

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 6 months ended 30 June 2012 - unaudited

	Note	Individual Quarter 3 months ended 30 June		Cumulative Quarters 6 months ended 30 June	
		2012	2011	2012	2011
		RM	RM	RM	RM
Revenue		55,161,704	44,410,519	88,627,500	84,173,763
Interest income		293,806	554,552	666,292	1,239,426
Other income		680,712	1,323,653	1,241,410	2,190,643
Operating expenses		(41,032,034)	(35,846,598)	(61,891,493)	(66,666,900)
Changes in work-in-progress and finished goods		(837,724)	1,136,306	(1,384,615)	1,762,433
Employee benefit expenses		(2,455,742)	(2,315,565)	(6,265,979)	(5,645,942)
Administrative expenses		(1,973,619)	(1,924,214)	(5,346,206)	(4,041,299)
Profit from operating activities	A8	9,837,103	7,338,653	15,646,909	13,012,124
Interest expense		(436,260)	(242,609)	(907,567)	(453,254)
Share of loss of associates, net of tax		(2,230,773)	(657,845)	(3,260,226)	(1,103,962)
Profit before taxation		7,170,070	6,438,199	11,479,116	11,454,908
Income tax expense		(3,363,723)	(1,830,068)	(4,233,954)	(3,461,905)
Profit for the period		3,806,347	4,608,131	7,245,162	7,993,003
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		202,886	38,526	(52,178)	(63,318)
Gain/(loss) on available-for-sale investments		(2,076)	6,461	19,089	6,461
Other comprehensive income for the period, net of tax		200,810	44,987	(33,089)	(56,857)
Total comprehensive income for the period		4,007,157	4,653,118	7,212,073	7,936,146
Profit for the period attributable to:					
Owners of the Company		4,824,927	5,184,987	9,078,185	8,804,531
Non-controlling interests		(1,018,580)	(576,856)	(1,833,023)	(811,528)
Profit for the period		3,806,347	4,608,131	7,245,162	7,993,003
Total comprehensive income attributable to:					
Owners of the Company		4,983,722	5,214,779	9,046,277	8,744,712
Non-controlling interests		(976,565)	(561,661)	(1,834,204)	(808,566)
Total comprehensive income for the period		4,007,157	4,653,118	7,212,073	7,936,146
Basic/Diluted, earnings per ordinary share (sen)		5.20	5.59	9.79	9.50

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2011 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position
As at 30 June 2012 - unaudited**

	30 June 2012 RM	31 December 2011 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	57,685,159	58,684,124
Land held for property development	19,876,176	20,762,297
Investment properties	64,226,692	23,320,000
Land use rights	200,171	203,110
Investments in associates	59,968,658	53,122,301
Available-for-sale investments	18,227	17,765
Quarry extraction exclusive rights	669,437	714,067
Trade and other receivables	1,229,605	1,188,024
Deferred tax assets	618,180	578,886
Total non-current assets	<u>204,492,305</u>	<u>158,590,574</u>
Current Assets		
Property development costs	30,437,912	15,372,565
Inventories	7,073,251	10,020,646
Trade and other receivables	99,018,965	86,049,681
Other current assets	24,852,022	6,255,012
Available-for-sale investments	9,606,361	5,063,680
Tax recoverable	2,333,639	1,921,893
Cash and cash equivalents	45,367,855	77,171,276
Total current assets	<u>218,690,005</u>	<u>201,854,753</u>
TOTAL ASSETS	<u>423,182,310</u>	<u>360,445,327</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	171,479,594	163,025,985
Reserves	1,467,595	1,499,503
Total equity attributable to owners of the Company	<u>274,404,385</u>	<u>265,982,684</u>
Non-controlling interests	<u>9,674,862</u>	<u>9,213,216</u>
Total equity	<u>284,079,247</u>	<u>275,195,900</u>
Non-Current Liabilities		
Loans and borrowings	32,843,694	12,229,414
Deferred tax liabilities	9,427,754	8,019,008
Total non-current liabilities	<u>42,271,448</u>	<u>20,248,422</u>
Current Liabilities		
Loans and borrowings	17,554,809	13,271,716
Trade and other payables	58,891,942	43,649,630
Other current liabilities	18,984,573	6,696,599
Tax payable	1,400,291	1,383,060
Total current liabilities	<u>96,831,615</u>	<u>65,001,005</u>
Total liabilities	<u>139,103,063</u>	<u>85,249,427</u>
TOTAL EQUITY AND LIABILITIES	<u>423,182,310</u>	<u>360,445,327</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.96</u>	<u>2.87</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2011 and the accompanying notes attached to the Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity
For 6 months ended 30 June 2012 - unaudited

