

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 6 months ended 30 June 2022 - unaudited**

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2022	2021	2022	2021
		RM	RM	RM	RM
Revenue		48,508,229	44,057,153	88,614,589	91,329,613
Interest income		805,889	909,708	1,843,642	1,517,512
Other income		1,013,902	3,675,534	1,993,892	5,010,832
Operating expenses		(35,717,626)	(33,810,206)	(65,264,519)	(68,812,042)
Changes in work-in-progress and finished goods		58,675	(209,150)	(130,040)	(806,809)
Employee benefit expenses		(3,035,835)	(3,119,844)	(7,220,844)	(6,828,010)
Administrative expenses		(2,769,987)	(4,831,539)	(8,670,992)	(8,664,231)
Profit from operating activities	A8	8,863,247	6,671,656	11,165,728	12,746,865
Interest expense		(891,275)	(520,427)	(1,411,567)	(920,635)
Share of losses from associate		-	(15,954)	-	(31,987)
Profit before tax		7,971,972	6,135,275	9,754,161	11,794,243
Income tax expense		(1,700,130)	(1,118,634)	(2,883,856)	(2,318,708)
Profit for the period, net of tax		6,271,842	5,016,641	6,870,305	9,475,535
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		(5,912,086)	(256,658)	(7,222,638)	484,982
Other comprehensive income for the period, net of tax		(5,912,086)	(256,658)	(7,222,638)	484,982
Total comprehensive income for the period		359,756	4,759,983	(352,333)	9,960,517
Profit for the period attributable to:					
Owners of the Company		6,040,324	4,870,927	6,441,312	9,250,989
Non-controlling interests		231,518	145,714	428,993	224,546
Profit for the period		6,271,842	5,016,641	6,870,305	9,475,535
Total comprehensive income attributable to:					
Owners of the Company		1,362,073	4,666,621	723,138	9,636,664
Non-controlling interests		(1,002,317)	93,362	(1,075,471)	323,853
Total comprehensive income for the period		359,756	4,759,983	(352,333)	9,960,517
Basic/Diluted, earnings per ordinary share (sen)		6.52	5.25	6.95	9.98

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

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2022 - unaudited**

	30 June 2022 RM	31 December 2021 RM
ASSETS		
Non-current Assets		
Property, plant and equipment	75,052,765	83,474,337
Right-of-use assets	72,547	93,769
Inventories - Land held for property development	104,086,976	104,837,637
Investment properties	124,220,000	124,220,000
Long term investment	22,219	26,924
Trade and other receivables	3,200,126	25,082,566
Deferred tax assets	5,167,453	5,236,243
Total non-current assets	311,822,086	342,971,476
Current Assets		
Inventories - Property development costs	12,385,210	14,072,103
Inventories - Properties held for sale and others	29,921,151	30,874,206
Trade and other receivables	74,826,183	48,224,616
Other current assets	15,281,179	11,603,425
Short term investments	63,069,095	67,487,177
Tax recoverable	1,132,934	684,817
Cash and bank balances	30,726,246	27,198,806
Total current assets	227,341,998	200,145,150
TOTAL ASSETS	539,164,084	543,116,626
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	325,920,224	322,259,900
Reserves	(10,726,166)	(5,007,992)
Equity attributable to owners of the Company	417,077,701	419,135,551
Non-controlling interests	5,792,003	6,867,474
Total equity	422,869,704	426,003,025
Non-current Liabilities		
Loans and borrowings	26,882,778	28,724,995
Other payables	851,990	1,168,753
Deferred tax liabilities	5,082,036	4,818,164
Total non-current liabilities	32,816,804	34,711,912
Current Liabilities		
Loans and borrowings	36,265,318	30,099,975
Trade and other payables	39,616,316	33,832,962
Other current liabilities	7,024,991	17,816,306
Tax payable	570,951	652,446
Total current liabilities	83,477,576	82,401,689
Total liabilities	116,294,380	117,113,601
TOTAL EQUITY AND LIABILITIES	539,164,084	543,116,626
Net assets per share attributable to owners of the Company (RM)	4.50	4.52

