

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

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter and 6 months ended 30 June 2024 - unaudited**

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2024 RM	2023 RM	2024 RM	2023 RM
Revenue		42,511,741	33,602,453	83,773,611	68,600,244
Interest income		406,768	591,058	696,423	915,644
Other income		1,505,299	1,338,047	9,498,852	3,557,518
Operating expenses		(30,667,642)	(22,988,902)	(59,173,731)	(46,551,459)
Changes in work-in-progress and finished goods		129,331	853,873	188,671	742,922
Employee benefit expenses		(3,035,339)	(3,005,959)	(7,668,457)	(7,748,159)
Administrative expenses		(2,757,467)	(2,933,456)	(5,821,624)	(5,766,955)
<b>Profit from operating activities</b>	<b>A8</b>	<u>8,092,691</u>	<u>7,457,114</u>	<u>21,493,745</u>	<u>13,749,755</u>
Interest expense		(496,664)	(544,181)	(847,015)	(1,076,622)
<b>Profit before tax</b>		<u>7,596,027</u>	<u>6,912,933</u>	<u>20,646,730</u>	<u>12,673,133</u>
Income tax expense		(1,735,346)	(1,519,543)	(3,236,605)	(2,557,611)
<b>Profit for the period, net of tax</b>		<u>5,860,681</u>	<u>5,393,390</u>	<u>17,410,125</u>	<u>10,115,522</u>
<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		(973,734)	(1,377,512)	(974,259)	(838,715)
<b>Other comprehensive income for the period, net of tax</b>		<u>(973,734)</u>	<u>(1,377,512)</u>	<u>(974,259)</u>	<u>(838,715)</u>
<b>Total comprehensive income for the period</b>		<u>4,886,947</u>	<u>4,015,878</u>	<u>16,435,866</u>	<u>9,276,807</u>
<b>Profit for the period attributable to:</b>					
Owners of the Company		5,617,286	5,150,346	17,022,854	9,730,244
Non-controlling interests		243,395	243,044	387,271	385,278
<b>Profit for the period</b>		<u>5,860,681</u>	<u>5,393,390</u>	<u>17,410,125</u>	<u>10,115,522</u>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,854,093	4,047,602	16,259,893	9,061,856
Non-controlling interests		32,854	(31,724)	175,973	214,951
<b>Total comprehensive income for the period</b>		<u>4,886,947</u>	<u>4,015,878</u>	<u>16,435,866</u>	<u>9,276,807</u>
Basic/Diluted, earnings per ordinary share (sen)		<u>6.06</u>	<u>5.56</u>	<u>18.36</u>	<u>10.50</u>

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 30 June 2024 - unaudited**

	30 June 2024 RM	31 December 2023 RM (Audited)
<b>ASSETS</b>		
<b>Non-current Assets</b>		
Property, plant and equipment	60,609,637	63,116,764
Right-of-use assets	549,422	601,688
Inventories	89,189,588	106,074,854
Investment properties	128,450,997	128,310,000
Long term investment	37,642	30,061
Trade and other receivables	2,563,391	1,858,045
Deferred tax assets	5,027,289	4,879,271
<b>Total non-current assets</b>	<b>286,427,966</b>	<b>304,870,683</b>
<b>Current Assets</b>		
Inventories	50,261,056	31,428,347
Trade and other receivables	47,674,009	43,512,337
Other assets	6,252,588	24,062,350
Short term investments	78,908,829	65,920,590
Tax recoverable	2,617,472	2,353,481
Cash and bank balances	49,264,234	36,261,256
<b>Total current assets</b>	<b>234,978,188</b>	<b>203,538,361</b>
<b>TOTAL ASSETS</b>	<b>521,406,154</b>	<b>508,409,044</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	101,883,643	101,883,643
Retained profits	371,107,642	356,865,776
Reserves	(16,493,348)	(15,730,387)
<b>Equity attributable to owners of the Company</b>	<b>456,497,937</b>	<b>443,019,032</b>
<b>Non-controlling interests</b>	<b>5,017,004</b>	<b>4,841,031</b>
<b>Total equity</b>	<b>461,514,941</b>	<b>447,860,063</b>
<b>Non-current Liabilities</b>		
Loans and borrowings	16,652,491	19,507,285
Other payables	442,706	506,174
Deferred tax liabilities	5,767,202	5,900,622
<b>Total non-current liabilities</b>	<b>22,862,399</b>	<b>25,914,081</b>
<b>Current Liabilities</b>		
Loans and borrowings	5,732,466	5,744,568
Trade and other payables	24,169,719	26,643,660
Other current liabilities	4,050,416	550,574
Tax payable	3,076,213	1,696,098
<b>Total current liabilities</b>	<b>37,028,814</b>	<b>34,634,900</b>
<b>Total liabilities</b>	<b>59,891,213</b>	<b>60,548,981</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>521,406,154</b>	<b>508,409,044</b>
Net assets per share attributable to owners of the Company (RM)	4.92	4.78

