

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 6 months ended 30 June 2023 - unaudited**

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2023 RM	2022 RM	2023 RM	2022 RM
Revenue		33,602,453	48,508,229	68,600,244	88,614,589
Interest income		591,058	805,889	915,644	1,843,642
Other income		1,338,047	1,013,902	3,557,518	1,993,892
Operating expenses		(22,988,902)	(35,717,626)	(46,551,459)	(65,264,519)
Changes in work-in-progress and finished goods		853,873	58,675	742,922	(130,040)
Employee benefit expenses		(3,005,959)	(3,035,835)	(7,748,159)	(7,220,844)
Administrative expenses		(2,933,456)	(2,769,987)	(5,766,955)	(8,670,992)
Profit from operating activities	A8	7,457,114	8,863,247	13,749,755	11,165,728
Interest expense		(544,181)	(891,275)	(1,076,622)	(1,411,567)
Profit before tax		6,912,933	7,971,972	12,673,133	9,754,161
Income tax expense		(1,519,543)	(1,700,130)	(2,557,611)	(2,883,856)
Profit for the period, net of tax		5,393,390	6,271,842	10,115,522	6,870,305
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		(1,377,512)	(5,912,086)	(838,715)	(7,222,638)
Other comprehensive income for the period, net of tax		(1,377,512)	(5,912,086)	(838,715)	(7,222,638)
Total comprehensive income for the period		4,015,878	359,756	9,276,807	(352,333)
Profit for the period attributable to:					
Owners of the Company		5,150,346	6,040,324	9,730,244	6,441,312
Non-controlling interests		243,044	231,518	385,278	428,993
Profit for the period		5,393,390	6,271,842	10,115,522	6,870,305
Total comprehensive income attributable to:					
Owners of the Company		4,047,602	1,362,073	9,061,856	723,138
Non-controlling interests		(31,724)	(1,002,317)	214,951	(1,075,471)
Total comprehensive income for the period		4,015,878	359,756	9,276,807	(352,333)
Basic/Diluted, earnings per ordinary share (sen)		5.56	6.52	10.50	6.95

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2022 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 2023 - unaudited**

	30 June 2023 RM	31 December 2022 RM (Audited)
ASSETS		
Non-current Assets		
Property, plant and equipment	60,234,665	63,469,274
Right-of-use assets	50,722	58,930
Inventories	105,322,093	104,681,209
Investment properties	125,042,400	124,850,000
Long term investment	22,219	21,958
Trade and other receivables	3,435,942	3,313,838
Other assets	23,346	24,275
Deferred tax assets	5,117,613	5,259,728
Total non-current assets	<u>299,249,000</u>	<u>301,679,212</u>
Current Assets		
Inventories	32,532,767	37,457,842
Trade and other receivables	48,475,922	65,082,196
Other assets	20,928,873	17,121,557
Short term investments	51,323,770	54,291,886
Tax recoverable	2,280,539	920,332
Cash and bank balances	37,049,269	35,694,594
Total current assets	<u>192,591,140</u>	<u>210,568,407</u>
TOTAL ASSETS	<u>491,840,140</u>	<u>512,247,619</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	101,883,643	101,883,643
Retained profits	338,533,904	331,584,648
Reserves	(14,338,359)	(13,669,971)
Equity attributable to owners of the Company	<u>426,079,188</u>	<u>419,798,320</u>
Non-controlling interests	<u>3,786,532</u>	<u>3,571,581</u>
Total equity	<u>429,865,720</u>	<u>423,369,901</u>
Non-current Liabilities		
Loans and borrowings	21,499,490	24,189,462
Other payables	602,780	680,807
Deferred tax liabilities	5,643,928	5,484,583
Total non-current liabilities	<u>27,746,198</u>	<u>30,354,852</u>
Current Liabilities		
Loans and borrowings	5,373,672	23,636,479
Trade and other payables	25,608,010	31,947,572
Other current liabilities	2,079,054	2,274,151
Tax payable	1,167,486	664,664
Total current liabilities	<u>34,228,222</u>	<u>58,522,866</u>
Total liabilities	<u>61,974,420</u>	<u>88,877,718</u>
TOTAL EQUITY AND LIABILITIES	<u>491,840,140</u>	<u>512,247,619</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.60</u>	<u>4.53</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2022 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)
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**Condensed Consolidated Statement of Changes in Equity
For 6 months ended 30 June 2023 unaudited**