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

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

**Condensed Consolidated Statement of Changes in Equity
For 6 months ended 30 June 2022 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	Non- controlling interests RM		
6 months ended 30 June 2022									
Balance at 1 January 2022	101,883,643	(9,665,787)	2,058,238	3,026,004	(426,447)	322,259,900	419,135,551	6,867,474	426,003,025
Total comprehensive income for the period	-	(5,718,174)	-	-	-	6,441,312	723,138	(1,075,471)	(352,333)
Transaction with owners: Dividend on ordinary shares	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)
Balance at 30 June 2022	101,883,643	(15,383,961)	2,058,238	3,026,004	(426,447)	325,920,224	417,077,701	5,792,003	422,869,704
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

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

**Condensed Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2022 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2022 RM	2021 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	9,754,161	11,794,243
Adjustments for :-		
Allowance for impairment loss on trade and other receivables	2,215,772	749,235
Adjustment on early receipt of receivable	-	(2,073,474)
Depreciation	3,519,514	4,971,652
Dividend income from short term investments	(202)	(493,272)
Fair value gain on short/long term investments	(543,381)	(2,353)
(Gain)/Loss on disposal of property, plant and equipment, net	(240,701)	27,440
Interest expense	1,411,567	925,239
Interest income	(1,843,642)	(1,517,512)
Inventories - properties held for sale and others written off	-	173
Property, plant and equipment written off	714	1
Share of losses of associate	-	31,987
Unrealised gain on foreign exchange	(530,028)	(345,255)
Inventories - property development costs written back to net realisable value net realisable value	-	(30,439)
Operating profit before changes in working capital	13,743,774	14,037,665
Changes in working capital:-		
Net changes in current assets	(7,919,003)	(15,465,893)
Net changes in current liabilities	(4,753,646)	23,086,385
Cash flows from operations	1,071,125	21,658,157
Interest paid	(475,028)	(244,295)
Interest received	1,654,277	265,643
Taxes paid	(3,039,694)	(2,310,411)
Net cash flows (used in)/from operating activities	(789,320)	19,369,094

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 6 months ended 30 June 2022 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2022 RM	2021 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from short term investments	202	493,272
Interest received	431,072	391,184
Inventories - Land held for property development	(871,765)	(718,729)
Placement of deposits with maturity period more than 3 months	(429,241)	(387,951)
Proceeds from disposal of:		
- property, plant and equipment	317,300	291,200
- short term investments	28,177,081	44,565,765
Purchase of:		
- property, plant and equipment	(1,112,964)	(413,903)
- short term investments	(23,210,913)	(55,508,271)
Net cash flows from/(used in) investing activities	<u>3,300,772</u>	<u>(11,287,433)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	-	(97,407)
Interest paid	(585,675)	(820,560)
Payment of principal portion of lease liability	(5,950)	(8,406)
Repayment of term loan	(2,500,002)	(3,351,072)
Repayment of hire purchase liabilities	(228,136)	(331,615)
Net cash flows used in financing activities	<u>(3,319,763)</u>	<u>(4,609,060)</u>
Net (decrease)/increase in cash and cash equivalents	(808,311)	3,472,601
Effects of exchange rate differences	177,578	(99,230)
Cash and cash equivalents at beginning of the period	<u>16,106,345</u>	<u>9,053,377</u>
Cash and cash equivalents at end of the period	<u>15,475,612</u>	<u>12,426,748</u>

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

Cash and bank balances	18,348,368	11,841,204
Deposits with licensed banks	<u>12,377,878</u>	<u>13,832,627</u>
	30,726,246	25,673,831
Less:		
Bank overdrafts	(3,982,756)	(3,032,381)
Deposits with maturity period more than 3 months	<u>(11,267,878)</u>	<u>(10,214,702)</u>
	<u>15,475,612</u>	<u>12,426,748</u>

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

A. Notes to the Interim Financial Statements

A1. Basis of Preparation

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

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

A2. Significant Accounting Policies

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

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

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

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

A3. Seasonal or Cyclical Factors

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

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

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

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

A. Notes to the Interim Financial Statements (cont'd.)**A5. Changes in Estimates**

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

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities, share buy-back and share held as treasury shares during the financial year to date.