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)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Changes in Equity  
For 6 months ended 30 June 2024 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	
<b>6 months ended 30 June 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	4,841,031	447,860,063
Total comprehensive income for the period	-	(762,961)	-	-	-	17,022,854	16,259,893	175,973	16,435,866
Transaction with owners: Dividend on ordinary shares	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)
<b>Balance at 30 June 2024</b>	<b>101,883,643</b>	<b>(21,151,143)</b>	<b>2,058,238</b>	<b>3,026,004</b>	<b>(426,447)</b>	<b>371,107,642</b>	<b>456,497,937</b>	<b>5,017,004</b>	<b>461,514,941</b>
<b>6 months ended 30 June 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	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)
<b>Balance at 30 June 2023</b>	<b>101,883,643</b>	<b>(18,996,154)</b>	<b>2,058,238</b>	<b>3,026,004</b>	<b>(426,447)</b>	<b>338,533,904</b>	<b>426,079,188</b>	<b>3,786,532</b>	<b>429,865,720</b>

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 6 months ended 30 June 2024 - unaudited**

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2024 RM</b>	<b>2023 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before tax	20,646,730	12,673,133
Adjustments for :-		
Depreciation	2,517,448	2,555,686
Dividend income from short term investments	(118,585)	-
Fair value gain on short/long term investments	(1,115,049)	(924,145)
Gain on disposal of property, plant and equipment, net	(645,728)	(228,448)
Interest expense	847,015	1,076,622
Interest income	(696,423)	(915,644)
Inventories - properties held for sale and others written off	67,282	53,259
Inventories - properties held for sale and others written down to net realisable value	141,824	-
Loss on lease modification adjustment	1	-
Property, plant and equipment written off	238,000	148,791
Reversal of impairment loss on trade and other receivables	(6,658,808)	(1,154,958)
Unrealised gain on foreign exchange	(40,772)	(631,701)
Operating profit before changes in working capital	<u>15,182,935</u>	<u>12,652,595</u>
Changes in working capital:-		
Net changes in current assets	18,295,710	18,658,125
Net changes in current liabilities	(1,779,138)	(24,072,640)
Cash flows from operations	<u>31,699,507</u>	<u>7,238,080</u>
Interest paid	-	(327,713)
Interest received	456,325	508,458
Taxes paid	(2,392,760)	(3,098,126)
Net cash flows from operating activities	<u>29,763,072</u>	<u>4,320,699</u>

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

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 6 months ended 30 June 2024 - unaudited**

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2024 RM</b>	<b>2023 RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Dividend received from short term investments	118,585	-
Interest received	106,881	398,796
Inventories - Land held for property development	(984,604)	(640,884)
Proceeds from disposal of:		
- property, plant and equipment	1,475,800	668,519
- short term investments	14,690,000	19,080,000
Purchase of:		
- investment property	(140,997)	(192,400)
- property, plant and equipment	(1,833,814)	(586,538)
- short term investments	(26,570,771)	(15,188,000)
(Placement)/Withdrawal of deposits with maturity period more than 3 months	(775,804)	7,566,300
Net cash flows (used in)/from investing activities	<u>(13,914,724)</u>	<u>11,105,793</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(637,726)	(724,355)
Payment of principal portion of lease liability	(45,011)	(6,138)
Repayment of term loan	(2,500,002)	(2,500,002)
Repayment of hire purchase liabilities	(323,058)	(224,565)
Net cash flows used in financing activities	<u>(3,505,797)</u>	<u>(3,455,060)</u>
<b>Net increase in cash and cash equivalents</b>	12,342,551	11,971,432
<b>Effects of exchange rate differences</b>	(61,877)	412,524
<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>44,626,454</u>	<u>33,256,265</u>

