

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.

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 September 2022							
Revenue							
Total revenue	4,504,959	13,156,158	25,378,452	4,603,731	2,050,576	44,900	49,738,776
Inter-segment sales	(3,082,800)	(3,847,417)	(187,980)	-	-	(44,900)	(7,163,097)
External sales	1,422,159	9,308,741	25,190,472	4,603,731	2,050,576	-	42,575,679
Results							
Segment results	1,226,851	2,038,595	2,882,876	601,700	726,617	15	7,476,654
Interest expense	(306,627)	(309,690)	(15,760)	-	(1,240)	-	(633,317)
Profit before tax	920,224	1,728,905	2,867,116	601,700	725,377	15	6,843,337
Income tax expense							(2,288,169)
Profit for the period							4,555,168
Total Assets							
Segment assets	(491,962)	(252,652)	(1,503,434)	(507,877)	(1,186,109)	(46,040)	(3,988,074)
Unallocated corporate assets							(8,174,600)
Total assets							(12,162,674)
Total Liabilities							
Segment liabilities	(4,252,070)	(7,069,112)	(2,917,200)	(2,016,702)	(118,712)	(6,405)	(16,380,201)
Unallocated corporate liabilities							864,815
Total liabilities							(15,515,386)

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 September 2022 (cont'd.)							
Type of goods and services							
Construction contracts	-	8,228,428	-	-	-	-	8,228,428
Sale of development properties	-	-	-	4,603,731	-	-	4,603,731
Sale of goods and services	-	7,415	25,190,472	-	2,050,576	-	27,248,463
Sale of land	-	1,072,898	-	-	-	-	1,072,898
Revenue from contracts with customers	-	9,308,741	25,190,472	4,603,731	2,050,576	-	41,153,520
Rental income from investment properties	1,422,159	-	-	-	-	-	1,422,159
	<u>1,422,159</u>	<u>9,308,741</u>	<u>25,190,472</u>	<u>4,603,731</u>	<u>2,050,576</u>	<u>-</u>	<u>42,575,679</u>
Geographical markets							
Malaysia	-	8,235,843	25,190,472	4,603,731	-	-	38,030,046
Lao People's Democratic Republic	-	1,072,898	-	-	2,050,576	-	3,123,474
	<u>-</u>	<u>9,308,741</u>	<u>25,190,472</u>	<u>4,603,731</u>	<u>2,050,576</u>	<u>-</u>	<u>41,153,520</u>
Timing of transfer of goods and services							
At a point in time	-	1,080,313	25,190,472	-	2,050,576	-	28,321,361
Over time	-	8,228,428	-	4,603,731	-	-	12,832,159
	<u>-</u>	<u>9,308,741</u>	<u>25,190,472</u>	<u>4,603,731</u>	<u>2,050,576</u>	<u>-</u>	<u>41,153,520</u>

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 September 2021							
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 associate							(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

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A. Notes to the Interim Financial Statements (cont'd.)**A9. Segmental reporting (cont'd.)****Business Segments (cont'd.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 September 2021 (cont'd.)							
Type of goods and services							
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>

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A. Notes to the Interim Financial Statements (cont'd.)**A9. Segmental reporting (cont'd.)****Business Segments (cont'd.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 9 months ended 30 September 2022							
Revenue							
Total revenue	8,835,451	42,895,232	70,767,876	18,518,750	6,607,124	305,352	147,929,785
Inter-segment sales	(5,283,547)	(10,590,099)	(726,044)	-	-	(139,827)	(16,739,517)
External sales	3,551,904	32,305,133	70,041,832	18,518,750	6,607,124	165,525	131,190,268
Results							
Segment results	2,771,854	1,486,900	9,282,991	2,598,535	2,445,104	56,998	18,642,382
Interest expense	(868,566)	(1,135,904)	(29,138)	(290)	(10,986)	-	(2,044,884)
Profit before tax	1,903,288	350,996	9,253,853	2,598,245	2,434,118	56,998	16,597,498
Income tax expense							(5,172,025)
Profit for the period							<u>11,425,473</u>
Total Assets							
Segment assets	136,917,972	77,016,695	77,739,669	142,019,361	31,776,656	313,956	465,784,309
Unallocated corporate assets							61,217,101
Total assets							<u>527,001,410</u>
Total Liabilities							
Segment liabilities	32,104,658	44,761,857	10,345,959	5,125,045	1,923,465	208	94,261,192
Unallocated corporate liabilities							6,517,802
Total liabilities							<u>100,778,994</u>