A7. Dividend Paid

The first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2021, which was approved at the Annual General Meeting on 24 May 2022, was paid on 19 August 2022 to shareholders whose names appear in the Record of Depositors on 29 July 2022.

A8. Profit from operating activities

Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
2022	2021	2022	2021
RM	RM	RM	RM

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

Total depreciation	1,747,740	2,463,380	3,519,514	4,971,652
Depreciation capitalised under construction costs	(153,472)	(237,800)	(327,841)	(519,618)
Depreciation charged to profit from operating activities	1,594,268	2,225,580	3,191,673	4,452,034
Adjustment on early receipt of receivable	-	(2,073,474)	-	(2,073,474)
Dividend income from short term investments	-	(296,973)	(202)	(493,272)
Fair value (gain)/loss on short/long term investments	(277,935)	523	(543,381)	(2,353)
Inventories - property development costs written back to net realisable value	-	-	-	(30,439)
Inventories - properties held for sale and others written off	-	28,679	-	173
Loss/(Gain) on disposal of property, plant and equipment, net	1,010	27,640	(240,701)	27,440
Loss/(Gain) on foreign exchange :				
- realised	348	(131)	(3,785)	(26,670)
- unrealised	(437,542)	(3,486)	(530,028)	(345,255)
Property, plant and equipment written off	-	1	714	1
(Reversal of)/Allowance for impairment loss on trade and other receivables	(285,065)	696,002	2,215,772	749,235
Impairment loss on 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 2022**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	1,180,509	14,310,800	26,633,368	7,849,438	2,318,695	58,795	52,351,605
Inter-segment sales	(82,800)	(3,395,894)	(320,111)	-	-	(44,571)	(3,843,376)
External sales	1,097,709	10,914,906	26,313,257	7,849,438	2,318,695	14,224	48,508,229
Results							
Segment results	1,136,202	888,559	4,544,328	1,302,168	920,959	71,031	8,863,247
Interest expense	(278,532)	(602,334)	(8,728)	(290)	(1,391)	-	(891,275)
Profit before tax	857,670	286,225	4,535,600	1,301,878	919,568	71,031	7,971,972
Income tax expense							(1,700,130)
Profit for the period							6,271,842
Total Assets							
Segment assets	659,610	(5,317,387)	6,992,666	(611,366)	(6,001,662)	70,752	(4,207,387)
Unallocated corporate assets							4,552,448
Total assets							345,061
Total Liabilities							
Segment liabilities	1,929,080	(2,376,722)	3,989,707	(567,064)	(542,219)	(1,964)	2,430,818
Unallocated corporate liabilities							335,475
Total liabilities							2,766,293

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.)

**Current quarter 3 months
ended 30 June 2022 (cont'd.)**

Type of goods and services	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	10,866,434	-	-	-	-	10,866,434
Sale of completed properties	-	-	-	802,668	-	-	802,668
Sale of development properties	-	-	-	7,046,770	-	-	7,046,770
Sale of goods and services	3,160	48,472	26,313,257	-	2,318,695	14,224	28,697,808
Revenue from contracts with customers	3,160	10,914,906	26,313,257	7,849,438	2,318,695	14,224	47,413,680
Rental income from investment properties	1,094,549	-	-	-	-	-	1,094,549
	1,097,709	10,914,906	26,313,257	7,849,438	2,318,695	14,224	48,508,229

Geographical markets

Malaysia	3,160	10,914,906	26,313,257	7,849,438	-	14,224	45,094,985
Lao People's Democratic Republic	-	-	-	-	2,318,695	-	2,318,695
	3,160	10,914,906	26,313,257	7,849,438	2,318,695	14,224	47,413,680

Timing of transfer of goods and services

At a point in time	3,160	48,472	26,313,257	802,668	2,318,695	14,224	29,500,476
Over time	-	10,866,434	-	7,046,770	-	-	17,913,204
	3,160	10,914,906	26,313,257	7,849,438	2,318,695	14,224	47,413,680

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.)

**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							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							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							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.)

