

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 9 months ended 30 September 2012 - unaudited**

Note	Individual Quarter 3 months ended 30 September		Cumulative Quarters 9 months ended 30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Revenue	54,674,276	48,969,422	143,301,776	133,143,185
Interest income	285,477	502,152	951,769	1,741,578
Other income	900,736	1,122,944	2,142,146	3,313,587
Operating expenses	(41,751,160)	(35,893,120)	(103,642,653)	(102,560,020)
Changes in work-in-progress and finished goods	(846,175)	(727,947)	(2,230,790)	1,034,486
Employee benefit expenses	(2,405,691)	(2,316,854)	(8,671,670)	(7,962,796)
Administrative expenses	(2,749,413)	(1,827,539)	(8,095,619)	(5,868,838)
Profit from operating activities	A8	8,108,050	9,829,058	23,754,959
Interest expense	(433,500)	(283,640)	(1,341,067)	(736,894)
Share of loss of associates, net of tax	(1,895,774)	(479,043)	(5,156,000)	(1,583,005)
Profit before taxation	5,778,776	9,066,375	17,257,892	20,521,283
Income tax expense	(1,491,110)	(2,501,923)	(5,725,064)	(5,963,828)
Profit for the period	4,287,666	6,564,452	11,532,828	14,557,455
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	86,835	385,454	34,657	322,136
Gain/(loss) on available-for-sale investments	33,437	(17,091)	52,526	(10,630)
Other comprehensive income for the period, net of tax	120,272	368,363	87,183	311,506
Total comprehensive income for the period	4,407,938	6,932,815	11,620,011	14,868,961
Profit for the period attributable to:				
Owners of the Company	5,549,035	6,839,991	14,627,220	15,644,522
Non-controlling interests	(1,261,369)	(275,539)	(3,094,392)	(1,087,067)
Profit for the period	4,287,666	6,564,452	11,532,828	14,557,455
Total comprehensive income attributable to:				
Owners of the Company	5,711,721	7,122,661	14,757,998	15,867,373
Non-controlling interests	(1,303,783)	(189,846)	(3,137,987)	(998,412)
Total comprehensive income for the period	4,407,938	6,932,815	11,620,011	14,868,961
Basic/Diluted, earnings per ordinary share (sen)	5.99	7.38	15.78	16.88

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 September 2012 - unaudited**

	30 September 2012 RM	31 December 2011 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	57,199,956	58,684,124
Land held for property development	19,876,581	20,762,297
Investment properties	63,877,009	23,320,000
Land use rights	192,956	203,110
Investments in associates	57,880,068	53,122,301
Available-for-sale investments	19,842	17,765
Quarry extraction exclusive rights	647,123	714,067
Trade and other receivables	1,250,396	1,188,024
Deferred tax assets	619,964	578,886
Total non-current assets	<u>201,563,895</u>	<u>158,590,574</u>
Current Assets		
Property development costs	85,390,730	15,372,565
Inventories	6,447,438	10,020,646
Trade and other receivables	103,204,492	86,049,681
Other current assets	10,856,291	6,255,012
Available-for-sale investments	13,712,513	5,063,680
Tax recoverable	1,876,099	1,921,893
Cash and cash equivalents	43,297,440	77,171,276
Total current assets	<u>264,785,003</u>	<u>201,854,753</u>
TOTAL ASSETS	<u>466,348,898</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	174,247,641	163,025,985
Reserves	1,630,281	1,499,503
Total equity attributable to owners of the Company	<u>277,335,118</u>	<u>265,982,684</u>
Non-controlling interests	<u>8,371,079</u>	<u>9,213,216</u>
Total equity	<u>285,706,197</u>	<u>275,195,900</u>
Non-Current Liabilities		
Loans and borrowings	69,148,335	12,229,414
Deferred tax liabilities	9,396,296	8,019,008
Total non-current liabilities	<u>78,544,631</u>	<u>20,248,422</u>
Current Liabilities		
Loans and borrowings	16,305,356	13,271,716
Trade and other payables	64,999,455	43,649,630
Other current liabilities	19,917,505	6,696,599
Tax payable	875,754	1,383,060
Total current liabilities	<u>102,098,070</u>	<u>65,001,005</u>
Total liabilities	<u>180,642,701</u>	<u>85,249,427</u>
TOTAL EQUITY AND LIABILITIES	<u>466,348,898</u>	<u>360,445,327</u>
Net assets per share attributable to owners of the Company (RM)	<u>2.99</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.

