

**DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter and 3 months ended 31 March 2024 - unaudited**

	Note	Current Quarter 3 months ended 31 March		Cumulative Quarter 3 months ended 31 March	
		2024	2023	2024	2023
		RM	RM	RM	RM
Revenue		41,261,870	34,997,791	41,261,870	34,997,791
Interest income		289,655	324,586	289,655	324,586
Other income		7,993,553	2,219,471	7,993,553	2,219,471
Operating expenses		(28,506,089)	(23,562,557)	(28,506,089)	(23,562,557)
Changes in work-in-progress and finished goods		59,340	(110,951)	59,340	(110,951)
Employee benefit expenses		(4,633,118)	(4,742,200)	(4,633,118)	(4,742,200)
Administrative expenses		(3,064,157)	(2,833,499)	(3,064,157)	(2,833,499)
<b>Profit from operating activities</b>	<b>A8</b>	<b>13,401,054</b>	<b>6,292,641</b>	<b>13,401,054</b>	<b>6,292,641</b>
Interest expense		(350,351)	(532,441)	(350,351)	(532,441)
<b>Profit before tax</b>		<b>13,050,703</b>	<b>5,760,200</b>	<b>13,050,703</b>	<b>5,760,200</b>
Income tax expense		(1,501,259)	(1,038,068)	(1,501,259)	(1,038,068)
<b>Profit for the period, net of tax</b>		<b>11,549,444</b>	<b>4,722,132</b>	<b>11,549,444</b>	<b>4,722,132</b>
<b>Other comprehensive income, net of tax</b>					
Items that will be reclassified to profit or loss in the future:					
Foreign currency translation differences for foreign operations		(525)	538,797	(525)	538,797
<b>Other comprehensive income for the period, net of tax</b>		<b>(525)</b>	<b>538,797</b>	<b>(525)</b>	<b>538,797</b>
<b>Total comprehensive income for the period</b>		<b>11,548,919</b>	<b>5,260,929</b>	<b>11,548,919</b>	<b>5,260,929</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		11,405,568	4,579,898	11,405,568	4,579,898
Non-controlling interests		143,876	142,234	143,876	142,234
<b>Profit for the period</b>		<b>11,549,444</b>	<b>4,722,132</b>	<b>11,549,444</b>	<b>4,722,132</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		11,405,800	5,014,254	11,405,800	5,014,254
Non-controlling interests		143,119	246,675	143,119	246,675
<b>Total comprehensive income for the period</b>		<b>11,548,919</b>	<b>5,260,929</b>	<b>11,548,919</b>	<b>5,260,929</b>
Basic/Diluted, earnings per ordinary share (sen)		12.30	4.94	12.30	4.94

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2023 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 31 March 2024 - unaudited**

	31 March 2024 RM	31 December 2023 RM (Audited)
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	62,893,347	63,116,764
Right-of-use assets	576,160	601,688
Inventories	89,103,935	106,074,854
Investment properties	128,450,997	128,310,000
Long term investments	37,642	30,061
Trade and other receivables	1,893,534	1,858,045
Deferred tax assets	4,985,341	4,879,271
<b>Total non-current assets</b>	<u>287,940,956</u>	<u>304,870,683</u>
<b>Current Assets</b>		
Inventories	48,569,789	31,428,347
Trade and other receivables	43,621,840	43,512,337
Other assets	6,336,723	24,062,350
Short term investments	72,608,734	65,920,590
Tax recoverable	2,453,221	2,353,481
Cash and bank balances	58,436,484	36,261,256
<b>Total current assets</b>	<u>232,026,791</u>	<u>203,538,361</u>
<b>TOTAL ASSETS</b>	<u>519,967,747</u>	<u>508,409,044</u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	101,883,643	101,883,643
Retained profits	368,271,344	356,865,776
Reserves	(15,730,155)	(15,730,387)
<b>Equity attributable to owners of the Company</b>	<u>454,424,832</u>	<u>443,019,032</u>
<b>Non-controlling interests</b>	<u>4,984,150</u>	<u>4,841,031</u>
<b>Total equity</b>	<u>459,408,982</u>	<u>447,860,063</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	18,064,900	19,507,285
Other payables	462,917	506,174
Deferred tax liabilities	5,840,488	5,900,622
<b>Total non-current liabilities</b>	<u>24,368,305</u>	<u>25,914,081</u>
<b>Current Liabilities</b>		
Loans and borrowings	5,763,427	5,744,568
Trade and other payables	24,180,465	26,643,660
Other current liabilities	4,226,972	550,574
Tax payable	2,019,596	1,696,098
<b>Total current liabilities</b>	<u>36,190,460</u>	<u>34,634,900</u>
<b>Total liabilities</b>	<u>60,558,765</u>	<u>60,548,981</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>519,967,747</u>	<u>508,409,044</u>
Net assets per share attributable to owners of the Company (RM)	<u>4.90</u>	<u>4.78</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2023 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 the 3 months ended 31 March 2024 - unaudited**