**Current quarter 3 months
ended 30 June 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	-	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
	1,356,671	14,235,711	16,133,031	7,400,977	2,988,235	1,942,528	44,057,153

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
	160	14,235,711	16,133,031	7,400,977	2,988,235	1,942,528	42,700,642

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
	160	14,235,711	16,133,031	7,400,977	2,988,235	1,942,528	42,700,642

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 2022

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	4,330,492	29,739,074	45,389,424	13,915,019	4,556,548	260,452	98,191,009
Inter-segment sales	(2,200,747)	(6,742,682)	(538,064)	-	-	(94,927)	(9,576,420)
External sales	2,129,745	22,996,392	44,851,360	13,915,019	4,556,548	165,525	88,614,589
Results							
Segment results	1,545,003	(551,695)	6,400,115	1,996,835	1,718,487	56,983	11,165,728
Interest expense	(561,939)	(826,214)	(13,378)	(290)	(9,746)	-	(1,411,567)
Profit/(Loss) before tax	983,064	(1,377,909)	6,386,737	1,996,545	1,708,741	56,983	9,754,161
Income tax expense							(2,883,856)
Profit for the period							6,870,305
Total Assets							
Segment assets	137,409,934	77,269,347	79,243,103	142,527,238	32,962,765	359,996	469,772,383
Unallocated corporate assets							69,391,701
Total assets							539,164,084
Total Liabilities							
Segment liabilities	36,356,728	51,830,969	13,263,159	7,141,747	2,042,177	6,613	110,641,393
Unallocated corporate liabilities							5,652,987
Total liabilities							116,294,380

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 2022 (cont'd.)

Type of goods and services

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	22,941,267	-	-	-	-	22,941,267
Sale of completed properties	-	-	-	802,668	-	-	802,668
Sale of development properties	-	-	-	13,104,952	-	-	13,104,952
Sale of goods and services	4,580	55,125	44,851,360	7,399	4,556,548	165,525	49,640,537
Revenue from contracts with customers	4,580	22,996,392	44,851,360	13,915,019	4,556,548	165,525	86,489,424
Rental income from investment properties	2,125,165	-	-	-	-	-	2,125,165
	2,129,745	22,996,392	44,851,360	13,915,019	4,556,548	165,525	88,614,589

Geographical markets

Malaysia	4,580	22,996,392	44,851,360	13,915,019	-	165,525	81,932,876
Lao People's Democratic Republic	-	-	-	-	4,556,548	-	4,556,548
	4,580	22,996,392	44,851,360	13,915,019	4,556,548	165,525	86,489,424

Timing of transfer of goods and services

At a point in time	4,580	55,125	44,851,360	810,067	4,556,548	165,525	50,443,205
Over time	-	22,941,267	-	13,104,952	-	-	36,046,219
	4,580	22,996,392	44,851,360	13,915,019	4,556,548	165,525	86,489,424

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**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
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	<u>2,737,675</u>	<u>27,111,264</u>	<u>37,745,859</u>	<u>16,204,253</u>	<u>5,574,081</u>	<u>1,956,481</u>	<u>91,329,613</u>
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	<u>1,726,932</u>	<u>2,180,172</u>	<u>4,043,249</u>	<u>2,838,887</u>	<u>853,914</u>	<u>151,089</u>	<u>11,794,243</u>
Income tax expense							<u>(2,318,708)</u>
Profit for the period							<u>9,475,535</u>
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 liabilities							<u>71,197,366</u>
Total assets							<u>565,020,999</u>
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							<u>5,683,820</u>
Total liabilities							<u>138,813,011</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.)

Cumulative quarter 6 months ended 30 June 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	-	27,110,346	-	-	-	-	27,110,346
Sale of completed properties	-	-	-	1,216,812	-	-	1,216,812
Sale of development properties	-	-	-	14,983,241	-	-	14,983,241
Sale of goods and services	400	918	37,745,859	4,200	5,574,081	1,956,481	45,281,939
Revenue from contracts with customers	400	27,111,264	37,745,859	16,204,253	5,574,081	1,956,481	88,592,338
Rental income from investment properties	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	400	27,111,264	37,745,859	16,204,253	-	1,956,481	83,018,257
Lao People's Democratic Republic	-	-	-	-	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	400	918	37,745,859	1,216,812	5,574,081	1,956,481	46,494,551
Over time	-	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

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	
	2022 RM	2021 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	67,986,137	81,930,629
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	-	192,000
	<u>67,986,137</u>	<u>82,122,629</u>

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

(b) Contingent Assets

There were no contingent assets since 31 December 2021.

