

**DPS Resources Berhad (“DPS” or “the Company”)  
(Company No: 630878-X)  
Interim Financial Report for the six (6)  
months period ended 30 September 2015**

**PART A. EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING  
STANDARD 134 (“MFRS 134”) INTERIM FINANCIAL REPORTING**

**A1. BASIS OF PREPARATION**

The interim financial statements are unaudited and have been prepared in accordance with the requirements outlined in the Malaysian Financial Reporting Standards (“MFRSs”) No. 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) and should be read in conjunction with the audited financial statements of the Company and its subsidiaries (“Group”) for the financial year ended 31 March 2015. These 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 financial year ended 31 March 2015.

The accounting policies and methods of computation adopted by the Group in this interim financial statements are consistent with those adopted in the financial statements for the financial year ended 31 March 2015.

The financial statements of the Group and the Company have been prepared with the re-adoption of Financial Reporting Standards (“FRSs”) as further explained below and in accordance with the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

**Reversion from Malaysian Financial Reporting Standards (“MFRSs”) to FRSs**

On 19 November 2011, MASB issued a new MASB approved accounting framework, the MFRS Framework. The MFRSs Framework is mandatory for adoption by all Entities other than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities subject to the application of MFRS 141 Agriculture and/or IC Interpretation 15 Agreements for the Construction of Real Estate, including its parent, significant investor and venture (hereinafter called “Transitioning Entities”).

The Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2017.

Being Transitioning Entities as defined above, the Group and the Company will have elected to continue preparing their financial statements in accordance with FRSs for the financial year ending 31 March 2016 and 2017 and will present its first MFRS financial statements for the financial year ending 31 March 2018.

## Adoption of new and amended standards and IC Interpretation

The accounting policies adopted in preparing the financial statements are consistent with those of the audited financial statements for the financial year ended 31 March 2015 except discussed below:-

During the financial year, the Group and the Company have adopted the following amendments to FRSs, IC Interpretation issued by the MASB that are mandatory for current financial year.

Amendments to FRS 10, FRS 12 and FRS 127	Investment Entities
Amendments to FRS 132	Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 136	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to FRS 139	Novation of Derivatives and Continuation of Hedge Accounting
IC Interpretation 21	Levies

Adoption of above amendments to FRSs and IC Interpretation did not have any significant impact on the financial statements of the Group and of the Company.

The accounting policies and methods of computation adopted for the interim financial report are consistent with those adopted for the annual audited financial statements for the financial year ended 31 March 2015.

## Standards issue but not yet effective

The Group and the Company have not applied the following FRSs and amendments to FRSs that have been issued by the MASB but are not yet effective for the Group and the Company.

		<b>Effective date for financial periods beginning on or after</b>
FRS 14	Regulatory Deferred Accounts	1 January 2016
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 116 and MFRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 127	Equity Method in Separate Financial Statements	1 January 2016
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Annual Improvements to FRSs 2012-2014 Cycle		1 January 2016
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018

The Group and the Company intend to adopt the FRSs when they become effective.

**A2. AUDITORS' REPORT ON PRECEDING ANNUAL FINANCIAL STATEMENTS**

The audit report for the audited financial statements of the Company and its subsidiaries for the financial year ended 31 March 2015 were not subject to any qualification.

**A3. COMMENTS ABOUT SEASONAL OR CYCLICAL FACTORS**

The Group's business operational results were not materially affected by any major seasonal or cyclical factors.

**A4. UNUSUAL ITEM DUE TO THEIR NATURE, SIZE OR INCIDENCE**

During the current quarter under review, there were no unusual items or events that affecting the assets, liabilities, equity, net income or cash flows, to the effect that is unusual nature, size or incidence.

**A5. MATERIAL ESTIMATES AND CHANGES IN ESTIMATES**

There were no changes in estimates that have a material effect in the current quarter and financial period-to-date results under review.

**A6. ISSUANCE OR REPAYMENT OF DEBT AND EQUITY SECURITIES**

There were no issuances, repurchases and repayment of debt securities during the period under the review and up to the date of this report

**A7. DIVIDEND DECLARED**

No dividend has been declared or paid by the Company during the current quarter under review.

The Directors do not recommend the payment of any dividend in respect of the current financial period under review.

**A8. SEGMENT INFORMATION**

Segment information is provided based on three (3) major business segments, i.e. investment holding, manufacturing and property development.

