

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statements of Profit and Loss and Other Comprehensive Income
For the quarter and 9 months ended 30 September 2021 - unaudited**

	Note	Current Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2021	2020	2021	2020
		RM	RM	RM	RM
Revenue		36,901,787	51,599,521	128,231,400	103,055,893
Interest income		858,712	435,645	2,376,224	1,707,033
Other income		1,006,729	995,287	6,017,561	4,476,749
Operating expenses		(25,658,926)	(34,626,471)	(94,470,968)	(69,312,546)
Changes in work-in-progress and finished goods		(384,300)	(269,633)	(1,191,109)	375,027
Employee benefit expenses		(3,032,952)	(3,402,346)	(9,860,962)	(11,492,407)
Administrative expenses		(4,934,040)	(4,114,069)	(13,598,271)	(12,205,717)
Profit from operating activities	A8	4,757,010	10,617,934	17,503,875	16,604,032
Interest expense		(556,057)	(471,771)	(1,476,692)	(1,719,983)
Share of loss from associate, net of tax		(16,587)	(21,811)	(48,574)	(59,186)
Profit before tax		4,184,366	10,124,352	15,978,609	14,824,863
Income tax expense		(1,393,017)	(2,635,905)	(3,711,725)	(3,495,290)
Profit for the period, net of tax		2,791,349	7,488,447	12,266,884	11,329,573
Other comprehensive income, net of tax					
Item that will be reclassified to profit or loss in the future:					
Foreign currency translation differences for foreign operations		(1,688,758)	(2,188,959)	(1,203,776)	(1,013,204)
Other comprehensive income for the period, net of tax		(1,688,758)	(2,188,959)	(1,203,776)	(1,013,204)
Total comprehensive income for the period		1,102,591	5,299,488	11,063,108	10,316,369
Profit for the period attributable to:					
Owners of the Company		2,781,837	7,398,773	12,032,826	11,103,314
Non-controlling interests		9,512	89,674	234,058	226,259
Profit for the period		2,791,349	7,488,447	12,266,884	11,329,573
Total comprehensive income attributable to:					
Owners of the Company		1,440,704	5,669,820	11,077,368	10,305,287
Non-controlling interests		(338,113)	(370,332)	(14,260)	11,082
Total comprehensive income for the period		1,102,591	5,299,488	11,063,108	10,316,369
Basic/Diluted, earnings per ordinary share (sen)		3.00	7.98	12.98	11.98

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 September 2021 - unaudited**

	30 September 2021 RM	31 December 2020 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	97,592,047	104,878,501
Right-of-use assets	97,231	113,585
Inventories - Land held for property development	104,343,041	103,978,499
Investment properties	115,600,000	115,600,000
Investment in associate	408,383	456,957
Long term investments	24,049	21,957
Trade and other receivables	25,332,970	16,881,465
Other asset	6,797	28,062
Deferred tax assets	5,503,144	3,894,385
Total non-current assets	<u>348,907,662</u>	<u>345,853,411</u>
Current Assets		
Property development costs	12,850,011	16,873,407
Inventories - Properties held for sale and others	32,168,350	33,055,137
Trade and other receivables	71,334,488	54,535,271
Other assets	8,111,818	7,506,366
Short term investments	70,538,475	53,743,012
Tax recoverable	313,567	422,850
Cash and cash equivalents	24,697,194	22,305,767
Total current assets	<u>220,013,903</u>	<u>188,441,810</u>
TOTAL ASSETS	<u>568,921,565</u>	<u>534,295,221</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	318,462,099	308,283,265
Reserves	(2,643,254)	(1,687,796)
Total equity attributable to owners of the Company	<u>417,702,488</u>	<u>408,479,112</u>
Non-controlling interests	<u>7,754,099</u>	<u>7,768,359</u>
Total equity	<u>425,456,587</u>	<u>416,247,471</u>
Non-Current Liabilities		
Loans and borrowings	30,355,039	38,485,129
Other payables	1,313,661	1,570,929
Deferred tax liabilities	4,098,347	2,606,217
Total non-current liabilities	<u>35,767,047</u>	<u>42,662,275</u>
Current Liabilities		
Loans and borrowings	35,194,607	12,329,743
Trade and other payables	37,738,958	38,890,034
Other current liabilities	32,921,165	23,266,110
Tax payable	1,843,201	899,588
Total current liabilities	<u>107,697,931</u>	<u>75,385,475</u>
Total liabilities	<u>143,464,978</u>	<u>118,047,750</u>
TOTAL EQUITY AND LIABILITIES	<u>568,921,565</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 9 months ended 30 September 2021 - unaudited**