	Attributable to owners of the Company					Total equity RM			
	Non distributable			Distributable					
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM	Retained profits RM	Total RM	Non- controlling interests RM	
6 months ended 30 June 2023									
Balance at 1 January 2023	101,883,643	(18,327,766)	2,058,238	3,026,004	(426,447)	331,584,648	419,798,320	3,571,581	423,369,901
Total comprehensive income for the period	-	(668,388)	-	-	-	9,730,244	9,061,856	214,951	9,276,807
Transaction with owners: Dividend on ordinary shares	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)
Balance at 30 June 2023	101,883,643	(18,996,154)	2,058,238	3,026,004	(426,447)	338,533,904	426,079,188	3,786,532	429,865,720
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

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2022 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2023 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2023 RM	2022 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	12,673,133	9,754,161
Adjustments for :-		
Depreciation	2,555,686	3,519,514
Dividend income from short term investments	-	(202)
Fair value gain on short/long term investments	(924,145)	(543,381)
Gain on disposal of property, plant and equipment, net	(228,448)	(240,701)
Interest expense	1,076,622	1,411,567
Interest income	(915,644)	(1,843,642)
Inventories - properties held for sale and others written off	53,259	-
Property, plant and equipment written off	148,791	714
Unrealised gain on foreign exchange	(631,701)	(530,028)
(Write back of)/Allowance for impairment loss on trade and other receivables	(1,154,958)	2,215,772
Operating profit before changes in working capital	<u>12,652,595</u>	<u>13,743,774</u>
Changes in working capital:-		
Net changes in current assets	18,658,125	(7,919,003)
Net changes in current liabilities	<u>(24,072,640)</u>	<u>(4,753,646)</u>
Cash flows from operations	7,238,080	1,071,125
Interest paid	(327,713)	(475,028)
Interest received	508,458	1,654,277
Taxes paid	<u>(3,098,126)</u>	<u>(3,039,694)</u>
Net cash flows from/(used in) operating activities	<u>4,320,699</u>	<u>(789,320)</u>

DKLS INDUSTRIES BERHAD (199501040269) (369472 - P)

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 6 months ended 30 June 2023 - unaudited**

	Cumulative Quarter 6 months ended 30 June	
	2023 RM	2022 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Dividend received from short term investments	-	202
Interest received	398,796	431,072
Inventories - Land held for property development	(640,884)	(871,765)
Proceeds from disposal of:		
- property, plant and equipment	668,519	317,300
- short term investments	19,080,000	28,177,081
Purchase of:		
- investment property	(192,400)	-
- property, plant and equipment	(586,538)	(1,112,964)
- short term investments	(15,188,000)	(23,210,913)
Withdrawal/(Placement) of deposits with maturity period more than 3 months:	7,566,300	(429,241)
Net cash flows from investing activities	<u>11,105,793</u>	<u>3,300,772</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(724,355)	(585,675)
Payment of principal portion of lease liability	(6,138)	(5,950)
Repayment of term loan	(2,500,002)	(2,500,002)
Repayment of hire purchase liabilities	(224,565)	(228,136)
Net cash flows used in financing activities	<u>(3,455,060)</u>	<u>(3,319,763)</u>
Net increase/(decrease) in cash and cash equivalents	11,971,432	(808,311)
Effects of exchange rate differences	412,524	177,578
Cash and cash equivalents at beginning of the period	20,872,309	16,106,345
Cash and cash equivalents at end of the period	<u>33,256,265</u>	<u>15,475,612</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	32,193,484	18,348,368
Deposits with licensed banks	4,855,785	12,377,878
	<u>37,049,269</u>	<u>30,726,246</u>
Less:		
Bank overdrafts	-	(3,982,756)
Deposits with maturity period more than 3 months	(3,793,004)	(11,267,878)
	<u>33,256,265</u>	<u>15,475,612</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2022 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 2022. 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 2022.

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 2022 except as follows:

On 1 January 2023, the Group adopted the following amended MFRSs, if applicable, mandatory for annual financial period beginning on or after the following dates.