	Attributable to owners of the Company		Distributable					Total equity RM
	Share capital RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Charter capital reserve RM	Other reserve RM	Retained profits RM	Total RM	
<b>3 months ended 31 March 2024</b>								
<b>Balance at 1 January 2024</b>	101,883,643	(20,388,182)	2,058,238	3,026,004	(426,447)	356,865,776	443,019,032	447,860,063
Total comprehensive income for the period	-	232	-	-	-	11,405,568	11,405,800	11,548,919
<b>Balance at 31 March 2024</b>	<u>101,883,643</u>	<u>(20,387,950)</u>	<u>2,058,238</u>	<u>3,026,004</u>	<u>(426,447)</u>	<u>368,271,344</u>	<u>454,424,832</u>	<u>459,408,982</u>
<b>3 months ended 31 March 2023</b>								
<b>Balance at 1 January 2023</b>	101,883,643	(18,327,766)	2,058,238	3,026,004	(426,447)	331,584,648	419,798,320	423,369,901
Total comprehensive income for the period	-	434,356	-	-	-	4,579,898	5,014,254	5,260,929
<b>Balance at 31 March 2023</b>	<u>101,883,643</u>	<u>(17,893,410)</u>	<u>2,058,238</u>	<u>3,026,004</u>	<u>(426,447)</u>	<u>336,164,546</u>	<u>424,812,574</u>	<u>428,630,830</u>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2023 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 3 months ended 31 March 2024 - unaudited**

	<b>3 months ended 31 March</b>	
	<b>2024 RM</b>	<b>2023 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	13,050,703	5,760,200
Adjustments for :-		
Depreciation	1,303,418	1,315,190
Dividend income from short term investments	(50,194)	-
Fair value gain on long/short term investments	(527,578)	(452,969)
Gain on disposal of property, plant and equipment, net	(174,600)	(154,442)
Interest expense	350,351	532,441
Interest income	(289,655)	(324,586)
Inventories - properties held for sale and others written off	67,282	-
Inventories - properties held for sale and others written down to net realisable value	141,836	-
Loss on lease modification adjustments	1	-
Reversal of impairment loss on trade and other receivables	(6,768,495)	(1,307,638)
Unrealised gain on foreign exchange	(70,304)	(85,009)
Operating cash flows before changes in working capital	<u>7,032,765</u>	<u>5,283,187</u>
Changes in working capital:-		
Net changes in current assets	24,961,994	3,230,226
Net changes in current liabilities	<u>1,147,055</u>	<u>(5,526,314)</u>
Cash flows from operations	<u>33,141,814</u>	<u>2,987,099</u>
Interest paid	-	(154,774)
Interest received	195,754	262,659
Taxes paid	<u>(1,444,543)</u>	<u>(2,029,886)</u>
Net cash flows from operating activities	<u>31,893,025</u>	<u>1,065,098</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from short term investments	50,194	-
Interest received	4,676	2,903
Inventories	(898,951)	(238,992)
Placement of deposits with maturity period more than 3 months	(679,009)	-
Proceeds from disposal of:		
- property, plant and equipment	174,600	593,796
- short term investments	9,780,000	9,690,000
Purchase of:		
- investment properties	(140,997)	-
- property, plant and equipment	(1,048,662)	(290,699)
- short term investments	<u>(15,948,147)</u>	<u>(4,898,000)</u>
Net cash flows (used in)/from investing activities	<u>(8,706,296)</u>	<u>4,859,008</u>

**DKLS INDUSTRIES BERHAD 199501040269 (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 3 months ended 31 March 2024 - unaudited**