	Attributable to owners of the Company				Distributable		Total equity RM	
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM	Retained profits RM		Non-controlling interests RM
9 months ended 30 September 2021								
Balance at 1 January 2021	101,883,643	(5,444,875)	1,157,522	3,026,004	(426,447)	308,283,265	7,768,359	416,247,471
Total comprehensive income for the period	-	(955,458)	-	-	-	12,032,826	(14,260)	11,063,108
Transaction with owners: Dividend on ordinary shares	-	-	-	-	-	(1,853,992)	-	(1,853,992)
Balance at 30 September 2021	101,883,643	(6,400,333)	1,157,522	3,026,004	(426,447)	318,462,099	7,754,099	425,456,587
9 months ended 30 September 2020								
Balance at 1 January 2020	101,883,643	(3,313,253)	1,157,522	3,026,004	(426,447)	298,043,532	8,580,941	408,951,942
Total comprehensive income for the period	-	(798,027)	-	-	-	11,103,314	11,082	10,316,369
Transaction with owners: Dividend on ordinary shares	-	-	-	-	-	(2,780,988)	-	(2,780,988)
Balance at 30 September 2020	101,883,643	(4,111,280)	1,157,522	3,026,004	(426,447)	306,365,858	8,592,023	416,487,323

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 9 months ended 30 September 2021 - unaudited**

	Cumulative Quarter 9 months ended 30 September	
	2021	2020
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	15,978,609	14,824,863
Adjustments for:-		
Adjustment on early receipt of receivable	(2,073,474)	-
Allowance for impairment loss on trade and other receivables	2,139,180	1,570,655
Depreciation	7,418,502	7,941,894
Dividend income from short term investments	(810,987)	(1,426,207)
Fair value changes on long term investments	(2,092)	5,695
Gain on disposal of property, plant and equipment, net	(45,048)	(313,748)
Interest expense	1,481,295	1,734,983
Interest income	(2,376,224)	(1,707,033)
Inventories - properties held for sale and others written off	96,258	-
Inventories written back to net realisable value:		
- property development costs	(30,439)	(144,008)
- properties held for sale and others	(28,506)	-
Property, plant and equipment written off	1	2,572
Share of losses from associate	48,574	59,186
Unrealised gain on foreign exchange	(189,162)	(142,252)
Operating profit before changes in working capital	<u>21,606,487</u>	<u>22,406,600</u>
Changes in working capital:-		
Net changes in current assets	(20,121,929)	(5,352,710)
Net changes in current liabilities	31,215,436	(9,822,271)
Cash flows from operations	<u>32,699,994</u>	<u>7,231,619</u>
Interest paid	(474,469)	(257,212)
Interest received	1,692,482	570,414
Taxes paid	(2,777,269)	(1,318,899)
Net cash flows from operating activities	<u>31,140,738</u>	<u>6,225,922</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 9 months ended 30 September 2021 - unaudited**

	Cumulative Quarter 9 months ended 30 September	
	2021	2020
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	391,184	388,642
Inventories - land held for property development	(908,340)	(603,305)
Net dividend received from short term investments	810,987	1,426,207
Placement of deposits with maturity period more than 3 months	(387,951)	(385,123)
Proceeds from disposal of:		
- investment property	-	140,000
- property, plant and equipment	1,374,805	572,750
- short term investments	64,201,765	42,160,000
Purchase of:		
- property, plant and equipment	(2,686,516)	(886,255)
- short term investments	(80,997,228)	(44,942,208)
Net cash flows used in investing activities	<u>(18,201,294)</u>	<u>(2,129,292)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(1,853,992)	-
Dividend paid to non-controlling interest	(97,407)	(643,657)
Interest paid	(1,205,329)	(1,822,957)
Payment of principal portion of lease liability	(11,734)	(34,716)
Repayment of term loan	(5,751,912)	(3,750,003)
Repayment of hire purchase liabilities	(507,363)	(1,314,001)
Net cash flows used in financing activities	<u>(9,427,737)</u>	<u>(7,565,334)</u>
Net increase/(decrease) in cash and cash equivalents	3,511,707	(3,468,704)
Effects of exchange rate differences	(152,694)	68,970
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>12,412,390</u></u>	<u><u>6,364,271</u></u>