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A. Notes to the Interim Financial Statements (cont'd.)**A9. Segmental reporting (cont'd.)****Business Segments (cont'd.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 9 months ended 30 September 2022 (cont'd.)							
Type of goods and services							
Construction contracts	-	31,169,695	-	-	-	-	31,169,695
Sale of completed properties	-	-	-	802,668	-	-	802,668
Sale of development properties	-	-	-	17,708,683	-	-	17,708,683
Sale of goods and services	4,580	62,540	70,041,832	7,399	6,607,124	165,525	76,889,000
Sale of land	-	1,072,898	-	-	-	-	1,072,898
Revenue from contracts with customers	4,580	32,305,133	70,041,832	18,518,750	6,607,124	165,525	127,642,944
Rental income from investment properties	3,547,324	-	-	-	-	-	3,547,324
	<u>3,551,904</u>	<u>32,305,133</u>	<u>70,041,832</u>	<u>18,518,750</u>	<u>6,607,124</u>	<u>165,525</u>	<u>131,190,268</u>
Geographical markets							
Malaysia	4,580	31,232,235	70,041,832	18,518,750	-	165,525	119,962,922
Lao People's Democratic Republic	-	1,072,898	-	-	6,607,124	-	7,680,022
	<u>4,580</u>	<u>32,305,133</u>	<u>70,041,832</u>	<u>18,518,750</u>	<u>6,607,124</u>	<u>165,525</u>	<u>127,642,944</u>
Timing of transfer of goods and services							
At a point in time	4,580	1,135,438	70,041,832	810,067	6,607,124	165,525	78,764,566
Over time	-	31,169,695	-	17,708,683	-	-	48,878,378
	<u>4,580</u>	<u>32,305,133</u>	<u>70,041,832</u>	<u>18,518,750</u>	<u>6,607,124</u>	<u>165,525</u>	<u>127,642,944</u>

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 9 months ended 30 September 2021							
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 associate							408,383
Unallocated corporate liabilities							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

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 9 months ended 30 September 2021 (cont'd.)							
Type of goods and services							
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
	<u>3,968,689</u>	<u>35,666,120</u>	<u>57,568,217</u>	<u>20,977,212</u>	<u>8,089,355</u>	<u>1,961,807</u>	<u>128,231,400</u>
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
	<u>530</u>	<u>35,666,120</u>	<u>57,568,217</u>	<u>20,977,212</u>	<u>8,089,355</u>	<u>1,961,807</u>	<u>124,263,241</u>
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
	<u>530</u>	<u>35,666,120</u>	<u>57,568,217</u>	<u>20,977,212</u>	<u>8,089,355</u>	<u>1,961,807</u>	<u>124,263,241</u>

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

A10. Material Subsequent Events

There were no material events after the interim period that have not been reflected in the interim financial statements for the 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 September	
	2022	2021
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	66,571,746	71,685,255
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	-	421,774
	<u>66,571,746</u>	<u>72,107,029</u>

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

(b) Contingent Assets

There were no contingent assets since 31 December 2021.

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

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		9 months ended	
	30 September		30 September	
	2022	2021	2022	2021
	RM	RM	RM	RM
Purchase of consumables from DKLS Service Station	(8,176)	(715)	(14,473)	(1,923)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,580)	(4,050)	(13,270)	(12,950)
Supply of electricity by Ipoh Tower Sdn Bhd	(18,760)	(14,886)	(54,691)	(46,265)

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 2022 RM
Approved and contracted for: Property, plant and equipment	<u>1,620,011</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 2022 RM
Not later than 1 year	4,112,252
Later than 1 year but not later than 5 years	<u>2,884,305</u>
	<u>6,996,557</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 3Q22 vs 3Q21

For the current quarter under review (3Q22), the Group recorded a higher revenue and profit before tax of RM42.576 million and RM6.843 million, an increase of 15.4% and 63.6%, as compared to RM36.902 million and RM4.184 million in the preceding year corresponding quarter (3Q21) respectively. The higher revenue and profit before tax of the Group can be analysed by segment as below:-

3Q22 vs 3Q21

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	191	493
Construction	754	791
Quarry	5,368	517
Property development	(169)	(83)
Utilities	(465)	919
Others	(5)	22
	<u>5,674</u>	<u>2,659</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 higher revenue and profit before tax of RM131.190 million and RM16.598 million, an increase of 2.3% and 3.9%, as compared to RM128.231 million and RM15.979 million in the preceding year corresponding period (FY21) respectively. The higher 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	(417)	(251)
Construction	(3,361)	(2,767)
Quarry	12,474	2,860
Property development	(2,459)	(925)
Utilities	(1,482)	1,774
Others	(1,796)	(72)
	<u>2,959</u>	<u>619</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.

The investment segment has recorded a lower revenue of RM3.552 million as compared to RM3.969 million in the preceding year corresponding period mainly due to lower occupancy rate of 77% (FY21 : 89%) and higher rental discount given to tenants of RM0.097 million (FY21 : RM0.030 million).