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

Cash and bank balances	37,245,805	32,193,484
Deposits with licensed banks	12,018,429	4,855,785
	<u>49,264,234</u>	<u>37,049,269</u>
Less:		
Bank overdrafts	(2,597)	-
Deposits with maturity period more than 3 months	(4,635,183)	(3,793,004)
	<u>44,626,454</u>	<u>33,256,265</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.*

**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 audited 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 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 2023, which was approved at the Annual General Meeting on 29 May 2024, was paid on 16 August 2024 to shareholders whose names appear in the Record of Depositors on 31 July 2024.

**A8. Profit from operating activities**

Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
2024	2023	2024	2023
RM	RM	RM	RM

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

Total depreciation	1,214,030	1,240,496	2,517,448	2,555,686
Depreciation capitalised under construction costs	(27,904)	(44,883)	(90,308)	(74,186)
Depreciation charged to profit from operating activities	1,186,126	1,195,613	2,427,140	2,481,500
Dividend income from short term investments	(68,391)	-	(118,585)	-
Fair value gain on short/long term investments	(587,471)	(471,176)	(1,115,049)	(924,145)
Gain on disposal of property, plant and equipment, net	(471,128)	(74,006)	(645,728)	(228,448)
Loss/(Gain) on foreign exchange :				
- realised	6,208	(20)	(45,802)	(9,982)
- unrealised	29,532	(546,692)	(40,772)	(631,701)
Inventories - properties held for sale and others written off	-	53,259	67,282	53,259
Inventories - properties held for sale and others written down to net realisable value	(12)	-	141,824	-
Loss on lease modification adjustments	-	-	1	-
Reversal of impairment loss on trade and other receivables	109,687	152,680	(6,658,808)	(1,154,958)
Property, plant and equipment written off	238,000	148,791	238,000	148,791
Impairment loss on property, plant and equipment	N/A	N/A	N/A	N/A
Gain on derivatives	N/A	N/A	N/A	N/A

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

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

**A9. Segmental reporting**

**Business Segments**

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

**Current quarter 3 months  
ended 30 June 2024**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Revenue</b>							
Total revenue	1,771,129	10,820,043	27,652,819	1,055,952	2,202,439	131,126	43,633,508
Inter-segment sales	(82,500)	(703,149)	(204,992)	-	-	(131,126)	(1,121,767)
External sales	1,688,629	10,116,894	27,447,827	1,055,952	2,202,439	-	42,511,741
<b>Results</b>							
Segment results	1,177,472	979,411	5,329,442	(447,880)	959,199	95,047	8,092,691
Interest expense	(282,662)	(195,191)	(18,162)	-	(649)	-	(496,664)
Profit/(Loss) before tax	894,810	784,220	5,311,280	(447,880)	958,550	95,047	7,596,027
Income tax expense							(1,735,346)
Profit for the period							5,860,681
<b>Total Assets</b>							
Segment assets	(151,308)	2,433,956	(2,672,318)	(4,640,846)	(70,689)	33,318	(5,067,887)
Unallocated corporate assets							6,506,294
Total assets							1,438,407
<b>Total Liabilities</b>							
Segment liabilities	1,467,322	893,753	(3,585,156)	(318,248)	(102,715)	(5,839)	(1,650,883)
Unallocated corporate liabilities							983,331
Total liabilities							(667,552)



**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.)**

**Current quarter 3 months  
ended 30 June 2024 (cont'd.)**

**Type of goods and services**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
Construction contracts	-	10,108,137	-	-	-	-	10,108,137
Sale of development properties	-	-	-	1,011,820	-	-	1,011,820
Sale of goods and services	1,710	8,757	27,447,827	44,132	2,202,439	-	29,704,865
Revenue from contracts with customers	1,710	10,116,894	27,447,827	1,055,952	2,202,439	-	40,824,822
Rental income from investment properties	1,686,919	-	-	-	-	-	1,686,919
	1,688,629	10,116,894	27,447,827	1,055,952	2,202,439	-	42,511,741

**Geographical markets**

**Malaysia**

	1,710	10,116,894	27,447,827	1,055,952	-	-	38,622,383
Lao People's Democratic Republic	-	-	-	-	2,202,439	-	2,202,439
	1,710	10,116,894	27,447,827	1,055,952	2,202,439	-	40,824,822