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

Cash and bank balances	10,774,560	6,702,590
Deposits with licensed banks	13,922,634	13,569,040
Bank overdrafts	(1,984,838)	(4,073,485)
	<u>22,712,356</u>	<u>16,198,145</u>
Less:		
Deposits with maturity period more than 3 months	(10,299,966)	(9,833,874)
	<u><u>12,412,390</u></u>	<u><u>6,364,271</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.

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 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.

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 September		Cumulative Quarter 9 months ended 30 September	
2021	2020	2021	2020
RM	RM	RM	RM

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

Total depreciation	2,446,850	2,594,935	7,418,502	7,941,894
Depreciation capitalised under construction costs	(205,420)	(360,658)	(725,038)	(1,091,493)
Depreciation charged to profit from operating activities	2,241,430	2,234,277	6,693,464	6,850,401
Adjustment on early receipt of receivable	-	-	(2,073,474)	-
Allowance for impairment loss on trade and other receivables	1,389,945	915,418	2,139,180	1,570,655
Dividend income from short term investments	(317,715)	(398,398)	(810,987)	(1,426,207)
Fair value changes on long term investments	261	(1,348)	(2,092)	5,695
Gain on disposal of property, plant and equipment, net	(72,488)	(130,090)	(45,048)	(313,748)
Government grant received	(177,750)	(631,800)	(388,950)	(1,318,563)
Inventories - properties held for sale and others written off	67,579	-	96,258	-
Inventories written back to net realisable value:				
- property development costs	-	(11,173)	(30,439)	(144,008)
- properties held for sale and others	-	-	(28,506)	-
Loss/(Gain) on foreign exchange:				
- realised	14,898	(54,027)	(11,772)	(32,557)
- unrealised	156,093	290,464	(189,162)	(142,252)
Property, plant and equipment written off	-	1,695	1	2,572
Gain on derivatives	N/A	N/A	N/A	N/A

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

A9. Segmental reporting

Business Segments

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

**Current quarter 3 months
ended 30 September 2021**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	1,364,323	10,000,516	19,832,109	4,772,959	2,515,274	31,936	38,517,117
Inter-segment sales	(133,309)	(1,445,660)	(9,751)	-	-	(26,610)	(1,615,330)
External sales	1,231,014	8,554,856	19,822,358	4,772,959	2,515,274	5,326	36,901,787
Results							
Segment results	753,881	1,124,144	2,359,349	691,298	(149,480)	(22,182)	4,757,010
Interest expense	(310,124)	(185,941)	(8,982)	(6,913)	(44,097)	-	(556,057)
Share of losses from associate	(16,587)	-	-	-	-	-	(16,587)
Profit/(Loss) before tax	427,170	938,203	2,350,367	684,385	(193,577)	(22,182)	4,184,366
Income tax expense	-	-	-	-	-	-	(1,393,017)
Profit for the period	-	-	-	-	-	-	2,791,349
Total Assets							
Segment assets	2,228	1,930,903	4,953,572	(4,162,940)	(3,420,219)	(568,260)	(1,264,716)
Interest in associates	-	-	-	-	-	-	(16,587)
Unallocated corporate assets	-	-	-	-	-	-	5,181,869
Total assets	-	-	-	-	-	-	3,900,566
Total liabilities							
Segment liabilities	(1,130,901)	6,888,851	2,913,207	(1,746,184)	(1,235,145)	(1,295,589)	4,394,239
Unallocated corporate liabilities	-	-	-	-	-	-	257,728
Total liabilities	-	-	-	-	-	-	4,651,967