	Effective for annual financial periods beginning on or after
MFRS 17 : Insurance Contracts	1 January 2023
Initial application of MFRS 17 and MFRS 9 – Comparative Information (Amendment to MFRS 17 : Insurance Contracts)	1 January 2023
Disclosure of Accounting Policies (Amendments to MFRS 101 : Presentation of Financial Statements)	1 January 2023
Definition of Accounting Estimates (Amendments to MFRS 108 : Accounting Policies, Changes in Accounting Estimates and Errors)	1 January 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)	1 January 2023

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.

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 2022, which was approved at the Annual General Meeting on 29 May 2023, was paid on 18 August 2023 to shareholders whose names appear in the Record of Depositors on 31 July 2023.

A8. Profit from operating activities

Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
2023	2022	2023	2022
RM	RM	RM	RM

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

Total depreciation	1,240,496	1,747,740	2,555,686	3,519,514
Depreciation capitalised under construction costs	(44,883)	(153,472)	(74,186)	(327,841)
Depreciation charged to profit from operating activities	1,195,613	1,594,268	2,481,500	3,191,673
Dividend income from short term investments	-	-	-	(202)
Fair value gain on short/long term investments	(471,176)	(277,935)	(924,145)	(543,381)
(Gain)/Loss on disposal of property, plant and equipment, net	(74,006)	1,010	(228,448)	(240,701)
(Gain)/Loss on foreign exchange :				
- realised	(20)	348	(9,982)	(3,785)
- unrealised	(546,692)	(437,542)	(631,701)	(530,028)
Inventories - properties held for sale and others written off	53,259	-	53,259	-
Property, plant and equipment written off	148,791	-	148,791	714
Allowance for/(Write back of) impairment loss on trade and other receivables	152,680	(285,065)	(1,154,958)	2,215,772
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

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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 2023**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	4,630,895	8,631,194	18,259,514	6,475,458	2,129,195	166,521	40,292,777
Inter-segment sales	(3,082,500)	(3,065,253)	(452,106)	-	-	(90,465)	(6,690,324)
External sales	1,548,395	5,565,941	17,807,408	6,475,458	2,129,195	76,056	33,602,453
Results							
Segment results	1,663,683	1,238,744	2,772,159	816,735	905,893	59,900	7,457,114
Interest expense	(346,213)	(186,845)	(10,022)	-	(1,101)	-	(544,181)
Profit before tax	1,317,470	1,051,899	2,762,137	816,735	904,792	59,900	6,912,933
Income tax expense							(1,519,543)
Profit for the period							5,393,390
Total Assets							
Segment assets	897,339	(18,041,762)	(1,059,628)	1,709,465	(457,608)	(3,672)	(16,955,866)
Unallocated corporate assets							1,647,721
Total assets							(15,308,145)
Total Liabilities							
Segment liabilities	1,733,539	(17,193,054)	(704,242)	(1,117,043)	31,418	(6,579)	(17,255,961)
Unallocated corporate liabilities							712,926
Total liabilities							(16,543,035)

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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 2023 (cont'd.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Type of goods and services							
Construction contracts	-	5,544,311	-	-	-	-	5,544,311
Sale of development properties	-	-	-	6,475,458	-	-	6,475,458
Sale of goods and services	3,060	21,630	17,807,408	-	2,129,195	76,056	20,037,349
Revenue from contracts with customers	3,060	5,565,941	17,807,408	6,475,458	2,129,195	76,056	32,057,118
Rental income from investment properties	1,545,335	-	-	-	-	-	1,545,335
	1,548,395	5,565,941	17,807,408	6,475,458	2,129,195	76,056	33,602,453
Geographical markets							
Malaysia	3,060	5,565,941	17,807,408	6,475,458	-	76,056	29,927,923
Lao People's Democratic Republic	-	-	-	-	2,129,195	-	2,129,195
	3,060	5,565,941	17,807,408	6,475,458	2,129,195	76,056	32,057,118
Timing of transfer of goods and services							
At a point in time	3,060	21,630	17,807,408	-	2,129,195	76,056	20,037,349
Over time	-	5,544,311	-	6,475,458	-	-	12,019,769
	3,060	5,565,941	17,807,408	6,475,458	2,129,195	76,056	32,057,118

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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**

	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							<u>6,271,842</u>
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							<u>345,061</u>
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							<u>2,766,293</u>

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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.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Type of goods and services							
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