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

Condensed Consolidated Statement of Changes in Equity
For 9 months ended 30 September 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			
9 months ended 30 September 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	-	-	79,418	-	51,360	14,627,220	14,757,998
Transactions with owners							
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	1,581,274
Dilution of interests in subsidiary	-	-	-	-	-	(624,576)	714,576
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)
	-	-	-	-	-	(3,405,564)	2,295,850
Balance at 30 September 2012	92,699,600	8,757,596	22,029	1,567,909	40,343	174,247,641	277,335,118
9 months ended 30 September 2011							
Balance at 1 January 2011	92,699,600	8,757,596	(303,215)	1,567,909	(461)	145,864,928	248,886,357
Total comprehensive income for the period	-	-	233,481	-	(10,630)	15,644,522	15,867,373
Transactions with owners							
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	3
Dividend to Owners	-	-	-	-	-	(2,085,741)	(2,085,741)
	-	-	-	-	-	(2,085,741)	3
Balance at 30 September 2011	92,699,600	8,757,596	(69,734)	1,567,909	(11,091)	159,423,709	262,367,989

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 9 months ended 30 September 2012 - unaudited**

	9 months ended 30 September	
	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	17,257,892	20,521,283
Adjustment for :-		
Amortisation of land use rights	3,306	3,387
Amortisation of quarry extraction exclusive rights	66,944	89,259
Depreciation	3,074,756	3,140,433
Dividend income from available-for-sale investments	(122,609)	(31,453)
Gain on disposal of property, plant and equipment, net	(68,256)	(322,992)
Interest expense	1,341,067	722,732
Interest income	(951,769)	(1,741,578)
Inventories written back	(13,428)	-
Provision for/(write back of) impairment loss on trade and other receivables	422,119	(497,846)
Net fair value gain on available-for-sale investments	(25,775)	-
Property, plant and equipment written off	54	71,212
Trade and other receivables written off	462	-
Share of loss of associates	5,156,000	1,583,005
Unrealised loss on foreign exchange	49,444	(313,555)
Operating profit before changes in working capital	26,190,207	23,223,887
Changes in working capital:-		
Net changes in current assets	(89,476,353)	(12,502,320)
Net changes in current liabilities	36,679,506	(6,507,751)
Cash (used in)/generated from operations	(26,606,640)	4,213,816
Interest paid	(245,396)	(176,752)
Interest received	1,181,988	321,919
Taxes paid	(6,357,456)	(4,340,437)
Net cash (used in)/generated from operating activities	(32,027,504)	18,546

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the 9 months ended 30 September 2012 - unaudited**

	9 months ended 30 September	
	2012	2011
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	477,984	1,341,939
(Advance to)/repayment from associates	(9,709,665)	1,335,433
Land held for property development	-	(110,778)
Net dividend received from available-for-sale investments	122,609	31,453
Placement of deposit pledged	-	(3,358)
Proceeds from disposal of:		
- available-for-sale investments	29,500,000	-
- property, plant and equipment	1,118,565	1,548,214
- investment property	230,000	-
- interest in subsidiary	90,000	-
Purchase of:		
- investment properties	(40,787,009)	(7,895,779)
- property, plant and equipment	(1,838,214)	(8,365,323)
- available-for-sale investments	(38,072,609)	(7,031,104)
- interest in associates	-	(5,777,134)
Net cash used in investing activities	<u>(58,868,339)</u>	<u>(24,926,437)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,085,741)
Drawdown from term loan	56,332,683	2,753,000
Interest paid	(500,689)	(84,489)
Proceed from issuance of NCRPS to minority interests	4,900,000	-
Proceed from issue of ordinary shares in a subsidiary to non controlling interests	-	3
Repayment of term loan	(423,000)	-
Repayment of hire purchase liabilities	(827,265)	(1,142,187)
Net cash generated from/(used in) financing activities	<u>56,700,741</u>	<u>(559,414)</u>
Net decrease in cash and cash equivalents	(34,195,102)	(25,467,305)
Effects of exchange rate differences	845,516	41,105
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>37,329,674</u>	<u>74,380,009</u>

