer of goods and services							
At a point in time	2,000	(2,323)	15,463,792	4,127,516	5,987,566	15,636	25,594,187
Over time	-	22,489,589	-	944,637	-	-	23,434,226
	<u>2,000</u>	<u>22,487,266</u>	<u>15,463,792</u>	<u>5,072,153</u>	<u>5,987,566</u>	<u>15,636</u>	<u>49,028,413</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 composition of the Group for the financial year to date.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 30 June	
	2021 RM	2020 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	81,930,629	76,350,604
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	192,000	35,917
	<u>82,122,629</u>	<u>76,386,521</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 2020.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchase of consumables from DKLS Service Station	(464)	(1,087)	(1,208)	(2,335)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,580)	(2,920)	(8,900)	(8,420)
Rental income from Sri Ikhlas Kredit Sdn Bhd	-	300	-	300
Supply of electricity by Ipoh Tower Sdn Bhd	(14,123)	(14,791)	(31,379)	(32,706)

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 30 June 2021 RM
Approved and contracted for: Property, plant and equipment	<u>1,876,000</u>
Approved but not contracted for: Property, plant and equipment	<u>2,890,000</u>

A15. Operating lease commitments - as lessor

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

	As at 30 June 2021 RM
Not later than 1 year	2,494,478
Later than 1 year but not later than 5 years	<u>1,172,071</u>
	<u>3,666,549</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 2Q21 vs 2Q20

For the current quarter under review (2Q21), the Group recorded higher revenue of RM44.057 million and higher pre-tax profit of RM6.135 million, an increase of 63.9% and 36.6%, as compared to RM26.874 million and RM4.491 million in the preceding year corresponding quarter (2Q20) respectively. The higher revenue and pre-tax profit of the Group can be analysed by segment as below:-

2Q21 vs 2Q20

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	249	470
Construction	1,723	(735)
Quarry	8,002	1,155
Property development	5,406	681
Utilities	(140)	60
Others	1,943	13
	<u>17,183</u>	<u>1,644</u>

(b) Review of Performance to date for FY21 vs FY20

For the financial year to date (FY21), the Group recorded higher revenue of RM91.329 million and higher pre-tax profit of RM11.794 million, an increase of 77.5% and 150.9%, as compared to RM51.456 million and RM4.700 million in the preceding year corresponding period (FY20) respectively. The higher revenue and pre-tax profit of the Group can be analysed by segment as below:-

FY21 vs FY20

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	308	664
Construction	4,624	(732)
Quarry	22,282	4,472
Property development	11,132	2,474
Utilities	(414)	269
Others	1,941	(53)
	<u>39,873</u>	<u>7,094</u>

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

B1. Operating Segment Review (cont'd.)

Investment

Revenue of the investment segment is derived mainly from investment properties.

The higher revenue achieved of RM2.738 million in FY21 as compared to RM2.430 million in FY20 was mainly due to lower rental assistance provided to tenants.

In tandem with the higher revenue, the investment segment has recorded higher pre-tax profit of RM1.727 million as compared to RM1.063 million in FY20. Beside revenue, the pre-tax profits in FY21 and FY20 were also affected by:

- a) compensation received of RM0.200 million from a tenant for reinstatement of properties (FY20 : RM0.292 million);
- b) unrealised gain on foreign exchange of RM0.322 million (FY20 : RM0.428 million); and
- c) lower interest expense of RM0.643 million (FY20 : RM1.042 million).

Construction

The performance of the construction segment in FY21 and FY20 were affected by the suspension of physical construction works for its ongoing projects during the nationwide lockdown periods. The higher revenue of RM27.111 million recorded in FY21 as compared to RM22.487 million in FY20 was mainly due to the shorter lockdown period of 1 month (FY20 : 2.5 months).

Despite a higher revenue achieved, the construction segment has recorded a lower pre-tax profit of RM2.180 million (FY20 : RM2.912 million) which contributed from its ongoing projects that yielded consistent margin as compared to contribution from the previous completed project and recovery of loss and expenses arising from a near completion ongoing project in FY20.

The pre-tax profits in FY21 and FY20 were also affected by:

- a) an exceptional gain from adjustment on early receipt of receivable of RM2.073 million (FY20 : RMNil);
- b) higher impairment loss on receivables of RM1.133 million (FY20 : RM0.715 million); and
- c) loss on disposal of property, plant and equipment of RM0.042 million (FY20 : gain on disposal of RM0.110 million).

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

B1. Operating Segment Review (cont'd.)

Quarry

For the current financial year to date under review, the quarry segment achieved higher revenue of RM37.746 million as compared to RM15.464 million in the preceding year corresponding period which was in Movement Control Order 1.0 period where the whole country was under lockdown.