	<b>3 months ended 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(327,977)	(353,806)
Repayment of hire purchase liabilities	(160,510)	(123,209)
Repayment of principal portion of lease liability	(22,507)	(3,852)
Repayment of term loan	(1,250,001)	(1,250,001)
Net cash flows used in financing activities	<u>(1,760,995)</u>	<u>(1,730,868)</u>
<b>Net increase in cash and cash equivalents</b>	21,425,734	4,193,238
<b>Effects of exchange rate differences</b>	10,038	20,349
<b>Cash and cash equivalents at beginning of the period</b>	32,345,780	20,872,309
<b>Cash and cash equivalents at end of the period</b>	<u><u>53,781,552</u></u>	<u><u>25,085,896</u></u>

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

Cash and bank balances	46,124,962	24,050,490
Deposits with licensed banks	12,311,522	12,479,866
Bank overdrafts	(9,476)	(6,588)
	<u>58,427,008</u>	<u>36,523,768</u>
Less:		
Deposits with maturity period more than 3 months	(4,645,456)	(11,437,872)
	<u><u>53,781,552</u></u>	<u><u>25,085,896</u></u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2023 and the accompanying notes attached to the Interim Financial Statements.*

## **DKLS INDUSTRIES BERHAD 199501040269 (369472-P)**

(Incorporated in Malaysia)

### **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 2023. 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 2023.

#### **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 financial statements for the year ended 31 December 2023 except as follows:

On 1 January 2024, the Group adopted the following amended MFRSs, if applicable, mandatory for annual financial period beginning on or after the following dates.

	<b>Effective for annual financial periods beginning on or after</b>
Lease Liability in a Sale and Leaseback (Amendments to MFRS 16 : Leases)	1 January 2024
Non-current Liabilities with Covenants (Amendments to MFRS 101)	1 January 2024
Supplier Finance Arrangements (Amendments to MFRS 107 and MFRS 7)	1 January 2024

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 current quarter.

**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 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 current quarter.

**A7. Dividend Paid**

No dividend has been paid during the current quarter.

**A8. Profit from operating activities**

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2024	2023	2024	2023
	RM	RM	RM	RM

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

Total depreciation	1,303,418	1,315,190	1,303,418	1,315,190
Depreciation capitalised under construction costs	(62,404)	(29,303)	(62,404)	(29,303)
Depreciation charged to profit from operating activities	1,241,014	1,285,887	1,241,014	1,285,887
Dividend income from short term investments	(50,194)	-	(50,194)	-
Fair value gain on long/short term investments	(527,578)	(452,969)	(527,578)	(452,969)
Gain on disposal of property, plant and equipment	(174,600)	(154,442)	(174,600)	(154,442)
Gain on foreign exchange :				
- realised	(52,010)	(9,962)	(52,010)	(9,962)
- unrealised	(70,304)	(85,009)	(70,304)	(85,009)
Inventories - properties held for sale and others written off	67,282	-	67,282	-
Inventories - properties held for sale and others written down to net realisable value	141,836	-	141,836	-
Loss on lease modification adjustments	1	-	1	-
Reversal of impairment loss on trade and other receivables	(6,768,495)	(1,307,638)	(6,768,495)	(1,307,638)
Property, plant and equipment written off	N/A	N/A	N/A	N/A
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)**  
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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.

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Current quarter 3 months ended 31 March 2024</b>							
<b>Revenue</b>							
Total revenue	1,751,660	8,553,765	26,509,508	3,968,291	1,986,666	60,742	42,830,632
Inter-segment sales	(82,500)	(1,126,840)	(298,680)	-	-	(60,742)	(1,568,762)
External sales	1,669,160	7,426,925	26,210,828	3,968,291	1,986,666	-	41,261,870
<b>Results</b>							
Segment results	851,696	6,448,302	5,603,197	(13,151)	521,839	(10,829)	13,401,054
Interest expense	(299,916)	(29,560)	(20,204)	-	(671)	-	(350,351)
Profit/(Loss) before tax	551,780	6,418,742	5,582,993	(13,151)	521,168	(10,829)	13,050,703
Income tax expense							(1,501,259)
Profit for the period							11,549,444
<b>Total Assets</b>							
Segment assets	132,094,104	41,125,422	91,998,208	147,570,672	26,767,805	326,598	439,882,809
Unallocated corporate assets							80,084,938
Total assets							519,967,747
<b>Total Liabilities</b>							
Segment liabilities	25,228,700	7,702,639	11,826,197	5,984,990	1,949,950	6,205	52,698,681
Unallocated corporate liabilities							7,860,084
Total liabilities							60,558,765