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 2021 (cont'd.)**

Type of goods and services

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	8,554,856	-	-	-	-	8,554,856
Sale of completed properties	-	-	-	1,118,092	-	-	1,118,092
Sale of development properties	-	-	-	3,654,867	-	-	3,654,867
Sale of goods and services	130	-	19,822,358	-	2,515,274	5,326	22,343,088
Revenue from contracts with customers	130	8,554,856	19,822,358	4,772,959	2,515,274	5,326	35,670,903
Rental income from investment properties	1,230,884	-	-	-	-	-	1,230,884
	<u>1,231,014</u>	<u>8,554,856</u>	<u>19,822,358</u>	<u>4,772,959</u>	<u>2,515,274</u>	<u>5,326</u>	<u>36,901,787</u>

Geographical markets

Malaysia	130	8,554,856	19,822,358	4,772,959	-	5,326	33,155,629
Lao People's Democratic Republic	-	-	-	-	2,515,274	-	2,515,274
	<u>130</u>	<u>8,554,856</u>	<u>19,822,358</u>	<u>4,772,959</u>	<u>2,515,274</u>	<u>5,326</u>	<u>35,670,903</u>

Timing of transfer of goods and services

At a point in time	130	-	19,822,358	1,118,092	2,515,274	5,326	23,461,180
Over time	-	8,554,856	-	3,654,867	-	-	12,209,723
	<u>130</u>	<u>8,554,856</u>	<u>19,822,358</u>	<u>4,772,959</u>	<u>2,515,274</u>	<u>5,326</u>	<u>35,670,903</u>

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 2020**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
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
Results							
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
Total Assets							
Segment assets	(88,241)	6,457,932	6,580,797	621,449	(4,191,562)	594,616	9,974,991
Interest in associates							(21,811)
Unallocated corporate assets							(3,378,234)
Total assets							6,574,946
Total liabilities							
Segment liabilities	(964,097)	181,113	2,889,956	(1,385,399)	(1,299,298)	(3,462)	(581,187)
Unallocated corporate liabilities							4,637,635
Total liabilities							4,056,448

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 2020 (cont'd.)**

Type of goods and services

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	21,444,358	-	-	-	-	21,444,358
Sale of completed properties	-	-	-	1,130,555	-	-	1,130,555
Sale of development properties	-	-	-	2,344,628	-	-	2,344,628
Sale of goods and services	2,420	18,396	22,432,108	5,798	2,908,040	-	25,366,762
Revenue from contracts with customers	2,420	21,462,754	22,432,108	3,480,981	2,908,040	-	50,286,303
Rental income from investment properties	1,313,218	-	-	-	-	-	1,313,218
	1,315,638	21,462,754	22,432,108	3,480,981	2,908,040	-	51,599,521

Geographical markets

Malaysia	2,420	21,462,754	22,432,108	3,480,981	-	-	47,378,263
Lao People's Democratic Republic	-	-	-	-	2,908,040	-	2,908,040
	2,420	21,462,754	22,432,108	3,480,981	2,908,040	-	50,286,303

Timing of transfer of goods and services

At a point in time	2,420	18,396	22,432,108	1,130,555	2,908,040	-	26,491,519
Over time	-	21,444,358	-	2,350,426	-	-	23,794,784
	2,420	21,462,754	22,432,108	3,480,981	2,908,040	-	50,286,303

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 2021**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	16,868,615	43,569,623	57,764,446	20,977,212	8,089,355	2,191,200	149,460,451
Inter-segment sales	(12,899,926)	(7,903,503)	(196,229)	-	-	(229,393)	(21,229,051)
External sales	3,968,689	35,666,120	57,568,217	20,977,212	8,089,355	1,961,807	128,231,400
Results							
Segment results	3,155,570	3,429,392	6,421,061	3,541,581	823,217	133,054	17,503,875
Interest expense	(952,894)	(311,017)	(27,445)	(18,309)	(162,880)	(4,147)	(1,476,692)
Share of losses from associate	(48,574)	-	-	-	-	-	(48,574)
Profit before tax	2,154,102	3,118,375	6,393,616	3,523,272	660,337	128,907	15,978,609
Income tax expense							(3,711,725)
Profit for the period							12,266,884
Total Assets							
Segment assets	135,749,027	92,172,549	72,034,866	144,170,138	46,144,035	1,863,332	492,133,947
Interest in associates							408,383
Unallocated corporate assets							76,379,235
Total assets							568,921,565
Total Liabilities							
Segment liabilities	37,371,125	70,930,042	9,369,747	14,738,063	4,913,653	200,800	137,523,430
Unallocated corporate liabilities							5,941,548
Total liabilities							143,464,978