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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 2023**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	6,203,943	15,495,250	37,636,181	14,812,100	3,892,171	234,978	78,274,623
Inter-segment sales	(3,165,000)	(5,056,103)	(1,294,354)	-	-	(158,922)	(9,674,379)
External sales	3,038,943	10,439,147	36,341,827	14,812,100	3,892,171	76,056	68,600,244
Results							
Segment results	2,363,119	2,065,709	5,259,804	2,466,745	1,543,886	50,492	13,749,755
Interest expense	(697,247)	(354,025)	(21,623)	(1,499)	(2,228)	-	(1,076,622)
Profit before tax	1,665,872	1,711,684	5,238,181	2,465,246	1,541,658	50,492	12,673,133
Income tax expense							(2,557,611)
Profit for the period							10,115,522
Total Assets							
Segment assets	137,357,977	53,780,528	76,561,311	141,630,483	23,509,085	256,615	433,095,999
Unallocated corporate assets							58,744,141
Total assets							491,840,140
Total Liabilities							
Segment liabilities	31,829,644	9,598,515	8,538,168	3,294,021	1,902,219	439	55,163,006
Unallocated corporate liabilities							6,811,414
Total liabilities							61,974,420

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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 2023 (cont'd.)

Type of goods and services	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	10,415,087	-	-	-	-	10,415,087
Sale of completed properties	-	-	-	1,096,111	-	-	1,096,111
Sale of development properties	-	-	-	13,715,989	-	-	13,715,989
Sale of goods and services	5,190	24,060	36,341,827	-	3,892,171	76,056	40,339,304
Revenue from contracts with customers	5,190	10,439,147	36,341,827	14,812,100	3,892,171	76,056	65,566,491
Rental income from investment properties	3,033,753	-	-	-	-	-	3,033,753
	<u>3,038,943</u>	<u>10,439,147</u>	<u>36,341,827</u>	<u>14,812,100</u>	<u>3,892,171</u>	<u>76,056</u>	<u>68,600,244</u>
Geographical markets							
Malaysia	5,190	10,439,147	36,341,827	14,812,100	-	76,056	61,674,320
Lao People's Democratic Republic	-	-	-	-	3,892,171	-	3,892,171
	<u>5,190</u>	<u>10,439,147</u>	<u>36,341,827</u>	<u>14,812,100</u>	<u>3,892,171</u>	<u>76,056</u>	<u>65,566,491</u>
Timing of transfer of goods and services							
At a point in time	5,190	24,060	36,341,827	1,096,111	3,892,171	76,056	41,435,415
Over time	-	10,415,087	-	13,715,989	-	-	24,131,076
	<u>5,190</u>	<u>10,439,147</u>	<u>36,341,827</u>	<u>14,812,100</u>	<u>3,892,171</u>	<u>76,056</u>	<u>65,566,491</u>

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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							<u>6,870,305</u>
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							<u>539,164,084</u>
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							<u>116,294,380</u>

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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
	<u>2,129,745</u>	<u>22,996,392</u>	<u>44,851,360</u>	<u>13,915,019</u>	<u>4,556,548</u>	<u>165,525</u>	<u>88,614,589</u>
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
	<u>4,580</u>	<u>22,996,392</u>	<u>44,851,360</u>	<u>13,915,019</u>	<u>4,556,548</u>	<u>165,525</u>	<u>86,489,424</u>
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
	<u>4,580</u>	<u>22,996,392</u>	<u>44,851,360</u>	<u>13,915,019</u>	<u>4,556,548</u>	<u>165,525</u>	<u>86,489,424</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 June	
	2023	2022
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	<u>37,967,077</u>	<u>67,986,137</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 2022.

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	
	2023	2022	2023	2022
	RM	RM	RM	RM
Architect fees paid to Architect Ding Poi Kooi	(29,521)	-	(29,521)	-
Purchase of consumables from DKLS Service Station	(10,983)	(5,090)	(24,547)	(6,297)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,970)	(4,290)	(9,680)	(8,690)
Supply of electricity by Ipoh Tower Sdn Bhd	(16,117)	(19,099)	(31,326)	(35,931)

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 2023 RM
Approved and contracted for: Property, plant and equipment	<u>1,340,000</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 2023 RM
Not later than 1 year	4,705,555
Later than 1 year but not later than 5 years	<u>2,405,131</u>
	<u>7,110,686</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 2Q23 vs 2Q22