**DKLS INDUSTRIES BERHAD** 199501040269 (369472-P)  
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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
<b>Current quarter 3 months ended 31 March 2024 (cont'd.)</b>							
<b>Type of goods and services</b>							
Construction contracts	-	7,426,925	-	-	-	-	7,426,925
Sale of development properties	-	-	-	3,024,291	-	-	3,024,291
Sale of goods and services	1,620	-	26,210,828	944,000	1,986,666	-	29,143,114
Revenue from contracts with customers	1,620	7,426,925	26,210,828	3,968,291	1,986,666	-	39,594,330
Rental income from investment properties	1,667,540	-	-	-	-	-	1,667,540
	<u>1,669,160</u>	<u>7,426,925</u>	<u>26,210,828</u>	<u>3,968,291</u>	<u>1,986,666</u>	<u>-</u>	<u>41,261,870</u>
<b>Geographical markets</b>							
Malaysia	1,620	7,426,925	26,210,828	3,968,291	-	-	37,607,664
Lao People's Democratic Republic	-	-	-	-	1,986,666	-	1,986,666
	<u>1,620</u>	<u>7,426,925</u>	<u>26,210,828</u>	<u>3,968,291</u>	<u>1,986,666</u>	<u>-</u>	<u>39,594,330</u>
<b>Timing of transfer of goods and services</b>							
At a point in time	1,620	-	26,210,828	944,000	1,986,666	-	29,143,114
Over time	-	7,426,925	-	3,024,291	-	-	10,451,216
	<u>1,620</u>	<u>7,426,925</u>	<u>26,210,828</u>	<u>3,968,291</u>	<u>1,986,666</u>	<u>-</u>	<u>39,594,330</u>

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

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

**Current quarter 3 months  
ended 31 March 2023**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Revenue</b>							
Total revenue	1,573,048	6,864,056	19,376,667	8,336,642	1,762,976	68,457	37,981,846
Inter-segment sales	(82,500)	(1,990,850)	(842,248)	-	-	(68,457)	(2,984,055)
External sales	1,490,548	4,873,206	18,534,419	8,336,642	1,762,976	-	34,997,791
<b>Results</b>							
Segment results	699,436	826,965	2,487,645	1,650,010	637,993	(9,408)	6,292,641
Interest expense	(351,034)	(167,180)	(11,601)	(1,499)	(1,127)	-	(532,441)
Profit/(Loss) before tax	348,402	659,785	2,476,044	1,648,511	636,866	(9,408)	5,760,200
Income tax expense							(1,038,068)
Profit for the period							4,722,132
<b>Total Assets</b>							
Segment assets	136,460,638	71,822,290	77,620,939	139,921,018	23,966,693	260,287	450,051,865
Unallocated corporate assets							57,096,420
Total assets							507,148,285
<b>Total Liabilities</b>							
Segment liabilities	30,096,105	26,791,569	9,242,410	4,411,064	1,870,801	7,018	72,418,967
Unallocated corporate liabilities							6,098,488
Total liabilities							78,517,455

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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 31 March 2023 (cont'd.)**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Type of goods and services</b>							
Construction contracts	-	4,870,776	-	-	-	-	4,870,776
Sale of completed properties	-	-	-	1,096,111	-	-	1,096,111
Sale of development properties	-	-	-	7,240,531	-	-	7,240,531
Sale of goods and services	2,130	2,430	18,534,419	-	1,762,976	-	20,301,955
Revenue from contracts with customers	2,130	4,873,206	18,534,419	8,336,642	1,762,976	-	33,509,373
Rental income from investment properties	1,488,418	-	-	-	-	-	1,488,418
	1,490,548	4,873,206	18,534,419	8,336,642	1,762,976	-	34,997,791
<b>Geographical markets</b>							
Malaysia	2,130	4,873,206	18,534,419	8,336,642	-	-	31,746,397
Lao People's Democratic Republic	-	-	-	-	1,762,976	-	1,762,976
	2,130	4,873,206	18,534,419	8,336,642	1,762,976	-	33,509,373
<b>Timing of transfer of goods and services</b>							
At a point in time	2,130	2,430	18,534,419	1,096,111	1,762,976	-	21,398,066
Over time	-	4,870,776	-	7,240,531	-	-	12,111,307
	2,130	4,873,206	18,534,419	8,336,642	1,762,976	-	33,509,373

**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 current quarter.

**A11. Changes in Composition of the Group**

There are no changes in composition of the Group for the current quarter.