	Attributable to owners of the Company				Distributable	Non-controlling Interests	Total Equity
	Share capital RM	Share premium RM	Non distributable Foreign currency translation reserve RM	Asset revaluation surplus RM			
6 months ended 30 June 2012							
Balance at 1 January 2012	92,699,600	8,757,596	(57,389)	1,567,909	(11,017)	163,025,985	265,982,684
Total comprehensive income for the period	-	-	(50,342)	-	18,434	9,078,185	9,046,277
Transactions with owners							
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	-
Dilution of interests in subsidiary	-	-	-	-	-	(624,576)	(624,576)
	-	-	-	-	-	(624,576)	(624,576)
Balance at 30 June 2012	92,699,600	8,757,596	(107,731)	1,567,909	7,417	171,479,594	274,404,385
6 months ended 30 June 2011							
Balance at 1 January 2011	92,699,600	8,757,596	(303,215)	1,567,909	(461)	145,864,928	248,586,357
Total comprehensive income for the period	-	-	(66,280)	-	6,461	8,804,531	8,744,712
Balance at 30 June 2011	92,699,600	8,757,596	(369,495)	1,567,909	6,000	154,669,459	257,331,069

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2011 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2012 - unaudited**

	6 months ended 30 June	
	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	11,479,116	11,454,908
Adjustment for :-		
Amortisation of land use rights	2,271	2,114
Amortisation of quarry extraction exclusive rights	44,630	89,259
Depreciation	2,044,010	2,066,333
Dividend income from available-for-sale investments	(58,606)	-
Gain on disposal of property, plant and equipment, net	(68,036)	(236,048)
Interest expense	907,567	454,641
Interest income	(666,292)	(1,239,426)
Inventory written back	(13,428)	-
Provision for/(write back of) impairment loss on:		
- trade and other receivables	298,755	(387,785)
Net fair value gain on available-for-sale investments	(16,437)	-
Property, plant and equipment written off	54	71,212
Trade and other receivables written off	462	-
Share of loss of associates	3,260,226	1,103,962
Unrealised loss on foreign exchange	426,712	169,894
Operating profit before changes in working capital	17,641,004	13,549,064
Changes in working capital:-		
Net changes in current assets	(43,326,712)	(15,952,522)
Net changes in current liabilities	28,091,942	(249,294)
Cash generated from operations	2,406,234	(2,652,752)
Interest paid	(165,829)	(98,836)
Interest received	290,268	164,745
Taxes paid	(4,766,106)	(2,489,205)
Net cash used in operating activities	(2,235,433)	(5,076,048)

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2012 - unaudited**

	6 months ended 30 June	
	2012 RM	2011 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	334,442	996,960
(Advance to)/repayment from associates	(9,669,665)	1,345,432
Land held for property development	-	(97,954)
Net dividend received from available-for-sale investments	58,606	-
Proceeds from disposal of:		
- available-for-sale investments	26,000,000	-
- property, plant and equipment	967,539	1,349,312
- investment property	230,000	-
- interest in subsidiary	90,000	-
Purchase of:		
- investment properties	(41,136,692)	(7,895,779)
- property, plant and equipment	(1,952,045)	(8,073,402)
- available-for-sale investments	(30,507,616)	-
- interest in associates	-	(2,417,904)
Net cash used in investing activities	<u>(55,585,431)</u>	<u>(14,793,335)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown from term loan	20,310,112	-
Interest paid	(345,084)	(48,144)
Proceed from issuance of NCRPS to minority interests	4,900,000	-
Repayment of term loan	(282,000)	-
Repayment of hire purchase liabilities	(623,731)	(653,514)
Net cash generated from/(used in) financing activities	<u>23,959,297</u>	<u>(701,658)</u>
Net decrease in cash and cash equivalents	(33,861,567)	(20,571,041)
Effects of exchange rate differences	(540,983)	(31,557)
Cash and cash equivalents at beginning of the period	70,679,260	99,806,209
Cash and cash equivalents at end of the period	<u>36,276,710</u>	<u>79,203,611</u>