The Group has recorded a lower revenue of RM33.602 million for the current quarter under review (2Q23), representing a decrease of RM14.906 million (or 30.7%), as compared to the revenue of RM48.508 million for the previous year corresponding quarter (2Q22). The Group has also recorded a lower profit before tax of RM6.913 million for 2Q23 as compared to a profit before tax of RM7.972 million for 2Q22, representing a decrease of RM1.059 million (or 13.3%). The lower revenue and profit before tax of the Group can be analysed by segments as below:-

2Q23 vs 2Q22

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	451	460
Construction	(5,349)	766
Quarry	(8,506)	(1,774)
Property development	(1,374)	(485)
Utilities	(190)	(15)
Others	62	(11)
	<u>(14,906)</u>	<u>(1,059)</u>

(b) Review of Performance to date for FY23 vs FY22

For the current financial year to date under review (FY23), the Group has recorded a lower revenue of RM68.600 million, representing a decrease of RM20.014 million or 22.6% as compared to RM88.614 million in the previous year corresponding period (FY22). Despite the lower revenue recorded in FY23, the Group has recorded a higher profit before tax of RM12.673 million, representing an increase of RM2.919 million or 29.9%, as compared to RM9.754 million in FY22. The variances in revenue and profit before tax of the Group can be analysed by segment as below:-

FY23 vs FY22

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	909	683
Construction	(12,557)	3,089
Quarry	(8,510)	(1,149)
Property development	897	469
Utilities	(664)	(167)
Others	(89)	(6)
	<u>(20,014)</u>	<u>2,919</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 the current financial year to date under review, the investment segment has recorded a higher revenue of RM3.039 million (FY22 : RM2.130 million) mainly due to higher occupancy rate of 95% (FY22 : 70%) and the absence of rental discounts given to tenants in the current financial year to date under review (FY22 : RM0.097 million).

In tandem with the higher revenue, the investment segment has recorded higher profit before tax of RM1.666 million (FY22 : RM0.983 million). Beside revenue, the profit before tax for FY23 and FY22 were also affected by:

- a) higher interest expenses of RM0.697 million (FY22 : RM0.562 million);
- b) higher direct operating expenses such as agent fees, service charges and sinking fund of RM0.153 million (FY22 : RM0.028 million);
- c) higher unrealised gain on foreign exchange of RM0.582 million (FY22 : RM0.485 million); and
- d) non-recurring compensation of RM0.084 million received from tenants for early termination (FY22 : RMNil).

Construction

For the current financial year to date under review, the construction segment has recorded a lower revenue of RM10.439 million (FY22 : RM22.996 million) mainly due to lower order book resulted from the completion of a mega infrastructure project in the previous financial year.

Despite the decline in revenue in the current financial year to date, the construction segment has recorded profit before tax of RM1.712 million in contrast to loss before tax of RM1.377 million in the previous year corresponding period. This positive shift can be attributed primarily to the reversal of impairment losses on receivables of RM1.067 million (FY22 : allowance for impairment losses of RM2.386 million) and lower interest expense incurred of RM0.354 million (FY22 : RM0.826 million) which the impact was partially mitigated by the lower interest income of RM0.510 million (FY22 : RM1.438 million).

If these items were excluded from the profit/(loss) before tax, the construction segment would have recorded a slightly higher net profit margin on a lower revenue in FY23 as compared to FY22 primarily due to the contribution from loss and expense claim for project completed in previous year which yield higher margin.

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

B1. Operating Segment Review (cont'd.)

Quarry

The quarry segment has recorded a lower profit before tax of RM5.238 million (FY22 : RM6.387 million) on the back of lower revenue of RM36.342 million (FY22 : RM44.852 million) as compared to the previous year corresponding period.

In the current quarter under review, the quarry segment has managed to reduce its upkeep costs which was balanced out by the need to write off certain obsolete inventories and property, plant, and equipment. As a result, the quarry segment has effectively maintained a consistent overall overhead cost as compared to the previous year corresponding period.

Despite facing lower revenue and maintaining consistent overall overhead cost, the quarry segment has maintained a consistent net margin primarily attributed to the improvement in the gross margin of its products. This improvement was driven by several factors, including an increase in the average selling price for its quarry, premix and readymix products, as well as a decrease in bitumen cost, being the main raw material for premix production.