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

Cash and bank balances	10,276,176	6,979,255
Deposits with licensed banks	33,021,264	65,880,491
Deposits with licensed financial institution	-	1,710,176
Bank overdrafts	(5,842,310)	(64,457)
	<u>37,455,130</u>	<u>74,505,465</u>
Less : Deposit pledged for banking facilities	(125,456)	(125,456)
	<u>37,329,674</u>	<u>74,380,009</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
(Company No. 369472-P)
(Incorporated in Malaysia)

A8. Profit from operating activities

	Curreet Quarter		Current financial	
	3 months ended		year-to-date	
	30 September		30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income from available-for-sale investments	(64,003)	31,453	(122,609)	31,453
Net fair value gain on available-for-sale investments	(9,338)	-	(25,775)	-
Amortisation of land use rights	1,035	1,273	3,306	3,387
Amortisation of quarry extraction exclusive rights	22,314	-	66,944	89,259
Total depreciation	1,030,746	1,074,100	3,074,756	3,140,433
Depreciation capitalised under construction costs	(312,873)	(340,125)	(922,108)	(1,041,254)
Depreciation charged to profit from operating activities	717,873	733,975	2,152,648	2,099,179
Gain on disposal of property, plant and equipment, net	220	(86,944)	(68,256)	(322,992)
Property, plant and equipment written off	-	-	54	71,212
Inventories written back	-	-	(13,428)	-
(Gain)/loss on foreign exchange				
- unrealised	(377,268)	(483,449)	49,444	(313,555)
- realised	(109,412)	52,858	132,510	104,461
Provision for/(write back of) impairment loss on trade and other receivables	123,364	(110,061)	422,119	(497,846)
Trade and other receivables written off	-	-	462	-
Gain on derivatives	N/A	N/A	N/A	N/A

DKLS INDUSTRIES BERHAD
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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 September 2012	Investment	Construction	Manufacturing	Property development	Others	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Total revenue	6,616,214	31,251,057	20,299,394	14,342,814	6,313,892	78,823,371
Inter-segment sales	6,223,998	10,806,536	1,248,606	-	5,869,955	24,149,095
External sales	392,216	20,444,521	19,050,788	14,342,814	443,937	54,674,276
Results						
Segment results	(452,020)	4,979,737	1,850,962	1,620,383	108,988	8,108,050
Interest expense	(353,613)	(43,044)	(8,253)	(27,884)	(706)	(433,500)
Group's share of results of associates	(1,895,774)	-	-	-	-	(1,895,774)
Profit/(loss) before taxation	(2,701,407)	4,936,693	1,842,709	1,592,499	108,282	5,778,776
Income tax expense	862,623	(1,395,188)	(404,829)	(505,165)	(48,551)	(1,491,110)
Profit for the period						4,287,666
Total Assets						
Segment assets	(966,798)	7,534,958	(602,623)	36,725,035	(1,087,406)	41,603,166
Interests in associates	(2,088,590)	-	-	-	-	(2,088,590)
Unallocated corporate assets						3,652,012
Total assets						43,166,588