Business segments in revenue and results of the Group for the current quarter to date for 30 September 2015 are as follows:-

<b>3 months ended 30 September 2015</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Property development RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
Segment revenue	-	9,463	705		10,168
Elimination- inter segment	60	-	-	(60)	-
<b>Total revenue</b>	<b>60</b>	<b>9,463</b>	<b>705</b>	<b>(60)</b>	<b>10,168</b>
<b>Results</b>					
Finance costs	(167)	531	389	(6)	747
Loss before taxation					(120)
Tax expense					627
Loss after taxation					-
					627

Business segments in revenue and results of the Group for the current quarter for 30 September 2014 are as follows:-

<b>3 months ended 30 June 2014</b>	<b>Investment holding RM'000</b>	<b>Manufacturing RM'000</b>	<b>Property development RM'000</b>	<b>Elimination RM'000</b>	<b>Total RM'000</b>
<b>Revenue</b>					
Segment revenue	-	10,291	-		10,291
Elimination- inter segment	60	-	-	(60)	-
Total revenue	60	10,291	-	(60)	10,291
<b>Results</b>					
Finance costs	(436)	1,130	-	(9,240)	694
Loss before taxation					(103)
Tax expense					591
Loss after taxation					-
					591

#### **A9 SUBSEQUENT EVENTS**

There were no other material events during the current quarter of 30 September 2015 and up to the date of this report, which is likely to substantially affect the results of the operations of the Company.

#### **A10. VALUATION OF PROPERTY, PLANT AND EQUIPMENT**

There were no changes in the valuation of property, plant and equipment since the latest audited financial statements for the financial year ended 31 March 2015.

#### **A11. CHANGES IN THE COMPOSITION OF THE GROUP**

There are no changes in the composition of the Group during the quarter under review.

#### **A12. CONTINGENT ASSETS AND LIABILITIES**

There were no changes in contingent liabilities or contingent assets, since the last financial year ended 31 March 2015.

#### **A13. CAPITAL COMMITMENTS**

There are no capital expenditure commitments contracted and not provided for in the interim financial statements as at 30 September 2015.

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**DPS Resources Berhad (“DPS” or the “Company”)  
(Company No: 630878-X)  
Interim Financial Report for the three months period ended 30 September 2015**

**B. ADDITIONAL INFORMATION REQUIRED BY “BURSA SECURITIES”**

**B1. REVIEW OF PERFORMANCE**

**CURRENT QUARTER COMPARED TO THE CORRESPONDING QUARTER OF LAST YEAR (2Q 15 vs 2Q 14)**

	<b>3 months ended</b>	
	<b>30.09.2015</b>	<b>30.09.2014</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,168	10,291
Profit before taxation (“PBT”)	627	591

For the 2<sup>nd</sup> quarter ended 30 September 2015, the Group revenue decrease marginally from RM10.29 million in the corresponding quarter to RM10.17 million in the current quarter.

The Group registered higher profit before taxation of RM0.63 million in the current quarter as against RM0.59 million of the corresponding quarter of last year due to profit contribution from the Property Development segment.

**B2. COMPARISON OF CURRENT QUARTER RESULTS WITH THE PRECEDING QUARTER**

**2Q 15 vs 1Q 15**

	<b>3 months ended</b>	<b>3-months ended</b>
	<b>30.09.2015</b>	<b>30.06.2015</b>
	<b>RM'000</b>	<b>RM'000</b>
Revenue	10,168	10,379
PBT	627	948

For the three months period ended 30 September 2015, the Group registered slight decline in revenue from RM10.38 million to RM10.17 million.

The Group registered lower profit before taxation of RM0.63 million in the current quarter as against RM0.95 million in the preceding quarter due to higher administrative expenses during the period.

**B3. COMMENTARY ON PROSPECTS**

The Board is of the view that the future prospects of our furniture products are encouraging and the Group will potentially benefit from the outlook of the global furniture industry which is expected to improve our financial performance.

Meanwhile, the Group will also focus on developing affordable housing projects to drive its growth and the Group’s profitability. Barring any unforeseen circumstances, our Board is confident that the Group will continue to be resilient and remain profitable in the financial year ending 31 March 2016.

**B4. PROFIT FORECAST OR PROFIT GUARANTEE**

Not applicable as the Group did not publish any profit forecast or profit guarantee

**B5. NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	Current year to date	
	30.09.2015	30.09.2014
	RM'000	RM'000
<b>Profit for the period is arrived at</b>		
<b>After charging</b>		
Amortisation and depreciation	2,234	2,326
Loss on foreign exchange		85
<b>After crediting</b>		
Gain on foreign exchange	493	15
Gain on disposal of subsidiary	-	211

**B6. INCOME TAX EXPENSE**

	3 months ended	
	3.09.2015	30.09.2014
	RM	RM
Deferred tax	-	-
Current tax	-	-
Tax Expenses	-	-

**B7. STATUS OF CORPORATE PROPOSALS**

There are no corporate proposals announced but not completed as at the reporting date.

**B8. GROUP BORROWINGS AND DEBT SECURITIES**

The details of the Group's borrowings as at 30 September 2015 are as follows:

	As at 30.09.2015	As at 31.03.2015
	RM'000	RM'000
<b>Current</b>		
Term loan- secured	203	2,693
Bank overdraft- secured	808	272
Finance lease creditors	31	70
	<u>1,042</u>	<u>3,035</u>
<b>Non-current</b>		
Term loan-secured	3,292	3,971
Term loan- unsecured		-
Finance lease creditors	-	68
	<u>3,292</u>	<u>4,039</u>
Total Bank borrowings	<b>4,334</b>	<b>7,074</b>

The Group does not have any foreign borrowings as at the date of this report.