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

Cash and bank balances	9,623,654	16,506,622
Deposits with licensed banks	35,744,201	66,931,612
Deposits with licensed financial institution	-	5,693,936
Bank overdrafts	(8,965,689)	(9,806,461)
	<u>36,402,166</u>	<u>79,325,709</u>
Less : Deposit pledged for banking facilities	(125,456)	(122,098)
	<u>36,276,710</u>	<u>79,203,611</u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2011 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 FRS 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 2011. 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 2011.

A2. Significant Accounting Policies

2.1 Changes in 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 2011 except as follows:

On 1 January 2012, the Group adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2012.

IC Interpretation 19 : Extinguishing Financial Liabilities with Equity Instruments
Amendments to IC Interpretation 14 : Prepayments of a Minimum Funding Requirement
Amendments to FRS 1 : Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
Amendments to FRS 7 : Transfers of Financial Assets
Amendments to FRS 112 : Deferred Tax : Recovery of Underlying Assets
FRS 124 : Related Party Disclosures

Adoption of the above standards and interpretation did not have any effect on the financial performance or position of the Group.

2.2 Malaysian Financial Reporting Standards (MFRS)

On 19 November 2011, the Malaysian Accounting Standards Board ("MASB") issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework").

The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture ("MFRS 141") and IC Interpretation 15 Agreements for Construction of Real Estate ("IC 15"), including its parent, significant investor and venturer (herein called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework for an additional one year. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2013.

A2. Significant Accounting Policies

2.2 Malaysian Financial Reporting Standards (MFRS) (cont'd.)

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group and the Company will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the year ending 31 December 2013. In presenting their first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group has commenced transitioning their accounting policies and financial reporting from the current Financial Reporting Standards to the MFRS Framework by establishing a project team to plan and manage the adoption of the MFRS Framework.

The Group has not completed their assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the financial performance and financial position as disclosed in these financial statements for the year ended 31 December 2012 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2013.

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.

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 2011, which was approved at the Annual General Meeting on 21 May 2012, was paid on 15 August 2012 to shareholders whose names appear in the Record of Depositors on 31 July 2012.

DKLS INDUSTRIES BERHAD
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A8. Profit from operating activities

	Curret Quarter		Current financial	
	3 months ended		year-to-date	
	30 June		6 months ended	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income from available-for-sale investments	(36,482)	-	(58,606)	-
Net fair value gain on available-for-sale investments	(24,932)	-	(16,437)	-
Amortisation of land use rights	1,169	1,069	2,271	2,114
Amortisation of quarry extraction exclusive rights	22,315	-	44,630	89,259
Total depreciation	1,031,700	1,036,865	2,044,010	2,066,333
Depreciation capitalised under construction costs	(297,546)	(338,139)	(609,235)	(701,129)
Depreciation charged to profit from operating activities	734,154	698,726	1,434,775	1,365,204
Gain on disposal of property, plant and equipment	(74,689)	(384,335)	(68,036)	(236,048)
Property, plant and equipment written off	-	29,832	54	71,212
Inventories written back	-	-	(13,428)	-
(Gain)/loss on foreign exchange				
- unrealised	(702,646)	311,777	426,712	169,894
- realised	120,961	-	241,922	-
Provision for/(write back of) impairment loss on trade and other receivables	262,230	(185,409)	298,755	(387,785)
Trade and other receivables written off	-	-	462	-
Gain on derivatives	N/A	N/A	N/A	N/A