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 September 2011	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	6,328,008	25,929,986	17,991,642	11,822,513	3,496,000	65,568,149
Inter-segment sales	6,250,758	7,529,270	1,196,654	-	1,622,045	16,598,727
External sales	<u>77,250</u>	<u>18,400,716</u>	<u>16,794,988</u>	<u>11,822,513</u>	<u>1,873,955</u>	<u>48,969,422</u>
Results						
Segment results	(245,379)	5,244,176	2,907,015	1,808,071	115,175	9,829,058
Interest expense	(171,577)	(31,006)	(56,634)	(24,413)	(10)	(283,640)
Group's share of result of associates	(479,043)	-	-	-	-	(479,043)
Profit/(loss) before taxation	(895,999)	5,213,170	2,850,381	1,783,658	115,165	9,066,375
Income tax expense	52,752	(1,274,426)	(778,885)	(475,091)	(26,273)	(2,501,923)
Profit for the period						<u>6,564,452</u>
Total Assets						
Segment assets	617,356	(7,183,779)	(3,223,617)	(5,138,199)	(2,721,717)	(17,649,956)
Interests in associates	3,051,408	-	-	-	-	3,051,408
Unallocated corporate assets						6,790,409
Total assets						<u>(7,808,139)</u>

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

Business Segments (cont'd.)

9 months ended	Investment	Construction	Manufacturing	Property	Others	Total
30 September 2012	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	20,484,610	69,766,615	61,081,571	37,057,526	20,165,703	208,556,025
Inter-segment sales	19,937,894	28,586,942	3,026,640	-	13,702,773	65,254,249
External sales	546,716	41,179,673	58,054,931	37,057,526	6,462,930	143,301,776
Results						
Segment results	(2,202,945)	11,875,944	7,269,002	5,796,961	1,015,997	23,754,959
Interest expense	(1,085,832)	(86,598)	(36,686)	(131,122)	(829)	(1,341,067)
Group's share of results of associates	(5,156,000)	-	-	-	-	(5,156,000)
Profit/(loss) before taxation	(8,444,777)	11,789,346	7,232,316	5,665,839	1,015,168	17,257,892
Income tax expense	1,075,250	(3,203,924)	(1,774,540)	(1,588,765)	(233,085)	(5,725,064)
Profit for the period						<u>11,532,828</u>
Total Assets						
Segment assets	90,821,467	89,924,354	73,096,744	128,912,765	9,485,082	392,240,412
Interests in associates	57,880,068	-	-	-	-	57,880,068
Unallocated corporate assets						<u>16,228,418</u>
Total assets						<u>466,348,898</u>

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

Business Segments (cont'd.)

9 months ended 30 September 2011	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	8,934,150	66,415,913	50,628,428	32,816,567	12,816,390	171,611,448
Inter-segment sales	8,764,600	20,865,201	3,957,171	-	4,881,291	38,468,263
External sales	169,550	45,550,712	46,671,257	32,816,567	7,935,099	133,143,185
Results						
Segment results	(1,055,493)	8,651,636	8,352,616	7,122,848	(230,425)	22,841,182
Interest expense	(479,238)	(51,675)	(144,436)	(59,511)	(2,034)	(736,894)
Group's share of result of associates	(1,583,005)	-	-	-	-	(1,583,005)
Profit/(loss) before taxation	(3,117,736)	8,599,961	8,208,180	7,063,337	(232,459)	20,521,283
Income tax expense	237,742	(2,210,746)	(2,061,810)	(1,872,935)	(56,079)	(5,963,828)
Profit for the period						<u>14,557,455</u>
Total Assets						
Segment assets	77,825,157	85,157,300	63,924,109	52,874,918	9,003,112	288,784,596
Interests in associates	53,807,771	-	-	-	-	53,807,771
Unallocated corporate assets						<u>7,998,081</u>
Total assets						<u>350,590,448</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 property and investment holding company.

On 14 June 2012, the Company disposed of Ninety Thousand (90,000) ordinary shares of RM1.00 each in DKLS Marketing Sdn Bhd ("DMSB") for a total cash consideration of RM90,000 realising a gain of RM3,951. Upon completion of the disposal, DMSB becoming a 70%-owned subsidiary of the Company.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities	As at 30 September	
	2012 RM	2011 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	102,449,028	30,097,435
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,636,222	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>106,385,250</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 September		9 months ended	
	2012	2011	2012	2011
	RM	RM	RM	RM
Purchase of office suites and penthouse from Ipoh Tower Sdn Bhd	-	-	-	(3,500,000)
Maintenance service charges & sinking fund charged by Ipoh Tower Sdn Bhd	-	(25,854)	(47,614)	(44,883)
Sale of materials to :				
Yu Marketing Sdn Bhd	-	(1,182,894)	2,580	(599,570)
Juta Mahsuri Sdn Bhd	-	22,327	26,184	33,510
Savan-DKLS Water Supply Co Ltd	-	1,574	-	506,921
Purchase of consumables from DKLS Service Station	(24,816)	(29,943)	(81,053)	(91,574)
Rental of building paid to Ding Poi Bor	(15,000)	(15,000)	(45,000)	(45,000)
Rental income received from Arkitek Ding Poi Kooi	2,250	2,250	6,750	6,750