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

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchase of consumables from DKLS Service Station	(5,090)	(464)	(6,297)	(1,208)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,290)	(4,580)	(8,690)	(8,900)
Supply of electricity by Ipoh Tower Sdn Bhd	(19,099)	(14,123)	(35,931)	(31,379)

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 2022 RM
Approved and contracted for: Property, plant and equipment	<u>1,738,997</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 June 2022 RM
Not later than 1 year	4,006,597
Later than 1 year but not later than 5 years	3,296,274
	<u>7,302,871</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 2Q22 vs 2Q21

For the current quarter under review (2Q22), the Group recorded a higher revenue and profit before tax of RM48.508 million and RM7.972 million, an increase of 10.1% and 29.9%, as compared to RM44.057 million and RM6.135 million in the preceding year corresponding quarter (2Q21) respectively. The higher revenue and profit before tax of the Group can be analysed by segment as below:-

2Q22 vs 2Q21

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	(259)	(132)
Construction	(3,321)	(1,691)
Quarry	10,180	3,119
Property development	448	181
Utilities	(669)	369
Others	(1,928)	(9)
	<u>4,451</u>	<u>1,837</u>

(b) Review of Performance to date for FY22 vs FY21

For the current financial year to date under review (FY22), the Group recorded a lower revenue and profit before tax of RM88.614 million and RM9.754 million, a decrease of 3.0% and 17.3%, as compared to RM91.329 million and RM11.794 million in the preceding year corresponding period (FY21) respectively. The lower revenue and profit before tax of the Group can be analysed by segment as below:-

FY22 vs FY21

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	(608)	(744)
Construction	(4,115)	(3,558)
Quarry	7,106	2,343
Property development	(2,289)	(842)
Utilities	(1,018)	855
Others	(1,791)	(94)
	<u>(2,715)</u>	<u>(2,040)</u>

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

B1. Operating Segment Review (cont'd.)

Investment

The investment segment derived its main income from investment properties.

For FY22, the investment segment has recorded a lower profit before tax of RM0.983 million (FY21 : RM1.727 million) on the a lower revenue of RM2.130 million (FY21 : RM2.738 million) mainly due to lower occupancy rate of 70% (FY21 : 93%) and higher rental discount given to tenants of RM0.097 million (FY21 : RM0.010 million) as compared to the preceding year corresponding period.

Besides revenue, the profit before tax for FY22 and FY21 were also affected by the non-recurring compensation of RM0.200 million received from a tenant for reinstatement of properties in FY21 and lower interest expense of RM0.562 million in FY22 (FY21 : RM0.643 million).

Construction

On the back of lower order book, the construction segment has recorded lower revenue of RM22.996 million from its on-going projects as compared to RM27.111 million in the preceding year corresponding period.

The (loss)/profit before tax of the construction segment in FY22 and FY21 were affected by:

- a) an exceptional gain from adjustment on early receipt of receivables of RMNil (FY21 : RM2.073 million);
- b) higher interest income of RM1.416 million (FY21 : RM1.197 million) from long term receivables;
- c) higher allowance for impairment loss on receivables of RM2.386 million (FY21 : RM1.133 million); and
- d) higher interest expense of RM0.826 million (FY21 : RM0.123 million).

If these items were excluded from the (loss)/profit before tax, the construction segment would have recorded a slightly higher profit margin on a lower revenue in FY22 as compared to FY21 which were contributed from its on-going projects commenced in the fourth quarter of 2021 with higher margin.

Quarry

For the current financial year to date under review, the quarry segment has recorded a higher profit before tax of RM6.386 million (FY21 : RM4.043 million) on a higher revenue of RM44.851 million (FY21 : RM37.745 million) as compared to the preceding year corresponding period.

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

- a) wages subsidy received of RMNil (FY21 : RM0.186 million);
- b) gain on disposal of property, plant and equipment of RM0.226 million (FY21 : RM0.015 million); and
- c) sales of scrap of RM0.039 million (FY21 : RM0.211 million).