Property Development

The property development segment has recorded higher profit before tax of RM2.465 million (FY22 : RM1.996 million) on a higher revenue of RM14.812 million (FY22 : RM13.915 million) as compared to the previous year corresponding period due to the higher percentage of completion for its on-going projects and sales of completed inventories.

Beside higher revenue, the increase in profit before tax in the current financial year to date under review was also attributed to higher fair value gain on short term investments of RM0.306 million (FY22 : RM0.185 million), higher sale and marketing fees of RM0.162 million (FY22 : RM0.036 million) and lower upkeep costs for maintenance of existing infrastructure and show units of RM0.056 million (FY22 : RM0.099 million).

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 profit before tax of RM1.542 million (FY22 : RM1.709 million) on a lower revenue of RM3.892 million (FY22 : RM4.556 million). Besides revenue, the profit before tax were also affected by the allowance for impairment losses on receivables of RM0.025 million (FY22 : reversal of RM0.105 million) and lower depreciation charges of RM0.488 million (FY22 : RM1.063 million).

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

B2. Variance of Results Against Preceding Quarter

	Current Quarter 30 June 2023 (2Q23) RM'000	Immediate Preceding Quarter 31 March 2023 (1Q23) RM'000	Changes Amount RM'000
Revenue	33,602	34,998	(1,396)
Profit before tax	6,913	5,760	1,153

In the current quarter under review (2Q23), the Group's revenue was lower compared to the immediate preceding quarter (1Q23), primarily due to a lower contribution from the property development segment. This was attributed to the absence of sale of completed inventories in 2Q23 and lower contribution from an on-going residential project in Manjung, Perak, which was completed in April 2023.

Despite the lower revenue, the Group has achieved a higher profit before tax for 2Q23 as compared to 1Q23 due to the improvement in gross margin contributed by construction segment and the fluctuation in other income and overhead costs as follows:

- a) gain on foreign exchange of RM0.547 million (1Q23 : RM0.095 million);
- b) higher interest income of RM0.591 million (1Q23 : RM0.325 million);
- c) lower employee benefit expenses of RM3.006 million (1Q23 : RM4.742 million);
- d) allowance for impairment losses on receivables of RM0.153 million (1Q23 : reversal of impairment losses of RM1.308 million);
- e) gain on disposal of property, plant and equipment of RM0.074 million (1Q23 : RM0.154 million);
- f) inventory and property, plant and equipment written off of RM0.202 million (1Q23 : RMNil); and
- g) non-recurring compensation of RM0.084 million received from tenants for early termination (1Q23 : RMNil).

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

B3. Prospects

While there are ongoing improvements in the domestic economy, Malaysia's growth trajectory is expected to be gradual as it continues to be weighed down by higher interest rates and elevated cost pressures.

The unexpected increase in the Overnight Policy Rate ("OPR") announced earlier in May 2023 had led to rising borrowing costs, resulting in subdued consumer spending and cautious investment decisions. As businesses adjust their strategies to adapt accordingly, it will take time for such adjustments to translate into sustainable growth. Further, the nation's growth economic performance remains subject to uncertain global downside risks, such as geopolitical tensions, high inflation outturns and tightening monetary policies.

The Construction Division foresees a more competitive tender environment in light of business recovery pressures post-pandemic and limited availability of local projects. Nonetheless, the Construction Division remains prepared and adaptable in its approach and will continue to capitalize on its vast experience and core expertise to secure new opportunities, while maintaining its reputation on quality and reliability. Aside from completing its current order book, the Division will continue to actively tender for any infrastructure contracting projects to replenish its order book.

Despite several Government initiatives to encourage home-ownership for the low and middle-income earners, a slow pick-up rate is expected in the property development sector. The increase in borrowing costs and tight financing standards by banks, alongside higher product prices due to increased material and labour costs, serve as main contributing factors which will further dampen consumer sentiment. The Property Development Division will navigate these challenges by focusing on quality execution of its existing projects, strengthening its operational and marketing processes through digitalization, as well as planning its upcoming launches based on market conditions.

Market outlook for Quarry Division remains optimistic as the division is poised to ride on the momentum created by ongoing infrastructure development, economic recovery and increasing demand for sustainable practices. The Division will continue to leverage on the strategic locations of its plants by offering proximity to key markets, reducing transportation costs and ensuring timely delivery of materials to position itself as a reliable supplier in times of disrupted supply conditions.