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 2021 (cont'd.)**

Type of goods and services	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	35,665,202	-	-	-	-	35,665,202
Sale of completed properties	-	-	-	2,334,904	-	-	2,334,904
Sale of development properties	-	-	-	18,638,108	-	-	18,638,108
Sale of goods and services	530	918	57,568,217	4,200	8,089,355	1,961,807	67,625,027
Revenue from contracts with customers	530	35,666,120	57,568,217	20,977,212	8,089,355	1,961,807	124,263,241
Rental income from investment properties	3,968,159	-	-	-	-	-	3,968,159
	3,968,689	35,666,120	57,568,217	20,977,212	8,089,355	1,961,807	128,231,400
Geographical markets							
Malaysia	530	35,666,120	57,568,217	20,977,212	-	1,961,807	116,173,886
Lao People's Democratic Republic	-	-	-	-	8,089,355	-	8,089,355
	530	35,666,120	57,568,217	20,977,212	8,089,355	1,961,807	124,263,241
Timing of transfer of goods and services							
At a point in time	530	918	57,568,217	2,339,104	8,089,355	1,961,807	69,959,931
Over time	-	35,665,202	-	18,638,108	-	-	54,303,310
	530	35,666,120	57,568,217	20,977,212	8,089,355	1,961,807	124,263,241

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 RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
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
Results							
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							<u>11,329,573</u>
Total Assets							
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							<u>542,717,913</u>
Total liabilities							
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							<u>126,230,590</u>

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 (cont'd.)**

Type of goods and services

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	43,933,947	-	-	-	-	43,933,947
Sale of completed properties	-	-	-	5,258,071	-	-	5,258,071
Sale of development properties	-	-	-	3,274,412	-	-	3,274,412
Sale of goods and services	4,420	16,073	37,895,900	20,651	8,895,606	15,636	46,848,286
Revenue from contracts with customers	4,420	43,950,020	37,895,900	8,553,134	8,895,606	15,636	99,314,716
Rental income from investment properties	3,741,177	-	-	-	-	-	3,741,177
	3,745,597	43,950,020	37,895,900	8,553,134	8,895,606	15,636	103,055,893

Geographical markets

Malaysia	4,420	43,950,020	37,895,900	8,553,134	-	15,636	90,419,110
Lao People's Democratic Republic	-	-	-	-	8,895,606	-	8,895,606
	4,420	43,950,020	37,895,900	8,553,134	8,895,606	15,636	99,314,716

Timing of transfer of goods and services

At a point in time	4,420	16,073	37,895,900	5,258,071	8,895,606	15,636	52,085,706
Over time	-	43,933,947	-	3,295,063	-	-	47,229,010
	4,420	43,950,020	37,895,900	8,553,134	8,895,606	15,636	99,314,716

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

Voluntary liquidation of dormant subsidiary

DKLS Homebuilders Sdn Bhd ("DKLSH") is a wholly-owned subsidiary of DKLS. DKLSH has ceased operation and become dormant since 2019. DKLSH had been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 on 21 September 2021.

During the current quarter under review and up to the date of this report, the voluntary winding-up is still under progress.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 30 September	
	2021	2020
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	71,685,255	74,791,184
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	421,774	46,684
	72,107,029	74,837,868

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 2020.