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 September 2012 RM
Approved and contracted for:	
Property, plant and equipment	521,230
Investment property	84,420,000
	<u>84,941,230</u>
Approved but not contracted for:	
Property, plant and equipment	<u>3,229,987</u>

A15. Operating lease commitments - as lessor

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

	As at 30 September 2012 RM
Not later than 1 year	1,112,306
Later than 1 year but not later than 5 years	641,742
	<u>1,754,048</u>

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B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 3Q12 vs 3Q11**

The Group recorded a revenue of RM54.674 million for the third quarter ended 30 September 2012 (3Q12), an increase of RM5.705 million (or 11.65%), compared to the revenue of RM48.969 million for the corresponding quarter (3Q11). The profit before tax for 3Q12 of RM5.779 million decreased by RM3.287 million (or 36.26%) as compared to profit before tax of RM9.066 million for 3Q11.

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

3Q12 vs 3Q11

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	315	(1,805)
Construction	2,044	(276)
Manufacturing	2,256	(1,008)
Property development	2,520	(191)
Others	(1,430)	(7)
	<u>5,705</u>	<u>(3,287)</u>

(b) Review of Performance to date for FY2012 vs FY2011

The Group recorded a revenue of RM143.302 million for the financial year to date ended 30 September 2012 (3QFY12), an increase of RM10.159 million (or 7.63%), as compared to the revenue of RM133.143 million for the corresponding financial year to date (3QFY11). The profit before tax for 3QFY12 of RM17.258 million decreased by RM3.263 million (or 15.90%) as compared to profit before tax of RM20.521 million for 3QFY11.

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

3QFY12 vs 3QFY11

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	377	(5,327)
Construction	(4,371)	3,189
Manufacturing	11,384	(976)
Property development	4,241	(1,397)
Others	(1,472)	1,248
	<u>10,159</u>	<u>(3,263)</u>

Investment

External revenue of the investment segment is derived mainly from the investment properties. The higher revenue was mainly due to the rental income derived from the investment properties in subsidiary companies.

For the current financial year to date, the share of losses of the associates previously included under "Others", were reclassified to "Investment" segment for better presentation. Accordingly, the comparative figures for the correspondence period have been reclassified,

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

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Construction

The construction segment realised a higher pre-tax profit despite a lower revenue. The higher profit realised was due to the completion of certain construction projects in the previous quarter. There was a marginal loss realised in the current quarter under review despite an increase in revenue recorded mainly as a result of the lower margin achieved for these projects in progress.

Manufacturing

The manufacturing segment recorded a pre-tax loss to date despite a higher revenue. This is mainly due to additional provision for impairment loss on trade and other receivable of RM0.2 million and increase in the operating cost of RM1.65 million as compared to the corresponding year to date which includes under other income was the 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, a lower pre-tax profit was 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 period, the profit derived from the sale of commercial buildings has provided a better margin overall.

Others

The profit recorded for the current financial year to date derived mainly from the sale of merchantable timbers.

B2. Variance of Results Against Preceding Quarter

The revenue for 3Q12 decreased by 0.88% as compared to the revenue of RM55.162 million registered in the immediate preceding quarter (2Q12). Correspondingly, the Group also recorded a lower pre-tax profit of RM5.779 million, down by 19.40%, for 3Q12 as compared to the pre-tax profit of RM7.170 million for 2Q12. The Group's lower overall profit margin was mainly caused by the increase in operating costs and realisation of lower profit margin from sale of residential properties under the joint venture arrangement and higher share of losses from associate.