On the back of lower revenue, the investment segment has recorded lower profit before tax of RM1.903 million (FY21 : RM2.154 million) which was partially off-set by:

- a) higher unrealised gain on foreign exchange of RM0.957 million (FY21 : RM0.381 million);
- b) lower interest expenses of RM0.869 million (FY21 : RM0.953 million);
- c) higher direct operating expenses such as agent fee, upkeep of equipment, plant and machinery and sundry wages of RM0.534 million (FY21 : RM0.366 million); and
- d) the non-recurring compensation of RM0.200 million received from a tenant for reinstatement of properties in FY21.

Construction

For the current financial year to date, the construction segment has recorded a lower profit before tax of RM0.351 million (FY21 : RM3.118 million) on a lower revenue of RM32.305 million (FY21 : RM35.666 million) as compared to the preceding year corresponding period mainly due to the lower order book which was partially compensated by the sale of industrial land in Laos.

Beside revenue, the profit before tax for FY22 and FY21 were also affected by:

- a) an exceptional gain from adjustment on early receipt of receivables of RMNil (FY21 : RM2.073 million);
- b) higher allowance for impairment loss on receivables of RM5.452 million (FY21 : RM2.405 million); and
- c) higher interest expense of RM1.136 million (FY21 : RM0.309 million).

If these items were excluded from the profit before tax, the construction segment would have recorded a higher profit margin on a lower revenue as compared to FY21 mainly due to the higher margin contribution from the completion of a mega infrastructure project and sale of industrial land during the current financial year to date.

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

B1. Operating Segment Review (cont'd.)

Quarry

For the current financial year to date, the quarry segment has recorded a higher profit before tax of RM9.254 million (FY21 : RM6.394 million) on a higher revenue of RM70.042 million (FY21 : RM57.568 million) as compared to the preceding year corresponding period due to the higher demand and increase in average selling price for quarry and premix product.

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

- a) wages subsidy received of RMNil (FY21 : RM0.310 million);
- b) gain on disposal of property, plant and equipment of RM0.360 million (FY21 : loss on disposal of RM0.004 million); and
- c) sales of scrap of RM0.281 million (FY21 : RM0.001 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.

Property Development

The property development segment has recorded a lower revenue of RM18.518 million as compared to RM20.977 million in the preceding year corresponding period mainly due to lower stage of completion achieved for its near completion project - "GOSHEN" Ipoh Premier City.

On the back of lower revenue with higher upkeep costs incurred for maintenance of existing infrastructure and show units, the development segment has recorded a lower profit before tax of RM2.598 million (FY21 : RM3.523 million) at a slightly lower margin.

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.

Despite a lower revenue of RM6.607 million (FY21 : RM8.089 million), the utilities segment has recorded a higher profit before tax of RM2.434 million (FY21 : RM0.660 million) as compared to the preceding year corresponding period mainly due to:

- a) lower depreciation charges of RM1.409 million (FY21 : RM3.563 million) as some of the property, plant and equipment have been fully depreciated;
- b) lower unrealised loss on foreign exchange of RM0.049 million (FY21 : RM0.240 million); and
- c) lower interest expense of RM0.001 million (FY21 : RM0.163 million).

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

B2. Variance of Results Against Preceding Quarter

	Current Quarter 30 September 2022 (3Q22) RM'000	Immediate Preceding Quarter 30 June 2022 (2Q22) RM'000	Changes Amount RM'000
Revenue	42,576	48,508	(5,932)
Profit before tax	6,843	7,972	(1,129)

The lower revenue recorded in the current quarter as compared to the immediate preceding quarter was mainly contributed by the property development segment as a result of lower stage of completion achieved for its near completion project.

The profit before tax for 3Q22 and 2Q22 were affected by the following exceptional items:

- a) allowance for impairment loss on receivables of RM2.987 million (2Q22 : reversal of impairment loss of RM0.285 million);
- b) gain on foreign exchange of RM0.507 million (2Q22 : RM0.438 million);
- c) gain on disposal of property, plant and equipment of RM0.313 million (2Q22 : loss on disposal of RM0.001 million);
- d) lower interest expense of RM0.633 million (2Q22 : RM0.891 million); and
- e) lower interest income of RM0.385 million (2Q22 : RM0.806 million).

If these items were excluded from profit before tax, the Group would have recorded higher margin for the current quarter as compared to the immediate preceding quarter mainly contributed by the completion of a mega infrastructure project in the construction segment.

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

B3. Prospects

The operating environment is expected to remain challenging, highly uncertain and unpredictable due to a confluence of factors – rising geopolitical tensions and conflicts, global inflationary pressures and extremely volatile financial markets. The recent prevailing world political unrest further intensified the local market uncertainties caused by external pressures. But what is more concerning and important to long-term business planning is the stability of the macroeconomic environment and policies of the country. The Group will remain alert, prudent and selective as we take advantage of potential opportunities which may emerge.