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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 quarter 3 months ended 30 June 2012	Investment	Construction	Manufacturing	Property development	Others	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Total revenue	9,328,264	26,680,879	23,764,484	13,537,099	8,729,341	82,040,067
Inter-segment sales	9,251,014	11,876,834	1,159,913	-	4,590,602	26,878,363
External sales	77,250	14,804,045	22,604,571	13,537,099	4,138,739	55,161,704
Results						
Segment results	(135,206)	3,217,013	3,758,567	2,284,661	712,068	9,837,103
Interest expense	(359,791)	(28,493)	(13,486)	(34,367)	(123)	(436,260)
Group's share of results of associates	(2,230,773)	-	-	-	-	(2,230,773)
Profit/(loss) before taxation	(2,725,770)	3,188,520	3,745,081	2,250,294	711,945	7,170,070
Income tax expense	(837,605)	(790,922)	(953,442)	(623,668)	(158,086)	(3,363,723)
Profit for the period						<u>3,806,347</u>
Total Assets						
Segment assets	(2,918,020)	626,281	7,475,082	20,935,855	(328,769)	25,790,429
Interests in associates	(2,035,898)	-	-	-	-	(2,035,898)
Unallocated corporate assets						3,234,045
Total assets						<u>26,988,576</u>

DKLS INDUSTRIES BERHAD
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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

3 months ended	Investment	Construction	Manufacturing	Property	Others	Total
30 June 2011	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	2,298,347	20,662,170	17,723,149	10,016,279	5,077,609	55,777,554
Inter-segment sales	2,237,499	6,011,722	1,369,015	-	1,748,799	11,367,035
External sales	60,848	14,650,448	16,354,134	10,016,279	3,328,810	44,410,519
Results						
Segment results	(329,212)	955,252	3,729,413	3,132,825	(149,625)	7,338,653
Interest expense	(153,831)	(19,177)	(46,397)	(22,489)	(715)	(242,609)
Group's share of result of associates	(657,845)	-	-	-	-	(657,845)
Profit/(loss) before taxation	(1,140,888)	936,075	3,683,016	3,110,336	(150,340)	6,438,199
Income tax expense	139,840	(227,358)	(887,533)	(828,841)	(26,176)	(1,830,068)
Profit for the period						4,608,131
Total Assets						
Segment assets	(2,703,565)	3,611,417	7,015,379	7,937,053	1,196,306	17,056,590
Interests in associates	1,760,598	-	-	-	-	1,760,598
Unallocated corporate assets						368,127
Total assets						19,185,315

DKLS INDUSTRIES BERHAD
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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

6 months ended	Investment	Construction	Manufacturing	Property development	Others	Total
30 June 2012	RM	RM	RM	RM	RM	RM
Revenue						
Total revenue	13,868,396	38,515,558	40,782,177	22,714,712	13,851,811	129,732,654
Inter-segment sales	13,713,896	17,780,406	1,778,034	-	7,832,818	41,105,154
External sales	154,500	20,735,152	39,004,143	22,714,712	6,018,993	88,627,500
Results						
Segment results	(1,750,925)	6,896,207	5,418,040	4,176,578	907,009	15,646,909
Interest expense	(732,219)	(43,554)	(28,433)	(103,238)	(123)	(907,567)
Group's share of results of associates	(3,260,226)	-	-	-	-	(3,260,226)
Profit/(loss) before taxation	(5,743,370)	6,852,653	5,389,607	4,073,340	906,886	11,479,116
Income tax expense	212,627	(1,808,736)	(1,369,711)	(1,083,600)	(184,534)	(4,233,954)
Profit for the period						7,245,162
Total Assets						
Segment assets	91,788,265	82,389,396	73,699,367	92,187,730	10,572,488	350,637,246
Interests in associates	59,968,658	-	-	-	-	59,968,658
Unallocated corporate assets						12,576,406
Total assets						423,182,310