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 September		Cumulative Quarter 9 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
Purchase of consumables from DKLS Service Station	(715)	(1,851)	(1,923)	(4,186)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,050)	(4,930)	(12,950)	(13,350)
Rental income from Sri Ikhlas Kredit Sdn Bhd	-	900	-	1,200
Supply of electricity by Ipoh Tower Sdn Bhd	(14,886)	(18,689)	(46,265)	(51,395)

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 September 2021 RM
Approved and contracted for: Property, plant and equipment	<u>1,942,126</u>
Approved but not contracted for: Property, plant and equipment	<u>-</u>

A15. Operating lease commitments - as lessor

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

	As at 30 September 2021 RM
Not later than 1 year	2,696,899
Later than 1 year but not later than 5 years	<u>731,314</u>
	<u>3,428,213</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 3Q21 vs 3Q20

The Group has recorded a lower revenue of RM36.902 million and a lower pre-tax profit of RM4.184 million for the current quarter ended 30 September 2021 (3Q21), a decrease by 28% and 59% respectively, as compared to the revenue of RM51.600 million and pre-tax profit of RM10.124 million in the preceding year corresponding quarter ended 30 September 2020 (3Q20). The lower revenue and the lower pre-tax profit of the Group can be analysed as below:-

3Q21 vs 3Q20

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	(84)	342
Construction	(12,908)	(4,615)
Quarry	(2,610)	(1,254)
Property development	1,292	204
Utilities	(393)	(495)
Others	5	(122)
	<u>(14,698)</u>	<u>(5,940)</u>

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

The Group has achieved a higher revenue of RM128.231 million and a higher pre-tax profit of RM15.979 million for the financial year to date ended 30 September 2021 (FY21), an increase by 24% and 7% respectively, as compared to the revenue of RM103.056 million and pre-tax profit of RM14.825 million in the previous financial year to date ended 30 September 2020 (FY20). The higher revenue and pre-tax profit of the Group can be analysed as below:-

FY21 vs FY20

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	223	1,007
Construction	(8,284)	(5,347)
Quarry	19,672	3,217
Property development	12,424	2,678
Utilities	(806)	(226)
Others	1,946	(175)
	<u>25,175</u>	<u>1,154</u>

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

B1. Operating Segment Review (cont'd.)

(b) Review of Performance to date for FY21 vs FY20 (cont'd.)

Investment

The investment segment derives its main income from investment properties.

The investment segment has recorded a higher pre-tax profit of RM2.154 million for FY21 as compared to RM1.147 million in the preceding year corresponding period mainly due to:-

- a) higher revenue as a result of lower rental assistance provided to tenants in FY21 as compared to FY20;
- b) compensation received of RM0.200 million (FY20 : RM0.292 million) from a tenant for reinstatement of properties;
- c) higher unrealised gain on foreign exchange of RM0.381 million (FY20 : RM0.130 million); and
- d) lower interest expense of RM0.953 million (FY20 : RM1.418 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 of approximately 3 months and 2.5 months respectively.

For the current financial year to date, the construction segment recorded a lower pre-tax profit of RM3.118 million (FY20: RM8.465 million) on a lower revenue of RM35.666 million (FY20 : RM43.950 million) with lower margin. The lower margin for FY21 was contributed from its on-going projects that yielded consistent margin as compared to contribution from the previous completed project in FY20 which generally yielded higher margin.

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) allowance for impairment loss on receivables of RM2.405 million (FY20 : RM0.983 million); and
- c) higher interest income of RM2.026 million (FY20 : RM1.171 million).

Quarry

For the current financial year to date, the quarry segment has recorded a higher revenue and pre-tax profit of RM57.568 million and RM6.393 million as compared to RM37.896 million and RM3.176 million respectively in the preceding year corresponding period which was affected by the Movement Control Order 1.0 where the whole country was under total lockdown.

There is no major fluctuation in the operation costs except for higher bitumen cost being the main raw material for premix production and higher costs in meeting regulatory requirement.

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

B1. Operating Segment Review (cont'd.)

(b) Review of Performance to date for FY21 vs FY20 (cont'd.)

Property Development

The property development segment continued to record a higher pre-tax profit of RM3.523 million (FY20 : RM0.845 million) on a higher revenue of 20.977 million (FY20 : RM8.553 million) from its second phase of guarded and gated residential project "GOSHEN" Ipoh Premier City launched in third quarter of 2020.