**A12. Changes in Contingent Liabilities and Assets**

(a) Contingent Liabilities

	<b>As at 31 March</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	36,761,627	53,435,246

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 2023.

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**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		3 months ended	
	31 March		31 March	
	2024	2023	2024	2023
	RM	RM	RM	RM
Architect fees paid to Architect Ding Poi Kooi	(471,160)	-	(471,160)	-
Purchase of consumables from DKLS Service Station	(21,365)	(13,564)	(21,365)	(13,564)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,900)	(4,710)	(4,900)	(4,710)
Supply of electricity by Ipoh Tower Sdn Bhd	(16,881)	(15,209)	(16,881)	(15,209)

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 31 March 2024 RM
Approved and contracted for: Property, plant and equipment	<u>2,222,049</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 31 March 2024 RM
Not later than 1 year	5,200,979
Later than 1 year but not later than 5 years	2,195,903
	<u>7,396,882</u>

**B. Additional information required by BMSB's Listing Requirements****B1. Operating Segment Review****Review of Performance for 1Q24 vs 1Q23**

For the first quarter ended 31 March 2024 ("1Q24"), the Group achieved a substantial increase in profit before tax, rising by 126.6% to RM13.051 million compared to RM5.760 million in the previous year corresponding quarter ("1Q23") on a higher revenue of RM41.262 million, an increase of 17.9% compared to RM34.998 million in 1Q23. The variances in revenue and profit before tax of the Group can be analysed by segment as below:-

**1Q24 vs 1Q23**

Increase/(Decrease)

	<b>Revenue</b>	<b>Profit before tax</b>
	RM'000	RM'000
Investment	179	204
Construction	2,554	5,759
Quarry	7,676	3,107
Property development	(4,369)	(1,662)
Utilities	224	(116)
Others	-	(1)
	<u>6,264</u>	<u>7,291</u>

**Investment**

The investment segment derived its main income from investment properties.

For the current quarter under review, the investment segment registered a higher profit before tax of RM0.552 million as compared to RM0.348 million in 1Q23. This improvement was attributed to higher revenue of RM1.669 million (1Q23: RM1.490 million), primarily driven by an increased occupancy rate of 97% (1Q23 : 92%) and lower interest expense of RM0.300 million (1Q23 : RM0.351 million).

**Construction**

For the current quarter under review, the construction segment has recorded a higher revenue of RM7.427 million (1Q23 : RM4.873 million), primarily due to a higher order book and increased work done for its on-going projects.

The construction segment has also recorded higher profit before tax of RM6.419 million (1Q23 : RM0.660 million) primarily attributed to the reversal of impairment losses on receivables of RM6.671 million (1Q23 : RM1.198 million) and lower interest expense of RM0.030 million (1Q23 : RM0.167 million).

If these items were excluded from the profit before tax, the construction segment would have incurred a loss before tax for both quarters. However, the negative margin for 1Q24 would have been lower compared to 1Q23 due to the higher recorded revenue.

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

**B1. Operating Segment Review (cont'd.)**

**Quarry**

For the current quarter under review, the quarry segment has recorded a higher revenue of RM26.211 million (1Q23 : RM18.535 million), primarily driven by higher sales volume for quarry and premix products, and an increase in the average selling price.

Alongside the revenue increase and a slight improvement in gross margin due to the increase in selling price and lower bitumen cost, the segment's profit before tax surged to RM5.583 million from RM2.476 million in 1Q23. Besides, this increase in profit before tax was also influenced by higher gain on disposal of property, plant and equipment of RM0.151 million (1Q23 : RM0.016 million), as well as fair value gain on short term investment of RM0.214 million (1Q23 : RM0.164 million).

**Property Development**

The property development segment has experienced a slight loss of RM0.013 million in the current quarter which was primarily influenced by the inventories written down to net realizable value of RM0.141 million. Excluding this, the segment would have achieved a lower profit before tax of RM0.128 million on a lower revenue of RM3.968 million as compared to profit before tax of RM1.649 million on a higher revenue of RM8.337 million in the previous year corresponding quarter. The decline in revenue was attributable to the completion of three residential projects in the current quarter.

**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.

In comparison to the previous year corresponding quarter, the utilities segment has achieved a higher revenue of RM1.987 million (1Q23 : RM1.763 million), mainly attributable to the higher water income billed quantity and increase in water tariff rate.