DKLS INDUSTRIES BERHAD
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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

6 months ended	Investment	Construction	Manufacturing	Property	Others	Total
30 June 2011	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	2,606,142	40,485,927	32,636,786	20,994,054	9,320,390	106,043,299
Inter-segment sales	2,513,842	13,335,931	2,760,517	-	3,259,246	21,869,536
External sales	92,300	27,149,996	29,876,269	20,994,054	6,061,144	84,173,763
Results						
Segment results	(810,114)	3,407,460	5,445,601	5,314,777	(345,600)	13,012,124
Interest expense	(307,661)	(20,669)	(87,802)	(35,098)	(2,024)	(453,254)
Group's share of result of associates	(1,103,962)	-	-	-	-	(1,103,962)
Profit/(loss) before taxation	(2,221,737)	3,386,791	5,357,799	5,279,679	(347,624)	11,454,908
Income tax expense	184,990	(936,320)	(1,282,925)	(1,397,844)	(29,806)	(3,461,905)
Profit for the period						<u>7,993,003</u>
Total Assets						
Segment assets	77,207,801	92,341,079	67,147,726	58,013,117	11,724,829	306,434,552
Interests in associates	50,756,363	-	-	-	-	50,756,363
Unallocated corporate assets						<u>1,207,672</u>
Total assets						<u>358,398,587</u>

DKLS INDUSTRIES BERHAD**(Company No. 369472-P)**

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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

On 30 April 2012, the Company acquired 2 ordinary shares of RM1.00 each in DKLS Equity Sdn Bhd ("DESB"), representing the entire issued and paid up share capital of DESB for a total cash consideration of RM2.00, thus making DESB a wholly-owned subsidiary of the Company. DESB's intended principal activity is that of is that of property and investment holding company.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities	As at 30 June	
	2012 RM	2011 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	67,154,038	30,097,435
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,208,635	825,510
Corporate guarantee given to a bank for facilities granted to third parties in connection with projects to be performed by a subsidiary	2,300,000	11,850,000
	<u>70,662,673</u>	<u>42,772,945</u>

The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognized 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 2011.

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A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current quarter		Current financial	
	3 months ended		year-to-date	
	30 June		6 months ended	
	2012	2011	2012	2011
	RM	RM	RM	RM
Purchase of office suites and penthouse from Ipoh Tower Sdn Bhd	-	(3,500,000)	-	(3,500,000)
Maintenance service charges & sinking fund charged by Ipoh Tower Sdn Bhd	(35,711)	(19,029)	(47,614)	(19,029)
Sale of materials to :				
Yu Marketing Sdn Bhd	-	195,890	2,580	583,324
Juta Mahsuri Sdn Bhd	-	11,183	26,184	11,183
Savan-DKLS Water Supply Co Ltd	-	1,605	-	505,347
Purchase of consumables from DKLS Service Station	(31,350)	(32,255)	(56,237)	(61,631)
Rental of building paid to Ding Poi Bor	(15,000)	-	(30,000)	(30,000)
Rental income received from Arkitek Ding Poi Kooi	2,250	2,250	4,500	4,500

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 2012 RM
Approved and contracted for:	
Property, plant and equipment	851,230
Investment property	84,420,000
Development properties	36,299,999
	<u>121,571,229</u>
Approved but not contracted for:	
Property, plant and equipment	<u>3,327,561</u>

A15. Operating lease commitments - as lessor

Future minimum rentals receivables under non-cancellable operating leases are as follows:

	As at 30 June 2012 RM
Not later than 1 year	1,139,948
Later than 1 year but not later than 5 years	896,192
	<u>2,036,140</u>

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B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 2Q12 vs 2Q11**

The Group recorded a revenue of RM55.162 million for the second quarter ended 30 June 2012 (2Q12), an increase of RM10.751 million (or 24.20%), as compared to the revenue of RM44.411 million for the corresponding quarter (2Q11). The profit before tax for 2Q12 of RM7.170 million increased by RM0.732 million (or 11.37%) as compared to profit before tax of RM6.438 million for 2Q11.