The progress of construction works at the development site has come to a halt due to the Movement Control Order 2.0 imposed since end of May 2021. Construction work was only resumed in the middle of August 2021 with 60% workforce and gradually increase to 100% in the middle of September 2021 when all the construction workers were fully vaccinated.

In addition, the property development segment has recorded consistent overhead costs for the current financial year to date and 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.

The utilities segment has recorded a lower pre-tax profit of RM0.660 million in FY21 (FY20 : RM0.886 million) against a lower revenue of RM8.089 million (FY20 : RM8.895 million). Beside revenue, the pre-tax profit for FY21 and FY20 were also affected by:

- a) loss on foreign exchange of RM0.240 million (FY20 : gain on foreign exchange of RM0.010 million);
- b) reversal of allowance for impairment loss on receivable of RM0.134 million (FY20 : allowance of RM0.125 million); and
- c) lower interest expense of RM0.163 million (FY20 : RM0.247 million).

Others

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

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

B2. Variance of Results Against Preceding Quarter

	Current quarter 30 September 2021 RM'000	Immediate preceding quarter 30 June 2021 RM'000	Changes amount RM'000
Revenue	36,902	44,057	(7,155)
Pre-tax profit	4,184	6,135	(1,951)

The Group recorded a lower revenue in 3Q21 as compared to the immediate preceding quarter mainly due to the suspension of physical construction works and development activities for its ongoing projects for approximately 2 months (2Q21 : 1 month) during the nationwide lockdown periods commenced on 1 June 2021.

The pre-tax profits for 3Q21 and 2Q21 were affected by the following exceptional items respectively:

- a) an exceptional gain from adjustment on early receipt of receivables of RMNil (2Q21 : RM2.073 million);
- b) higher allowance for impairment loss on receivables of RM1.900 million (2Q21 : RM0.696 million);
- c) loss on foreign exchange of RM0.156 million (2Q21 : gain on foreign exchange of RM0.003 million);
- d) compensation received of RMNil (2Q21 : RM0.200 million) from a tenant for reinstatement of properties;
- e) higher operating cost in meeting regulatory requirement of RMNil (2Q21 : RM0.700 million); and
- f) government grant received of RM0.178 million (2Q21 : RM0.007 million).

If these were excluded, 3Q21 would have recorded a higher pre-tax profit margin mainly contributed by the quarry segment.

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

B3. Prospects

After battling with Covid-19 for more than twenty (20) months, Malaysia is set to move out from a pandemic to an endemic stage. With more than 90% of the adult population having been fully vaccinated, the interstate travel ban was lifted recently in early October 2021 it augurs well for our local business sectors. With the gradual opening of the overall economy since October 2021, the nation's economy is projected to improve from the fourth quarter of 2021 onwards as economic activity is gradually increasing to return to normalcy. With the progressive resumption of business activities, the Group remains committed to strict compliance of the Government's SOPs for all its business sectors.

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. In the Budget 2022, the Government has not announced any new mega infrastructure projects and the continuation and re-introduction of the mega public transport infra projects, such as the shovel ready Mass Rapid Transit Line 3, are not included whilst the announcement of some small construction projects would benefit mainly the G1 to G4 categories of contractors. Hence, the Division will target to replenish new orders in the pipeline from the Development Division with continuous effort in enhancing operational and cost efficiency to mitigate the scarcity of infrastructure project.

The performance of the Property Development Division will continue to be supported by the recognition of revenue from progress billings of its second phase of guarded and gated residential "GOSHEN" Ipoh Premier City Ipoh. With the resumption of full force construction works and reopening of the economy since mid-September, and interstate travel in early October 2021, the Division anticipates better performance in 4Q21 driven by strong pent-up demand, a resilient market, low interest rates and the ongoing HOC (Home Ownership Campaign) is expected to end 31 December 2021 which might boast up the last minute sale of properties.

While the Quarry Division continues to tap on private and public sector projects undertaken by its existing customers, DKLS Quarry Division has repositioned her market present by expanding into the northern region market with a new quarry. The pro-active steps taken were in anticipation of the recovery of the property development activities and the emphasis of the Government in infrastructure maintenance to the G1 to G4 contracts.