The Construction Division will continue to focus on delivering its current outstanding orders on a timely manner and implementing cost control strategies. The Division will also continue to pursue all possible opportunities in the private and public sectors to replenish its book order, whilst continuously securing new work orders from internal development projects.

The pace of recovery for Property Development Division will be affected by the prevailing market uncertainties, compounded by concerns on affordability, rising inflation, strict financing guidelines and other macroeconomic challenges. As a result of these disruptions, new launches will be phased according to market demands. The Division will continue to monitor changes in market conditions closely so that it will be able to respond and adapt to such changes in a timely manner. Continuous focus will be on progressing its development projects for timely completion.

The implementation of investment projects by both private and public sectors will continue to lend support to the growth of Quarry Division, in addition to leveraging on growth of its existing customers. 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.

Premised on the foregoing, 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. The Group will continue to monitor both global and local developments closely to remain proactive and vigilant in mitigating any potential impacts to the businesses of the Group. Barring any unforeseen circumstances, we remain cautiously optimistic of the Group's prospect for the financial year ending 31 December 2022.

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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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,985,152	1,426,399	4,202,766	3,727,411
Foreign tax	139,780	20,448	472,352	161,480
Under/(Over) provision in prior years	499	(285)	294	147
	<u>2,125,431</u>	<u>1,446,562</u>	<u>4,675,412</u>	<u>3,889,038</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	163,111	(57,998)	458,990	(120,098)
(Over)/Under provision in prior years	(1,293)	3,468	35,490	3,468
	<u>161,818</u>	<u>(54,530)</u>	<u>494,480</u>	<u>(116,630)</u>
Withholding tax paid/(refund)	<u>920</u>	<u>985</u>	<u>2,133</u>	<u>(60,683)</u>
Income tax expense	<u>2,288,169</u>	<u>1,393,017</u>	<u>5,172,025</u>	<u>3,711,725</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.

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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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit before tax	6,843,337	4,184,366	16,597,498	15,978,609
Taxation at applicable tax rates	1,642,402	1,004,248	3,983,400	3,834,866
Income not subject to tax	(261,582)	(92,201)	(635,938)	(1,172,258)
Expenses not deductible for tax purposes	866,217	494,882	1,818,686	1,127,980
Expenses under special deduction for tax purposes	(15,612)	(8,006)	(68,762)	(10,418)
Current year tax losses that cannot be carried forward	-	281	-	281
Difference in tax rate of foreign subsidiary	(27,947)	(5,338)	(94,035)	(34,637)
Deferred tax assets not recognised	1	(7,825)	7	483
Deferred tax on undistributed earnings from foreign subsidiary	19,562	2,808	65,748	22,496
Taxable foreign source income recognised in prior year	65,002	-	65,002	-
Withholding tax paid/(refund)	920	985	2,133	(60,683)
Under/(Over) provision of taxation in prior years	499	(285)	294	147
(Over)/Under provision of deferred tax in prior years	(1,293)	3,468	35,490	3,468
Income tax expense	2,288,169	1,393,017	5,172,025	3,711,725

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 2022	As at 30 September 2021
	RM	RM
Short term borrowings		
Bank overdrafts (unsecured)	-	63
Bank overdrafts (secured)	-	1,984,775
Hire purchase liabilities (secured)	466,980	190,950
Term loans (secured)	5,000,004	10,507,644
Revolving credits (unsecured)	26,730,000	22,500,000
Lease liabilities (unsecured)	11,237	11,175
	<u>32,208,221</u>	<u>35,194,607</u>
Long term borrowings		
Hire purchase liabilities (secured)	635,736	421,811
Term loans (secured)	24,833,294	29,833,298
Lease liabilities (unsecured)	68,249	99,930
	<u>25,537,279</u>	<u>30,355,039</u>
Total borrowings	<u>57,745,500</u>	<u>65,549,646</u>

Loan and borrowings are denominated in the following currencies:

	As at 30 September 2022	As at 30 September 2021
	RM	RM
Ringgit Malaysia	57,684,287	63,475,234
Lao Kip	61,213	2,074,412
	<u>57,745,500</u>	<u>65,549,646</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.

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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	
	2022	2021	2022	2021
	RM	RM	RM	RM
Profit attributable to owners of the Company	4,381,862	2,781,837	10,823,174	12,032,826
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	4.73	3.00	11.68	12.98

(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 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 2022:

Fair value of non-financial assets and 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)	20,651	-	-
- Unit trust fund (quoted)	-	55,556,354	-
Financial liabilities:			
Other commitments	-	1,347,161	-

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 : 21 November 2022