The higher revenue and pre-tax profit of the Group can be analysed as below:-

2Q12 vs 2Q11

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	16	(1,585)
Construction	154	2,253
Manufacturing	6,250	62
Property development	3,521	(860)
Others	810	862
	<u>10,751</u>	<u>732</u>

(b) Review of Performance to date for 1HFY12 vs 1HFY11

The Group recorded a revenue of RM88.628 million for the financial year to date ended 30 June 2012 (1HFY12), an increase of RM4.454 million (or 5.29%), as compared to the revenue of RM84.174 million for the corresponding financial year to date (1HFY11). The profit before tax for 1HFY12 of RM11.479 million increased by RM0.024 million (or 0.21%) as compared to profit before tax of RM11.455 million for 1HFY11.

The higher revenue and pre-tax profit of the Group can be analysed as below:-

1HFY12 vs 1HFY11

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	62	(3,522)
Construction	(6,415)	3,466
Manufacturing	9,128	32
Property development	1,721	(1,207)
Others	(42)	1,255
	<u>4,454</u>	<u>24</u>

Investment

External revenue of the investment segment is derived mainly from the income from investment properties. For the current quarter under review and the correspondence quarter, the share of losses of the associates were reclassified to Investment activity for better presentation.

The higher pre-tax loss was substantially due to the unrealised loss on foreign exchange, lower interest income and the share of losses of the associates. The associates continue to record losses due to unfavourable economic environment.

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Construction

The Group's construction segment recorded a significant higher pre-tax profit despite a lower revenue. The higher profit realised was due to the closing of certain construction projects in the current quarter under review.

Manufacturing

The manufacturing segment recorded only a slight increment in pre-tax profit despite a higher revenue achieved. The profit margin has continued to erode due to the intense competition within pre-cast concrete products manufacturing industrial. In addition, in comparison, the current overall margin was lower due to the provision for impairment loss on trade and other receivable of RM0.408 million in the current period whilst the corresponding period has included write back of provision for impairment loss on trade and other receivables of RM0.494 million and gain on disposal of property, plant and equipment of RM0.404 million.

Property Development

In respect of the property development segment, despite a higher revenue recorded, there was a lower pre-tax profit achieved. The lower pre-tax profit was mainly due to the realisation of profits from the sale of residential properties under a joint venture whilst in the corresponding quarter, the profit derived from the sale of commercial buildings has provided a better margin overall.

Others

The profit was derived mainly from the sale of merchantable timbers.

B2. Variance of Results Against Preceding Quarter

The revenue for 2Q12 increased by 64.83% as compared to the revenue of RM33.466 million registered in the immediate preceding quarter (1Q12). Correspondingly, the Group also recorded a higher pre-tax profit of RM7.170 million for 2Q12 as compared to the pre-tax profit of RM4.309 million for 1Q12, up 66.40%. The higher pre-tax profit was due to the higher turnover recorded despite the lower overall profit margin caused by intense competition and accelerating labour and construction material costs and realisation of lower profit margin from sale of residential properties under joint venture arrangement.

B3. Prospects

Given the intense competition within the construction, manufacturing and property development industries, the Group has managed to produce a respectable results for the first half of the year. Going forward, the directors expect the Group's operating environment to remain challenging and competitive. Barring any unforeseen circumstances, the directors expect the profitability growth for the Group to be moderate and the financial results for the remaining period of the year to be satisfactory.