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.

Moving forward, the Group is committed to overcome these challenges by capitalizing on emerging opportunities, enhancing cost management practices and adopting innovative business solutions to drive sustainable growth. In view of the foregoing, the Group maintains a cautiously optimistic stance on its prospects for the current financial year, barring any unforeseen circumstances.

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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 June		Cumulative Quarter 6 months ended 30 June	
	2023	2022	2023	2022
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,131,892	1,391,932	1,974,606	2,217,614
Foreign tax	174,262	195,676	277,779	332,572
Over provision in prior year	-	(205)	-	(205)
	<u>1,306,154</u>	<u>1,587,403</u>	<u>2,252,385</u>	<u>2,549,981</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	212,029	67,963	238,290	295,879
Under provision in prior years	-	43,551	63,170	36,783
	<u>212,029</u>	<u>111,514</u>	<u>301,460</u>	<u>332,662</u>
Real Property Gain Tax	-	-	1,332	-
Withholding tax paid	<u>1,360</u>	<u>1,213</u>	<u>2,434</u>	<u>1,213</u>
Income tax expense	<u>1,519,543</u>	<u>1,700,130</u>	<u>2,557,611</u>	<u>2,883,856</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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit before tax	6,912,933	7,971,972	12,673,133	9,754,161
Taxation at applicable tax rates	1,659,104	1,913,273	3,041,552	2,340,998
Income not subject to tax	(344,739)	(221,384)	(788,061)	(374,356)
Expenses not deductible for tax purposes	211,200	5,408	261,864	952,469
Expenses under special deduction for tax purposes	(10,740)	(30,026)	(20,246)	(53,150)
Difference in tax rate of foreign subsidiary	(36,871)	(38,722)	(57,563)	(66,088)
Utilisation of previously unrecognised deferred tax assets	(11)	-	(22)	-
Deferred tax assets not recognised	-	-	-	6
Deferred tax on undistributed earnings from foreign subsidiary	24,649	27,022	39,132	46,186
Deferred tax on fair value adjustment	15,591	-	14,019	-
Real Property Gain Tax	-	-	1,332	-
Withholding tax paid	1,360	1,213	2,434	1,213
Over provision of taxation in prior year	-	(205)	-	(205)
Under provision of deferred tax in prior years	-	43,551	63,170	36,783
Income tax expense	1,519,543	1,700,130	2,557,611	2,883,856

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 2023	As at 30 June 2022
	RM	RM
Short term borrowings		
Bank overdrafts (unsecured)	-	3,982,756
Hire purchase liabilities (secured)	370,832	540,479
Term loans (secured)	5,000,004	5,000,004
Revolving credits (unsecured)	-	26,730,000
Lease liabilities (unsecured)	2,836	12,079
	<u>5,373,672</u>	<u>36,265,318</u>
Long term borrowings		
Hire purchase liabilities (secured)	355,794	726,626
Term loans (secured)	21,083,291	26,083,295
Lease liabilities (unsecured)	60,405	72,857
	<u>21,499,490</u>	<u>26,882,778</u>
Total borrowings	<u>26,873,162</u>	<u>63,148,096</u>

Loan and borrowings are denominated in the following currencies:

	As at 30 June 2023	As at 30 June 2022
	RM	RM
Ringgit Malaysia	26,819,301	63,084,326
Lao Kip	53,861	63,770
	<u>26,873,162</u>	<u>63,148,096</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	
	2023 RM	2022 RM	2023 RM	2022 RM
Profit attributable to owners of the Company	5,150,346	6,040,324	9,730,244	6,441,312
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	Sen	Sen	Sen	Sen
Basic earnings per share	5.56	6.52	10.50	6.95

(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 2022 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, in the ordinary course of business has caused certain financial institutions to issue Performance Bond guarantees amounting to RM3,234,660 on behalf of the main contractors. 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 its books.

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 2023:

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	-	-	125,042,400
Financial assets:			
Long term/short term investments			
- Equity instruments (quoted)	22,219	-	-
- Unit trust fund (quoted)	-	51,323,770	-
Financial liabilities:			
Other commitments	-	1,148,980	-

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 2022. 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 August 2023