**B9. MATERIAL LITIGATION**

Save for the following, the Group is not engaged in any litigation or arbitration, either as plaintiff or defendant, which has a material effect on the financial position of the Company or its subsidiary companies and the Board does not know of any proceedings pending or threatened, or of any fact likely to give rise to any proceedings, which might materially and adversely affect the position or business of the Company or its subsidiary companies as at the date of this report:-

**Shantawood Sdn Bhd (“SSB”) (“Plaintiff”) vs Hong Leong MSIG Takaful Berhad (“MSIG”) (“Defendant”)- High Court of Shah Alam Civil No: 22NCVC-1488-12/2012**

SSB had on 29 December 2012 filed a suit at the High Court in Shah Alam against MSIG to recover the loss and damages of RM24,219,074.00 (“Fire Claim”) as a result of MSIG repudiating the claims made by SSB under the fire insurance policies taken up by SSB from MSIG for the Fire Incidents. MSIG had on 25 February 2013 filed its Statement of Defence disputing the Fire Claim.

On 26 September 2014, the Court had allowed SSB’s claim and had awarded SSB a sum of RM19,496,398.90 (“Judgment Sum”) and the cost of RM50,000.00 together with the interest rate of 5% per annum to be calculated from 14 July 2011 until the full and final settlement of the same (“Judgment”). MSIG subsequently filed a notice of appeal to the Court of Appeal against the Judgment and made an application for stay of execution of the Judgment with the High Court on 20 October 2014. On 17 November 2014, High Court allowed the stay of execution of the Judgment but ordered the Judgment Sum be deposited into the plaintiff’s solicitor account.

Numerous case management had been held pending compiling, finalising, submitting documents for appeal. Finally, the voluminous notes of evidence of more than 30 witnesses has been completed and is pending filing. On 26 November 2015, the matter had come up for hearing before a newly appointed panel and as the submissions were lengthy, the parties were unable to complete submissions and a new date for continued submissions had been given, namely 15 January 2016, which was the earliest date as the courts are on vacation in the month of December 2015.

The solicitors acting for SSB is of the opinion that, based on the numerous rulings made by the Court on admission of documents and the testimonies of witnesses and experts from SSB and MSIG, SSB has a reasonably fair chance of success in dismissing MSIG’s appeal against the Judgment.

**B10. PROPOSED DIVIDEND**

No dividend has been declared or paid during the current quarter under review and financial year-to-date.

**B11. EARNINGS/ (LOSS) PER SHARE**

**Basic**

Basic loss per ordinary share is calculated by dividing the net loss for the financial period attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial period.

	3 months ended		Current year to date	
	30.09.2015	30.09.2014	30.09.2015	30.09.2014
Profit attributable to equity holders of the parent (RM;000)	627	591	1,576	1,001
Weighted average number of Ordinary shares in issue (‘000)	587,770	264,000	587,770	264,000
Basic earnings per Ordinary Share (sen)	0.11	0.22	0.27	0.38

The fully diluted earnings per ordinary share for the Group for the current financial period is not presented as the warrants would be anti-dilutive as the exercise price is higher than the fair value of the Company’s shares.

**B12. STATUS OF UTILISATION OF PROCEEDS**

On 22 January 2015, the Company had completed the Rights Issue of Shares with Warrants with the listing of 323,769,580 Rights Shares together with 194,261,746 Rights Warrants on the Main Market of Bursa Securities.

The proceeds of RM32,376,958 raised from the Rights Issue of Shares with Warrants was fully utilised on 30.06.2015. The details of the utilisation are as follows:-

<b>Details of utilisation</b>	<b>Actual utilisation</b>	<b>Date of completion of utilisation</b>
	<b>RM</b>	
Repayment of bank borrowings	16,098,135	28.02.2015
DPS Realty Sdn Bhd's entitlement pursuant to the joint ventures ("JVs")	3,974,292	22.01.2015
Property development cost pursuant to the JVs	3,257,000	28.02.2015
Working capital	7,698,785	30.06.2015
Defraying expenses in relation to the Corporate Exercises	1,348,746	31.05.2015
<b>Total</b>	<b>32,376,958</b>	

**B13. REALISED AND UNREALISED PROFIT OR LOSSES**

Breakdown of the Group's realised and unrealised profit or losses as at 30 September 2015 is as follows:-

	<b>As at 30.09.2015 RM'000</b>	<b>As at 31.03.2015 RM'000</b>
Total retained earnings of the Company and its subsidiaries:-		
- Realised	59,227	57,652
- Unrealised	1,621	1,621
	<hr/> 60,848	<hr/> 59,273
Less: Consolidation adjustments	(9,240)	(9,240)
	<hr/> 51,608	<hr/> 50,033
<b>Total retained earnings as per statement of financial position</b>	<hr/> <b>51,608</b>	<hr/> <b>50,033</b>

**B14. AUTHORITY FOR ISSUE**

The interim financial report were authorised for issue by the Board of Directors in accordance with a resolution of the Directors.