Despite the increase in the revenue, the segment recorded a lower profit before tax of RM0.521 million (1Q23 : RM0.637 million) mainly impacted by the following factors:

- a) higher depreciation charges of RM0.390 million (1Q23 : RM0.252 million);
- b) allowance of impairment losses on receivables of RM0.017 million (1Q23 : reversal of RM0.003 million);  
and
- c) higher electricity charges by RM0.139 million due to the higher tariff rate.

If these items were excluded from the profit before tax, the utilities segment would have recorded a higher profit before tax on a higher revenue with higher profit margin.

**B. Additional information required by BMSB's Listing Requirements (cont'd.)****B2. Variance of Results Against Preceding Quarter**

	<b>Current Quarter 31 March 2024 RM'000</b>	<b>Immediate Preceding Quarter 31 December 2023 RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	41,262	50,784	(9,522)
Profit before tax	13,051	15,922	(2,872)

The Group has recorded a lower profit before tax on a lower revenue in the current quarter under review ("1Q24") as compared to the immediate preceding quarter ("4Q23") which was mainly contributed from the quarry segment. The lower revenue was affected by the shorter business cycle due to Chinese New Year festive holidays.

Besides revenue, the Group profit before tax was also affected by the following exceptional items:

- (a) reversal of impairment losses on receivables of RM6.768 million (4Q23 : RM0.243 million);
- (b) lower interest expense of RM0.350 million (4Q23 : RM1.710 million);
- (c) gain on fair value adjustment of investment properties of RMNil (4Q23 : RM3.512 million);
- (d) reversal of impairment loss on property, plant and equipment of RMNil (4Q23 : RM5.453 million); and
- (e) higher employee benefit expenses of RM4.633 million (4Q23 : RM3.175 million).

If these were excluded from the profit before tax, the Group would have reported a slight improvement in margin due to cost saving arising from the decrease in bitumen costs in the quarry segment.



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

**B3. Prospects**

The Malaysian economy showed positive signs of growth in the first quarter of 2024. Favourable tailwinds such as strong domestic consumption and a rebound in global trade are expected to propel Malaysia's economic recovery further.

The recently announced Employees' Provident Fund Account 3 allowing flexible withdrawals and salary increase for civil servants in December 2024, are also expected to lift private consumption further in the year, although the extent may be neutralised subject to pending subsidy reforms.

Beyond the key infrastructure projects announced under the Budget 2024, the growth in the construction industry is expected to be fuelled largely by private sector demands during year. Nevertheless, the industry outlook remains muted as the intense competitive environment is expected to persist in this evolving landscape. Apart from external risks such as supply chain disruptions and rising material and labour costs, contractors have to further contend with emerging requirements for sustainable practices and increasingly stringent industry guidelines, which are impacting both construction methodology and project costings. Taking these factors into consideration, the Construction Division will navigate the complex environment with a strategic balance between prudence and opportunity. Aside from actively tendering for external projects, the Construction Division will continue to lend its support to the property development division to ensure timely and quality execution of in-house products.

High household and corporate debts continue to pose a significant challenge to the nation's property market. This will lead to lower affordability, weaker demand, and tighter lending restrictions, hindering significant growth in the sector. Nonetheless, the Property Development Division remains committed to navigating the current market climate. We will prioritize monetizing existing inventory while strategically planning future launches based on real-time market trends.

The Quarry Division maintains a positive outlook due to sustained demand for construction materials fueled by private demands and public infrastructure projects. The Division will continue to focus on its expansion strategy and maximizing output, on top of leveraging strategic marketing and location to capture a growing share of the local market. This would enable our quarries to tap on the rising local demand in a timely manner, especially in times of supply chain disruptions. The focus of the Division is to supply its products to the local concrete industry, and road construction in the Northern Region for the upcoming year.

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

The Group will navigate the upcoming year with a cautious yet opportunistic approach. We will remain vigilant yet agile in our investment decisions, balancing financial stability with readiness to capitalise on any opportunities presented. All things considered, and barring any unforeseen circumstances, the Group maintains a cautiously optimistic stance on its prospects for the current financial year.