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

While the performance of the Group has been relatively resilient for the current financial year, the Group remains cautious given the challenging market conditions and ongoing global recovery to uncertainties as a result of the pandemic. It foresees that the environment will remain challenging, moving forward, the Group remains focused on strengthening performance improvements of the existing portfolios along with the recovery of the economic environments.

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

B4. Income tax expense

	Current Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
Current income tax:				
Malaysia income tax	1,426,399	1,975,789	3,727,411	2,817,446
Foreign tax	20,448	68,378	161,480	282,665
(Over)/Under provision in prior year	(285)	20,286	147	20,286
	<u>1,446,562</u>	<u>2,064,453</u>	<u>3,889,038</u>	<u>3,120,397</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(57,998)	603,375	(120,098)	464,770
Under/(Over) provision in prior year	3,468	(33,853)	3,468	(19,618)
	<u>(54,530)</u>	<u>569,522</u>	<u>(116,630)</u>	<u>445,152</u>
Withholding tax paid/(refund)	<u>985</u>	<u>691</u>	<u>(60,683)</u>	<u>(71,498)</u>
Real property gains tax	<u>-</u>	<u>1,239</u>	<u>-</u>	<u>1,239</u>
Income tax expense	<u>1,393,017</u>	<u>2,635,905</u>	<u>3,711,725</u>	<u>3,495,290</u>

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

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

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

B4. Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before 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 September		Cumulative Quarter 9 months ended 30 September	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit before tax	4,184,366	10,124,352	15,978,609	14,824,863
Taxation at applicable tax rates	1,004,248	2,429,843	3,834,866	3,557,966
Income not subject to tax	(92,201)	(287,553)	(1,172,258)	(1,133,004)
Expenses not deductible for tax purposes	494,882	499,899	1,127,980	1,131,626
Expenses under special deduction for tax purposes	(8,006)	(3,776)	(10,418)	(29,940)
Current year tax losses that cannot be carried forward	281	65	281	284
Difference in tax rate of foreign subsidiaries	(5,338)	(13,815)	(34,637)	(42,233)
Deferred tax assets not recognised	(7,825)	3,539	483	20,705
Deferred tax on undistributed earnings from foreign subsidiary	2,808	19,340	22,496	59,477
Real property gains tax	-	1,239	-	1,239
Withholding tax	985	691	(60,683)	(71,498)
(Over)/Under provision of current tax in prior years	(285)	20,286	147	20,286
Under/(Over) provision of deferred tax in prior years	3,468	(33,853)	3,468	(19,618)
Income tax expense	1,393,017	2,635,905	3,711,725	3,495,290

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

	As at 30 September 2021 RM	As at 30 September 2020 RM
Short term borrowings		
Bank overdrafts (unsecured)	63	-
Bank overdrafts (secured)	1,984,775	4,073,485
Hire purchase liabilities (secured)	190,950	703,108
Lease liabilities (unsecured)	11,175	16,727
Revolving credits (unsecured)	22,500,000	-
Term loans (secured)	10,507,644	6,867,478
	<u>35,194,607</u>	<u>11,660,798</u>
Long term borrowings		
Hire purchase liabilities (secured)	421,811	196,018
Lease liabilities (unsecured)	99,930	116,331
Term loans (secured)	29,833,298	40,883,302
	<u>30,355,039</u>	<u>41,195,651</u>
Total borrowings	<u>65,549,646</u>	<u>52,856,449</u>

Loan and borrowings are denominated in the following currencies:

	As at 30 September 2021 RM	As at 30 September 2020 RM
Ringgit Malaysia	63,475,234	48,687,307
Lao Kip	2,074,412	4,169,142
	<u>65,549,646</u>	<u>52,856,449</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 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
	2021 RM	2020 RM	2021 RM	2020 RM
Profit attributable to owners of the Company	2,781,837	7,398,773	12,032,826	11,103,314
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	3.00	7.98	12.98	11.98

(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 RM22.2 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 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)	24,049	-	-
- Unit trust fund (quoted)	-	70,538,475	-
Financial liabilities:			
Other commitments	-	2,097,291	-

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.

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.

Quoted unit trust fund

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

Other commitments (non-current)

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

Dated : 23 November 2021