**Timing of transfer of goods and services**

**At a point in time**

	1,710	8,757	27,447,827	44,132	2,202,439	-	29,704,865
Over time	-	10,108,137	-	1,011,820	-	-	11,119,957
	1,710	10,116,894	27,447,827	1,055,952	2,202,439	-	40,824,822

**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.)**

**Current quarter 3 months  
ended 30 June 2023**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Revenue</b>							
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
<b>Results</b>							
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
<b>Total Assets</b>							
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)
<b>Total Liabilities</b>							
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)

**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.)**

**Current quarter 3 months  
ended 30 June 2023 (cont'd.)**

**Type of goods and services**  
Construction contracts  
Sale of development properties  
Sale of goods and services  
Revenue from contracts with customers  
Rental income from investment properties

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
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  
Lao People's Democratic Republic

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  
Over time

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

**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.)**

**Cumulative quarter 6 months  
ended 30 June 2024**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Revenue</b>							
Total revenue	3,522,789	19,373,808	54,162,327	5,024,243	4,189,105	191,868	86,464,140
Inter-segment sales	(165,000)	(1,829,989)	(503,672)	-	-	(191,868)	(2,690,529)
External sales	3,357,789	17,543,819	53,658,655	5,024,243	4,189,105	-	83,773,611
<b>Results</b>							
Segment results	2,029,168	7,427,713	10,932,639	(461,031)	1,481,038	84,218	21,493,745
Interest expense	(582,578)	(224,751)	(38,366)	-	(1,320)	-	(847,015)
Profit/(Loss) before tax	1,446,590	7,202,962	10,894,273	(461,031)	1,479,718	84,218	20,646,730
Income tax expense							(3,236,605)
Profit for the period							17,410,125
<b>Total Assets</b>							
Segment assets	131,942,796	43,559,378	89,325,890	142,929,826	26,697,116	359,916	434,814,922
Unallocated corporate assets							86,591,232
Total assets							521,406,154
<b>Total Liabilities</b>							
Segment liabilities	26,696,022	8,596,392	8,241,041	5,666,742	1,847,235	366	51,047,798
Unallocated corporate liabilities							8,843,415
Total liabilities							59,891,213

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

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

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

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

**Cumulative quarter 6 months ended 30 June 2024 (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	-	17,535,062	-	-	-	-	17,535,062
Sale of development properties	-	-	-	4,036,111	-	-	4,036,111
Sale of goods and services	3,330	8,757	53,658,655	988,132	4,189,105	-	58,847,979
Revenue from contracts with customers	3,330	17,543,819	53,658,655	5,024,243	4,189,105	-	80,419,152
Rental income from investment properties	3,354,459	-	-	-	-	-	3,354,459
	<u>3,357,789</u>	<u>17,543,819</u>	<u>53,658,655</u>	<u>5,024,243</u>	<u>4,189,105</u>	<u>-</u>	<u>83,773,611</u>
<b>Geographical markets</b>							
Malaysia	3,330	17,543,819	53,658,655	5,024,243	-	-	76,230,047
Lao People's Democratic Republic	-	-	-	-	4,189,105	-	4,189,105
	<u>3,330</u>	<u>17,543,819</u>	<u>53,658,655</u>	<u>5,024,243</u>	<u>4,189,105</u>	<u>-</u>	<u>80,419,152</u>
<b>Timing of transfer of goods and services</b>							
At a point in time	3,330	8,757	53,658,655	988,132	4,189,105	-	58,847,979
Over time	-	17,535,062	-	4,036,111	-	-	21,571,173
	<u>3,330</u>	<u>17,543,819</u>	<u>53,658,655</u>	<u>5,024,243</u>	<u>4,189,105</u>	<u>-</u>	<u>80,419,152</u>

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

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

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

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

**Cumulative quarter 6 months  
ended 30 June 2023**

	Investment RM	Construction RM	Quarry RM	Property development RM	Utilities RM	Others RM	Total RM
<b>Revenue</b>							
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
<b>Results</b>							
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							<u>10,115,522</u>
<b>Total Assets</b>							
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							<u>491,840,140</u>
<b>Total Liabilities</b>							
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							<u>61,974,420</u>