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B4. Income tax expense

	Current quarter 3 months ended 30 June		Current financial year-to-date 6 months ended 30 June	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	3,452,646	1,879,231	4,369,975	3,580,076
Foreign tax	265	265	265	265
Capital gain tax	(2,510)	-	(1,233)	-
(Over)/under provision in prior years	75	(17,456)	75	(17,456)
	<u>3,450,476</u>	<u>1,862,040</u>	<u>4,369,082</u>	<u>3,562,885</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(1,015)	(38,453)	(49,390)	(107,461)
(Over)/under provision in prior years	(85,738)	6,481	(85,738)	6,481
	<u>(86,753)</u>	<u>(31,972)</u>	<u>(135,128)</u>	<u>(100,980)</u>
Income tax expense	<u>3,363,723</u>	<u>1,830,068</u>	<u>4,233,954</u>	<u>3,461,905</u>

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expense applicable to profit/(loss) 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 30 June		Current financial year-to-date 6 months ended 30 June	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before taxation	7,170,070	6,438,199	11,479,116	11,454,908
Taxation at applicable tax rates	1,792,517	1,609,550	2,869,779	2,863,727
Income not subject to tax	857,839	(45,534)	(206,113)	(90,706)
Expenses not deductible	749,343	361,353	1,657,184	710,818
Utilisation of current year reinvestment allowance	-	(31,920)	-	(66,052)
Utilisation of unabsorbed capital allowance	49,687	-	-	-
Reversal of deferred tax on capital gain tax	-	-	(2,510)	-
Deferred tax assets not recognised	-	(52,406)	-	55,093
Capital gain tax	-	-	1,277	-
(Over)/under provision of current tax in prior years	75	(17,456)	75	(17,456)
(Over)/under provision of deferred tax in prior years	(85,738)	6,481	(85,738)	6,481
Income tax expense	<u>3,363,723</u>	<u>1,830,068</u>	<u>4,233,954</u>	<u>3,461,905</u>

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B5. Corporate Proposals and Profit Forecast

Not applicable as no profit forecast was published.

There were no corporate proposals announced and not completed as at the reporting date.

B6. Borrowing and Debt Securities

	As at 30 Jun	
	2012	2011
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	325,635	1,590,787
Term loan (secured)	2,181,602	-
Bank overdrafts (unsecured)	8,965,689	9,806,461
Revolving credits (unsecured)	1,800,000	1,800,000
Bankers' acceptances (unsecured)	4,281,883	4,007,472
	<u>17,554,809</u>	<u>17,204,720</u>
Long term borrowings		
Hire purchase liabilities (secured)	43,445	1,040,923
Term loan (secured)	20,582,426	-
Non-cumulative redeemable preference shares (unsecured) ("NCRPS")	12,217,823	9,701,874
	<u>32,843,694</u>	<u>10,742,797</u>
Total borrowings	<u>50,398,503</u>	<u>27,947,517</u>

Borrowings are denominated in Ringgit Malaysia.

B7. Changes in Material Litigation

There was no material litigation against the Group as at the reporting date.

B8. Proposed Dividend

No dividend has been proposed or declared in respect of the financial year to date.

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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:

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit attributable to owners of the Company	4,824,927	5,184,987	9,078,185	8,804,531
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	Sen	Sen	Sen	Sen
Basic earnings per share	5.20	5.59	9.79	9.50

(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 2011 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 and Advance Bond guarantees amounting to RM28.539 million on behalf of the main contractors.

As at the end of the reporting period, the Company had given guarantees amounting to RM2.3 million to financial institutions for facility granted to a subsidiary company's 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 recognized the value of the obligation under the Financial Guarantee in its books.

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B12. Breakdown of Realised and Unrealised Profits/(Losses)

	Cumulative Quarter 6 months ended 30 June	
	2012	2011
	RM	RM
Total retained profits of the Group		
- Realised profits	229,323,584	208,727,101
- Unrealised losses	(17,097,121)	(17,667,156)
	<u>212,226,463</u>	<u>191,059,945</u>
 Total share of accumulated losses from associated companies		
- Realised losses	(12,204,735)	(7,786,122)
- Unrealised losses	(91,681)	(91,681)
	<u>(12,296,416)</u>	<u>(7,877,803)</u>
 Less: Consolidated adjustments	<u>(28,450,453)</u>	<u>(28,512,683)</u>
 Retained profits as per statement of financial position	<u>171,479,594</u>	<u>154,669,459</u>

By Order of the Board

Cheai Weng Hoong
Chan May Yoke
Company Secretaries

Dated : 15 August 2012