On the back of higher turnover with fairly consistent overhead costs, the quarry segment has achieved a higher margin for the current financial year to date as compared to the preceding year corresponding period.

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

B1. Operating Segment Review (cont'd.)

Property Development

The property development segment continued to record lower profit before tax of RM1.997 million (FY21 : RM2.839 million) on a lower revenue of RM13.915 million (FY21 : RM16.204 million) mainly due to the lower stage of completion of 11% (FY21 : 22%) achieved for its near completion project.

The lower profit before tax was also affected by higher upkeep costs incurred for maintenance of existing infrastructure and show units.

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 profit before tax of RM1.709 million (FY21 : RM0.854 million) on a lower revenue of RM4.556 million (FY21 : RM5.574 million) mainly due to lower depreciation charges of RM0.994 million (FY21 : RM2.386 million) as some of the property, plant and equipment have been fully depreciated.

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

B2. Variance of Results Against Preceding Quarter

	Current Quarter 30 June 2022 (2Q22) RM'000	Immediate Preceding Quarter 31 March 2022 (1Q22) RM'000	Changes Amount RM'000
Revenue	48,508	40,106	8,402
Profit before tax	7,972	1,782	6,190

The Group has recorded a higher profit before tax on the back of higher revenue in the current quarter under review as compared to the immediate preceding quarter. The higher revenue was mainly contributed by the quarry segment as a result of higher demand for construction building materials and increase in selling price.

The profit before tax for 2Q22 and 1Q22 were affected by the following exceptional items:

- a) reversal of impairment loss on receivables of RM0.285 million (1Q22 : allowance for impairment loss of RM2.501 million);
- b) gain on foreign exchange of RM0.438 million (1Q22 : RM0.092 million);
- c) loss on disposal of property, plant and equipment of RM0.001 million (1Q22 : gain on disposal of RM0.242 million);
- d) higher interest expense of RM0.891 million (1Q22 : RM0.520 million); and
- e) lower interest income of RM0.806 million (1Q22 : 1.038 million).

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

B3. Prospects

There is uncertainty on Malaysia's growth prospects with increasing macro headwinds from many fronts - ongoing disruptions in the global supply chains, sharp increases in prices of most globally traded commodities, rising recession concern and continued geopolitical conflicts. These uncertainties will continue to put pressure on the Group's margin. Despite increased pressure on our bottom line, the Group remains focused on driving sustainable growth in the remainder of the year with prudent cost optimisation and tight management of internal efficiencies.

Construction Division foresees a lower availability of new construction projects in the local market and a more competitive tender environment. Furthermore, the Government had recently announced that it would be taking measures to save public expenditure by postponing or not proceeding with any project that has yet to commence. The said austerity drive would likely impact domestic demand and overall growth prospect of the Division over the medium term. Despite the foreseeable hurdles, the Division aims to continue pursuing all possible opportunities in the private and public sectors to replenish its book order, whilst continuously implementing cost control strategies. The Division will continue to deliver its current outstanding order and divert its resources to focus on providing their expertise and value added services to development projects.

Significant growth is not, however, expected for the Property Development Division as the issues of waning demand, high cost of materials, stringent lending policies by banks and current uptrend in interest rate are expected to linger in the near term, raising affordability to a new challenge for the purchasers. As a results of these disruptions, new launches will be phased according to market demands. Apart from that, the Division has also taken measures to strengthen its digital marketing tools, to expand the digitalization of its processes and procedures to improve efficiency and reduce cost. Continuous focus will be on progressing its development projects for timely completion.

The demand environment for Quarry Division is anticipated to remain robust with on-going infrastructure and construction progress, as well as residential projects. While commodity cost volatility and supply chain disruptions are expected to continue, the Division will remain focused on its pricing dynamics and cost efficiency to drive further growth. The Quarry Division is well-positioned to capitalize on infrastructure tailwinds and strong private demands across our geographic footprint.

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.

In view of the above, the Group will continue to strategize, adapt and navigate through the challenging business environment, emphasizing on cost management and efficiency improvement across its business operations. Barring any unforeseen circumstances, we remain cautiously optimistic of the Group's prospect for the financial year ending 31 December 2022.