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

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

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

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

**Cumulative quarter 6 months ended 30 June 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
	3,038,943	10,439,147	36,341,827	14,812,100	3,892,171	76,056	68,600,244
<b>Geographical markets</b>							
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
	5,190	10,439,147	36,341,827	14,812,100	3,892,171	76,056	65,566,491
<b>Timing of transfer of goods and services</b>							
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
	5,190	10,439,147	36,341,827	14,812,100	3,892,171	76,056	65,566,491

**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**

Voluntarily liquidation of dormant subsidiary

DKLS Highlands Sdn. Bhd. ("DKLS Highlands") is a wholly-owned subsidiary of DKLS. DKLS Highlands has ceased its business operations and is dormant. DKLS Highlands had been placed under member's voluntary winding-up pursuant to Section 439(1)(b) of the Companies Act 2016 on 1 September 2023.

The voluntary winding-up was completed subsequent to the end of the interim period.

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

(a) Contingent Liabilities

	<b>As at 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b>RM</b>	<b>RM</b>
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	35,306,578	37,967,077

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.



**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	
	2024 RM	2023 RM	2024 RM	2023 RM
Architect fees paid to Architect Ding Poi Kooi	-	(29,521)	(471,160)	(29,521)
Purchase of consumables from DKLS Service Station	(37,238)	(10,983)	(58,603)	(24,547)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(4,330)	(4,970)	(9,040)	(9,680)
Supply of electricity by Ipoh Tower Sdn Bhd	(16,606)	(16,117)	(33,487)	(31,326)

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 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 30 June 2024 RM
Not later than 1 year	5,359,244
Later than 1 year but not later than 5 years	<u>2,054,622</u>
	<u>7,413,866</u>

**B. Additional information required by BMSB's Listing Requirements**

**B1. Operating Segment Review**

**(a) Review of Performance for 2Q24 vs 2Q23**

For the current quarter under review (2Q24), the Group reported a higher revenue of RM42.512 million as compared to RM33.602 million in the previous year corresponding quarter (2Q23), representing a 26.51% increase in revenue. The growth was mainly contributed by the quarry segment, which saw higher sales of premix products. Despite the increase in revenue, the Group's profit before tax increased by only 9.88%, reaching RM7.596 million in 2Q24 as compared to RM6.913 million in 2Q23 due to the lower gross margin in the construction segment.

The variances in revenue and profit before tax of the Group can be analysed by segment as below:-

**2Q24 vs 2Q23**

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	140	(422)
Construction	4,551	(268)
Quarry	9,641	2,549
Property development	(5,419)	(1,265)
Utilities	73	54
Others	(76)	35
	<u>8,910</u>	<u>683</u>

**(b) Review of Performance to date for FY24 vs FY23**

For the current financial year to date under review (FY24), the Group posted higher profit before tax of RM20.647 million and revenue of RM83.774 million, compared to RM12.673 million and RM68.600 million respectively in the previous year corresponding period (FY23). This marks a 62.9% rise in profit before tax and a 22.1% rise in revenue.

The variances in revenue and profit before tax of the Group can be analysed by segment as below:-

**FY24 vs FY23**

Increase/(Decrease)	Revenue RM'000	Profit before tax RM'000
Investment	319	(219)
Construction	7,105	5,491
Quarry	17,317	5,656
Property development	(9,788)	(2,926)
Utilities	297	(62)
Others	(76)	34
	<u>15,174</u>	<u>7,974</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 recorded a higher revenue of RM3.358 million (FY23 : RM3.039 million), driven by an increase in the occupancy rate from 95% in FY23 to 98% in FY24.

Despite the higher revenue in FY24, the segment's profit before tax decreased to RM1.447 million (FY23 : RM1.666 million). This decline was primarily due to a lower unrealised gain on foreign exchange of RM0.038 million (FY23 : RM0.582 million). Additionally, the segment recorded lower interest income in FY24, amounting to RM0.035 million (FY23 : RM0.185 million), which was offset by a decrease in interest expense of RM0.583 million (FY23 : RM0.697 million).

**Construction**

For the current financial year to date under review, the construction segment has recorded a higher revenue of RM17.544 million (FY23 : RM10.439 million) driven by increased work done for its on-going projects.