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**B. Additional information required by BMSB's Listing Requirements (cont'd.)****B4. Income tax expense**

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2024	2023	2024	2023
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,537,349	842,714	1,537,349	842,714
Foreign tax	128,271	103,517	128,271	103,517
	<u>1,665,620</u>	<u>946,231</u>	<u>1,665,620</u>	<u>946,231</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(166,204)	26,261	(166,204)	26,261
Under provision in prior year	-	63,170	-	63,170
	<u>(166,204)</u>	<u>89,431</u>	<u>(166,204)</u>	<u>89,431</u>
Real Property Gain Tax	-	1,332	-	1,332
Withholding tax	1,843	1,074	1,843	1,074
Income tax expense recognised in profit or loss	<u>1,501,259</u>	<u>1,038,068</u>	<u>1,501,259</u>	<u>1,038,068</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 taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Current quarter 3 months ended 31 March		Cumulative quarter 3 months ended 31 March	
	2024	2023	2024	2023
	RM	RM	RM	RM
Profit before tax	13,050,703	5,760,200	13,050,703	5,760,200
Taxation at applicable tax rates	3,132,168	1,382,448	3,132,168	1,382,448
Income not subject to tax	(1,826,974)	(443,322)	(1,826,974)	(443,322)
Expenses not deductible for tax purposes	174,860	50,664	174,860	50,664
Expenses for special deduction for tax purposes	(10,582)	(9,506)	(10,582)	(9,506)
Difference in tax rate of foreign subsidiary	(28,808)	(20,692)	(28,808)	(20,692)
Utilisation of previously unrecognised deferred tax assets	-	(11)	-	(11)
Deferred tax assets not recognised	45,562	-	45,562	-
Deferred tax on undistributed earnings from foreign subsidiary	18,209	14,483	18,209	14,483
Deferred tax on fair value adjustment	(5,019)	(1,572)	(5,019)	(1,572)
Real Property Gain Tax	-	1,332	-	1,332
Withholding tax	1,843	1,074	1,843	1,074
Under provision of deferred tax in prior year	-	63,170	-	63,170
Income tax expense recognised in profit or loss	1,501,259	1,038,068	1,501,259	1,038,068

**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**

	<b>As at 31 March 2024 RM</b>	<b>As at 31 March 2023 RM</b>
<b>Short term borrowings</b>		
Hire purchase liabilities (secured)	662,685	377,527
Term loans (secured)	5,000,004	5,000,004
Bank overdrafts (unsecured)	9,476	6,588
Lease liabilities (unsecured)	91,262	5,676
Revolving credit (unsecured)	-	14,730,000
	<u>5,763,427</u>	<u>20,119,795</u>
<b>Long term borrowings</b>		
Hire purchase liabilities (secured)	234,109	450,455
Lease liabilities (unsecured)	497,503	64,011
Term loans (secured)	17,333,288	22,333,292
	<u>18,064,900</u>	<u>22,847,758</u>
<b>Total borrowings</b>	<u>23,828,327</u>	<u>42,967,553</u>

Loan and borrowings are denominated in the following currencies:

	<b>As at 31 March 2024 RM</b>	<b>As at 31 March 2023 RM</b>
Ringgit Malaysia	23,795,330	42,910,248
Lao Kip	32,997	57,305
	<u>23,828,327</u>	<u>42,967,553</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 current quarter ended 31 March 2024.

The Board of Directors has recommended a first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2023. The dividend was approved by the shareholders at the Annual General Meeting held on 29 May 2024. The dividend is payable on 16 August 2024 to shareholders whose name appear in the Record of Depositors on 31 July 2024.

**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 31 March		Cumulative quarter 3 months ended 31 March	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit attributable to owners of the Company	11,405,568	4,579,898	11,405,568	4,579,898
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share	12.30	4.94	12.30	4.94

**(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 2023 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 RM4,128,996 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 31 March 2024:

**Fair value of financial instruments that are carried at fair value**

	<b>Quoted prices in active markets for identical assets Level 1 RM</b>	<b>Significant other observable inputs Level 2 RM</b>	<b>Significant unobservable inputs Level 3 RM</b>
<b>Non-financial assets:</b>			
Investment properties	-	-	128,450,997
<b>Financial assets:</b>			
Long term/Short term investments			
- Equity instruments (quoted)	37,642	-	-
- Unit trust fund (quoted)	-	72,608,734	-
<b>Financial liabilities:</b>			
Other commitments	-	1,012,004	-

There were no transfers between Level 1, Level 2 and Level 3 fair value measurements during the current quarter.

**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 technique for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

**Level 3 fair value**

Level 3 fair value is measured using valuation technique 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 2023. 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 : 29 May 2024