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	
	2022 RM	2021 RM	2022 RM	2021 RM
Current income tax:				
Malaysia income tax	1,391,932	808,109	2,217,614	2,301,012
Foreign tax	195,676	117,007	332,572	141,032
(Over)/Under provision in prior years	(205)	432	(205)	432
	<u>1,587,403</u>	<u>925,548</u>	<u>2,549,981</u>	<u>2,442,476</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	67,963	191,727	295,879	(62,100)
Under provision in prior years	43,551	-	36,783	-
	<u>111,514</u>	<u>191,727</u>	<u>332,662</u>	<u>(62,100)</u>
Withholding tax paid/(refund)	<u>1,213</u>	<u>1,359</u>	<u>1,213</u>	<u>(61,668)</u>
Income tax expense	<u>1,700,130</u>	<u>1,118,634</u>	<u>2,883,856</u>	<u>2,318,708</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 June		Cumulative Quarter 6 months ended 30 June	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit before tax	7,971,972	6,135,275	9,754,161	11,794,243
Taxation at applicable tax rates	1,913,273	1,472,466	2,340,998	2,830,618
Income not subject to tax	(221,384)	(765,262)	(374,356)	(1,080,057)
Expenses not deductible for tax purposes	5,408	414,947	952,469	633,098
Expenses under special deduction for tax purposes	(30,026)	(2,412)	(53,150)	(2,412)
Difference in tax rate of foreign subsidiary	(38,722)	(24,104)	(66,088)	(29,299)
Deferred tax assets not recognised	-	4,866	6	8,308
Deferred tax on undistributed earnings from foreign subsidiary	27,022	16,342	46,186	19,688
Withholding tax paid/(refund)	1,213	1,359	1,213	(61,668)
(Over)/Under provision of taxation in prior years	(205)	432	(205)	432
Under provision of deferred tax in prior years	43,551	-	36,783	-
Income tax expense	1,700,130	1,118,634	2,883,856	2,318,708

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 June 2022	As at 30 June 2021
	RM	RM
Short term borrowings		
Bank overdrafts (unsecured)	3,982,756	3,032,381
Hire purchase liabilities (secured)	540,479	302,855
Term loans (secured)	5,000,004	10,145,983
Revolving credits (unsecured)	26,730,000	19,600,000
Lease liabilities (unsecured)	12,079	11,686
	<u>36,265,318</u>	<u>33,092,905</u>
Long term borrowings		
Hire purchase liabilities (secured)	726,626	485,654
Term loans (secured)	26,083,295	32,595,799
Lease liabilities (unsecured)	72,857	106,403
	<u>26,882,778</u>	<u>33,187,856</u>
Total borrowings	<u>63,148,096</u>	<u>66,280,761</u>

Loan and borrowings are denominated in the following currencies:

	As at 30 June 2022	As at 30 June 2021
	RM	RM
Ringgit Malaysia	63,084,326	63,247,973
Lao Kip	63,770	3,032,788
	<u>63,148,096</u>	<u>66,280,761</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 June		Cumulative Quarter 6 months ended 30 June	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit attributable to owners of the Company	6,040,324	4,870,927	6,441,312	9,250,989
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	6.52	5.25	6.95	9.98

(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 2021 was unqualified.

B11. Financial Assistance in the Ordinary Course of Business

As at the end of the reporting period, DKLS Construction Sdn Bhd, a wholly-owned subsidiary of the Company, as a Turnkey Contractor, in the ordinary course of business has advanced a total of RM26,729,800 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 2022:

Fair value of financial instruments that are carried at fair value

	Quoted prices in active markets for identical assets Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM
Non-financial assets:			
Investment properties	-	-	124,220,000
Financial assets:			
Long term/short term investments			
- Equity instruments (quoted)	22,219	-	-
- Unit trust fund (quoted)	-	63,069,095	-
Financial liabilities:			
Other commitments	-	1,438,216	-

There were no transfers between Level 1, Level 2 and 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 as at 31 December 2021. Valuations are performed by accredited independent valuers with recent experience in the location and category of properties being valued. The valuations are based on the comparison and income capitalisation method that makes reference to the recent transaction value.

Quoted equity instruments

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

Unit trust fund (quoted)

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

Other commitments

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

Dated : 22 August 2022