The construction segment has also posted higher profit before tax of RM7.203 million (FY23 : RM1.712 million) primarily due to the reversal of impairment losses on receivables of RM6.642 million (FY23 : RM1.067 million), higher gain from the disposal of property, plant and equipment of RM0.383 million (FY23 : RM0.210 million) and lower interest expense of RM0.225 million (FY23 : RM0.354 million).

If these items were excluded from the profit before tax, the construction segment would have reported a lower net margin in FY24 despite higher revenue compared to FY23. This is mainly due to the higher margin contribution from loss and expense claim for project completed in previous year, which was recorded in FY23.

**Quarry**

The quarry segment achieved higher revenue of RM53.659 million in FY24 as compared to RM36.342 million in FY23, primarily driven by increased sales quantity and average selling price for premix products.

In tandem with the revenue growth and a slight improvement in gross margin, supported by higher selling price and lower bitumen cost, the segment's profit before tax rose to RM10.894 million from RM5.238 million in FY23.

In FY24, the segment also recorded a gain from the disposal of property, plant and equipment of RM0.263 million (FY23 : RM0.016 million). However, this gain was offset by the write-off of non-usable plant and equipment amounting to RM0.238 million (FY23 : RM0.149 million) and inventories written off of RM0.067 million (FY23 : RM0.053 million).

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

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

**Property Development**

The property development segment saw a decline in revenue to RM5.024 million (FY23 : RM14.812 million) due to the completion of three residential projects in the first quarter of FY24.

With the lower revenue, the segment reported a loss before tax of RM0.461 million, in contrast to the profit before tax of RM2.465 million in FY23. However, the impact of the reduced revenue on the segment's loss before tax was softened by the higher interest income of RM0.155 million (FY23 : RM0.048 million) and sundry income of RM0.104 million (FY23 : RMNil), partially offset by the write-down of inventories to net realisable value of RM0.141 million in FY24.

**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 reported an increase in revenue to RM4.189 million (FY23 : RM3.892 million), driven by improvements in both water consumption by customer and increase in water tariff rate.

Despite the revenue growth, the segment recorded a lower profit before tax of RM1.480 million (FY23 : RM1.542 million). This decrease was attributed to higher depreciation charges of RM0.767 million (FY23 : RM0.489 million) and an increase in electricity charges by RM0.135 million, resulting from the increased electricity tariff rate.

If these items were excluded from the profit before tax, the segment would have posted a higher profit before tax, along with an improved profit margin.

**B2. Variance of Results Against Preceding Quarter**

	<b>Current Quarter 30 June 2024 (2Q24) RM'000</b>	<b>Immediate Preceding Quarter 31 March 2024 (1Q24) RM'000</b>	<b>Changes Amount RM'000</b>
Revenue	42,512	41,262	1,250
Profit before tax	7,596	13,051	(5,455)

For the current quarter under review (2Q24), the Group achieved higher revenue as compared to the immediate preceding quarter (1Q24), primarily attributed to the higher sales of premix products contributed by quarry segment.

Despite higher revenue, the Group recorded a lower profit before tax for 2Q24 compared to 1Q24 primarily due to an allowance for impairment losses on receivables of RM0.110 million, in contrast to a reversal of RM6.768 million recorded in 1Q24. Additionally, the lower gross margin contribution from the quarry segment, caused by higher bitumen cost and increased operating expenses of RM0.623 million to meet regulatory requirement in 2Q24, further impacted the profit before tax.

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

**B3. Prospects**

Economic growth for Malaysia is expected to be sustained, backed by firm domestic demand, primarily through continued expansion in private sector spending. However, global instability especially around the Middle East and Eastern Europe due to the ongoing war, may introduce risks to growth as inflation is expected to continue influencing the globe.

While the construction sector anticipates positive growth driven by the upcoming implementation phases of several government projects outlined in Budget 2024, it continues to face challenges in securing tender bids and execution of projects, such as intense competition, escalating operational costs, shortage of skilled labour, as well as increasingly strict regulatory and sustainability standards. The Construction Division aims to navigate this landscape by adopting prudent project selection strategy.

Despite the steady recovery seen in the overall property market in Malaysia, the state of Perak where the division mainly operates recorded the highest number of overhang units in the country according to NAPIC's data in year 2023. Moving forward, the Property Development Division will actively monitor market dynamics to create projects that resonate with evolving consumer preferences in its future launches.