Along with the increase in revenue, the quarry segment has registered a pre-tax profit of RM4.043 million versus a pre-tax loss of RM0.429 million in the preceding year corresponding period. The improvement in financial performance attributed from higher revenue was partially off-set by the higher operating cost in meeting regulatory requirement and higher bitumen cost being the main raw material for premix production.

Property Development

For the current financial year to date under review, the property development segment has recorded higher revenue of RM16.204 million as compared to RM5.072 million in the preceding year corresponding period from its second phase of guarded and gated residential project "GOSHEN" Ipoh Premier City launched in third quarter of 2020.

On the back of the higher revenue and consistent overhead costs, the property development segment has registered a higher pre-tax profit of RM2.839 million as compared to RM0.365 million in the preceding year corresponding period.

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.

Utilities segment has recorded a higher pre-tax profit of RM0.854 million (FY20 : RM0.585 million) on a lower revenue of RM5.574 million (FY20 : RM5.988 million) mainly due to:

- a) reversal of impairment loss on receivables of RM0.181 million (FY20 : impairment loss of RM0.088 million), and
- b) lower interest expense of RM0.119 million (FY20 : RM0.169 million).

If these were excluded from pre-tax profits, the utilities segment would have recorded a fairly consistent margin on lower revenue in the current financial year to date under review.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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

B2. Variance of Results Against Preceding Quarter

	Current Quarter 30 June 2021 (2Q21) RM'000	Immediate Preceding Quarter 31 March 2021 (1Q21) RM'000	Changes Amount RM'000
Revenue	44,057	47,272	(3,215)
Pre-tax profit	6,135	5,659	476

The lower revenue for the current quarter under review was impacted by the nationwide lockdown effective from 1 June 2021.

Despite a lower revenue achieved, the Group has recorded higher pre-tax profit as compared to the immediate preceding quarter mainly due to the following items:

- a) exceptional gain from adjustment on early receipt of receivable of RM2.073 million (1Q21 : RMNil);
- b) allowance for impairment loss on receivables of RM0.696 million (1Q21 : RM0.053 million);
- c) gain on foreign exchange of RM0.003 million (1Q21 : RM0.342 million);
- d) compensation received of RM0.200 million from a tenant for reinstatement of properties (1Q21 : RMNil); and
- e) higher operating cost in meeting regulatory requirement of RM0.700 million (1Q21 : RMNil).

If these were excluded, the Group would have recorded a fairly consistent margin on lower revenue in the current quarter under review.

B3. Prospects

The constantly evolving COVID-19 pandemic has been a challenge and it brings into focus the need for the Group and its businesses to be adaptable, agile and remain robust within these uncertain trying times. We have since adapted and have been deploying our resources to put the necessary structure and undertaken continuous enhancement to our workforce in building our internal expertise, capabilities and capacities. Continuous efforts have been undertaken in getting the right resources, knowhow, licenses as well as putting the necessary support in place to enable all of these segments to be functioning efficiently and effectively. The Group has also emphasize the importance of Standard Operating Procedures (SOPs) compliance with legal requirements and safe work environment related to COVID-19. Personal hygiene, face mask and social distancing has become a new norm. Visitors to our premises are required to observe our new norm.

Notwithstanding, the Group maintains its cautious stance on the near-term prospects of its business operations.

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

B3. Prospects (cont'd.)

The Construction Division will remain focused to ensure smooth execution of its on-going projects, with emphasis on health and safety at work, and fully complying with the stringent standard operating procedures put in place by the authorities during the current pandemic. At the same time, the Division is constantly looking for opportunities to increase its order book through tender participations. The Division also targets to replenish new orders in the pipeline from the Property Development Division, striving to ensure that our internal projects are delivered within the stipulated time and quality whilst optimising the development cost. The Division is also mindful of the rising raw material prices, which is affecting the entire construction industry, and is proactively managing it by continuously enhancing its operational efficiency and procurement process.

The Quarry Division continues to tap on private and public sector projects undertaken by its existing customers, at the same time it will continue to grow its sales by expanding its customer base via aggressive sales strategies. The Division's profit contribution is dependent on the recovery of the property development activities and successful roll-out of mega infrastructure construction projects. The division will, however, continue with its business rationalisation efforts through the improvements in product quality, cost optimisation and process efficiency enhancements.