Forecast for the Quarry Division remains positive driven by robust demand for construction materials underpinned by private sector activity and public infrastructure development. The division will continue to concentrate on optimizing production while capitalizing on strategic market positioning to tap on local demands and pricing adjustment strategy based on demand shifts. The division has also been actively undergoing system and process enhancements for the compliance of the e-invoicing mandate.

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 for the Group. However, the volatility of the foreign exchange rates may impact the division's performance in the current financial year.

The Group will adopt a balanced approach for the coming year, maintaining financial prudence while actively seeking growth opportunities. Our investment strategy will emphasize vigilance and adaptability to ensure we capitalize on emerging prospects.

In view of the foregoing, the Group maintains a cautiously optimistic outlook on its prospects for the current financial year, assuming it faces no significant upheavals.

**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	
	2024 RM	2023 RM	2024 RM	2023 RM
Current income tax:				
Malaysia income tax	1,635,970	1,131,892	3,173,319	1,974,606
Foreign tax	197,553	174,262	325,824	277,779
	<u>1,833,523</u>	<u>1,306,154</u>	<u>3,499,143</u>	<u>2,252,385</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(134,909)	212,029	(301,113)	238,290
Under provision in prior years	19,675	-	19,675	63,170
	<u>(115,234)</u>	<u>212,029</u>	<u>(281,438)</u>	<u>301,460</u>
Real Property Gain Tax	12,425	-	12,425	1,332
Withholding tax paid	4,632	1,360	6,475	2,434
Income tax expense	<u>1,735,346</u>	<u>1,519,543</u>	<u>3,236,605</u>	<u>2,557,611</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	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit before tax	7,596,027	6,912,933	20,646,730	12,673,133
Taxation at applicable tax rates	1,823,047	1,659,104	4,955,215	3,041,552
Income not subject to tax	(255,788)	(344,739)	(2,082,762)	(788,061)
Expenses not deductible for tax purposes	169,328	211,200	344,188	261,864
Expenses under special deduction for tax purposes	(10,342)	(10,740)	(20,924)	(20,246)
Difference in tax rate of foreign subsidiary	(44,233)	(36,871)	(73,041)	(57,563)
Utilisation of previously unrecognised deferred tax assets	(23)	(11)	(23)	(22)
Deferred tax assets not recognised	(11,415)	-	34,147	-
Deferred tax on undistributed earnings from foreign subsidiary	28,033	24,649	46,242	39,132
Deferred tax on fair value adjustment	7	15,591	(5,012)	14,019
Real Property Gain Tax	12,425	-	12,425	1,332
Withholding tax paid	4,632	1,360	6,475	2,434
Under provision of deferred tax in prior years	19,675	-	19,675	63,170
Income tax expense recognised in profit or loss	1,735,346	1,519,543	3,236,605	2,557,611

**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 30 June 2024</b>	<b>As at 30 June 2023</b>
	<b>RM</b>	<b>RM</b>
<b>Short term borrowings</b>		
Bank overdrafts (unsecured)	2,597	-
Hire purchase liabilities (secured)	637,397	370,832
Term loans (secured)	5,000,004	5,000,004
Lease liabilities (unsecured)	92,468	2,836
	<u>5,732,466</u>	<u>5,373,672</u>
<b>Long term borrowings</b>		
Hire purchase liabilities (secured)	96,849	355,794
Term loans (secured)	16,083,287	21,083,291
Lease liabilities (unsecured)	472,355	60,405
	<u>16,652,491</u>	<u>21,499,490</u>
<b>Total borrowings</b>	<u>22,384,957</u>	<u>26,873,162</u>

Loan and borrowings are denominated in the following currencies:

	<b>As at 30 June 2024</b>	<b>As at 30 June 2023</b>
	<b>RM</b>	<b>RM</b>
Ringgit Malaysia	22,353,536	26,819,301
Lao Kip	31,421	53,861
	<u>22,384,957</u>	<u>26,873,162</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	
	2024 RM	2023 RM	2024 RM	2023 RM
Profit attributable to owners of the Company	5,617,286	5,150,346	17,022,854	9,730,244
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	Sen	Sen	Sen	Sen
Basic earnings per share	6.06	5.56	18.36	10.50

**(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 30 June 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)	-	78,908,829	-
<b>Financial liabilities:</b>			
Other commitments	-	967,817	-

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 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 : 26 August 2024