The Property Development Division is expected to have a mixed performance for the duration of the year due to persistent uncertainties. The performance of the Division will continue to be supported by the recognition of revenue from progress billings of on-going projects and sales from new projects targeted to be launched this year. Nonetheless, the Division is optimistic that by adjusting its business strategy to a more aggressive approach, rapid adoption of digital marketing platforms, acceleration in progress billings and managing its cash flow, the Division's results shall remain satisfactory for the remaining quarters. The Division will also leverage on the Home Ownership Campaign under the National Recovery Plan (PENJANA) to drive sales of our mid-priced range products in tandem with the market demands as these products, in general, remain well sought-after.

The Utilities Division's concession water treatment plant in Lao People's Democratic Republic 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 Division's performance in the current financial year.

Overall, the Group's results will remain steadfast in its effort to seek opportunities to strengthen our businesses and to improve the Group's profitability, while adopting an agile approach in managing its cost structure and business model to better adapt to the new operating environment. The Group is hopeful that with the Government's ongoing rollout of the National COVID-19 Immunisation Programme, it will allow for a return to normalcy resulting in a positive impact on the Malaysian economy, which will translate into better prospects for the Group's businesses generally.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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

B4. Income tax expense

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax:				
Malaysia income tax	808,109	786,373	2,301,012	841,657
Foreign tax	117,007	130,290	141,032	142,098
Under provision in prior years	432	-	432	-
	<u>925,548</u>	<u>916,663</u>	<u>2,442,476</u>	<u>983,755</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	191,727	38,954	(62,100)	(138,605)
(Over)/Under provision in prior years	-	(18,502)	-	14,235
	<u>191,727</u>	<u>20,452</u>	<u>(62,100)</u>	<u>(124,370)</u>
Withholding tax paid/(refund)	<u>1,359</u>	<u>-</u>	<u>(61,668)</u>	<u>-</u>
Income tax expense	<u>1,118,634</u>	<u>937,115</u>	<u>2,318,708</u>	<u>859,385</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.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before tax	6,135,275	4,491,691	11,794,243	4,700,511
Taxation at applicable tax rates	1,472,466	1,078,006	2,830,618	1,128,123
Income not subject to tax	(765,262)	(406,529)	(1,080,057)	(845,451)
Expenses not deductible for tax purposes	414,947	359,000	633,098	631,727
Expenses under special deduction for tax purposes	(2,412)	(26,164)	(2,412)	(26,164)
Current year tax losses that cannot be carried forward	-	147	-	219
Difference in tax rate of foreign subsidiary	(24,104)	(26,058)	(29,299)	(28,418)
Deferred tax assets not recognised	4,866	17,027	8,308	17,166
Deferred tax on undistributed earnings from foreign subsidiary	16,342	36,481	19,688	40,137
Utilisation of previously unrecognised deferred tax assets	-	(2,974)	-	-
Withholding tax paid/(refund)	1,359	(73,319)	(61,668)	(72,189)
Under provision of taxation in prior years	432	-	432	-
(Over)/under provision of deferred tax in prior years	-	(18,502)	-	14,235
Income tax expense	1,118,634	937,115	2,318,708	859,385

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.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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

B6. Borrowing and Debt Securities

	As at 30 June 2021	As at 30 June 2020
	RM	RM
Short term borrowings		
Bank overdrafts (secured)	3,032,381	5,123,524
Hire purchase liabilities (secured)	302,855	1,029,618
Term loans (secured)	10,145,983	8,025,004
Revolving credits (unsecured)	19,600,000	-
Lease liabilities (unsecured)	11,686	21,241
	<u>33,092,905</u>	<u>14,199,387</u>
Long term borrowings		
Hire purchase liabilities (secured)	485,654	297,827
Term loans (secured)	32,595,799	40,975,777
Lease liabilities (unsecured)	106,403	123,558
	<u>33,187,856</u>	<u>41,397,162</u>
Total borrowings	<u>66,280,761</u>	<u>55,596,549</u>

Loan and borrowings are denominated in the following currencies:

	As at 30 June 2021	As at 30 June 2020
	RM	RM
Ringgit Malaysia	63,247,973	50,372,711
Lao Kip	3,032,788	5,223,838
	<u>66,280,761</u>	<u>55,596,549</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.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
(Incorporated in Malaysia)

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 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit attributable to owners of the Company	4,870,927	3,386,915	9,250,989	3,704,541
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	5.25	3.65	9.98	4.00

(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 2020 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 RM19.3 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 June 2021:

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	-	-	115,600,000
Financial assets:			
Long term/short term investments			
- Equity instruments (quoted)	24,310	-	-
- Unit trust fund (quoted)	-	64,685,518	-
Financial liabilities:			
Other commitments	-	2,241,038	-

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 (unadjusted) market prices in active markets for identical assets and liabilities.

Level 2

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

Level 3

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

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(Incorporated in Malaysia)

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 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 August 2021