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 3rd quarter 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 September		Current financial year-to-date 9 months ended 30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,558,212	2,353,675	5,928,187	5,933,751
Foreign tax	487	436	752	701
Capital gain tax	-	-	(1,233)	-
(Over)/under provision in prior years	(34,347)	109,747	(34,272)	92,291
	<u>1,524,352</u>	<u>2,463,858</u>	<u>5,893,434</u>	<u>6,026,743</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(31,728)	36,781	(81,118)	(70,680)
(Over)/under provision in prior years	(1,514)	1,284	(87,252)	7,765
	<u>(33,242)</u>	<u>38,065</u>	<u>(168,370)</u>	<u>(62,915)</u>
Income tax expense	<u>1,491,110</u>	<u>2,501,923</u>	<u>5,725,064</u>	<u>5,963,828</u>

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

A reconciliation of income tax expense applicable to profit before taxation at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Current quarter 3 months ended 30 September		Current financial year-to-date 9 months ended 30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before taxation	<u>5,778,776</u>	<u>9,066,375</u>	<u>17,257,892</u>	<u>20,521,283</u>
Taxation at applicable tax rates	1,444,694	2,266,593	4,314,473	5,130,320
Income not subject to tax	(969,159)	(104,708)	(1,175,272)	(195,414)
Expenses not deductible	1,051,436	298,705	2,708,620	1,009,523
Utilisation of current year reinvestment allowance	-	(61,573)	-	(127,625)
Utilisation of unabsorbed capital allowance	-	-	-	-
Reversal of deferred tax on capital gain tax	-	-	(2,510)	-
Deferred tax assets not recognised	-	(8,125)	-	46,968
Capital gain tax	-	-	1,277	-
(Over)/under provision of current tax in prior years	(34,347)	109,747	(34,272)	92,291
(Over)/under provision of deferred tax in prior years	(1,514)	1,284	(87,252)	7,765
Income tax expense	<u>1,491,110</u>	<u>2,501,923</u>	<u>5,725,064</u>	<u>5,963,828</u>

B5. Corporate Proposals and Profit Forecast

Not applicable as no profit forecast was published.

There were no corporate proposals announced as at the reporting date.

B6. Borrowing and Debt Securities

	As at 30 September	
	2012	2011
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	666,211	1,859,371
Term loan (secured)	2,167,835	564,900
Bank overdrafts (unsecured)	5,842,310	64,457
Revolving credits (unsecured)	1,800,000	1,800,000
Bankers' acceptances (unsecured)	5,829,000	3,032,000
	<u>16,305,356</u>	<u>7,320,728</u>
Long term borrowings		
Hire purchase liabilities (secured)	378,335	783,666
Term loan (secured)	56,353,848	2,189,000
Non-cumulative redeemable preference shares (unsecured) ("NCRPS")	12,416,152	9,855,704
	<u>69,148,335</u>	<u>12,828,370</u>
Total borrowings	<u>85,453,691</u>	<u>20,149,098</u>

Borrowings are mainly denominated in Ringgit Malaysia except for the term loans amounting to RM9.873 million and RM10.159 million which are denominated in Hong Kong Dollar and Singapore Dollar respectively.

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 September		Cumulative Quarter 9 months ended 30 September	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit attributable to owners of the Company	5,549,035	6,839,991	14,627,220	15,644,522
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	5.99	7.38	15.78	16.88

(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 RM28.0 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 9 months ended 30 September	
	2012	2011
	<u>RM</u>	<u>RM</u>
Total retained profits of the Group		
- Realised profits	232,874,008	213,527,859
- Unrealised losses	<u>(17,707,069)</u>	<u>(16,995,814)</u>
	<u>215,166,939</u>	<u>196,532,045</u>
Total share of accumulated losses from associated companies		
- Realised losses	(14,100,509)	(8,265,165)
- Unrealised losses	<u>(91,681)</u>	<u>(91,681)</u>
	<u>(14,192,190)</u>	<u>(8,356,846)</u>
Less: Consolidated adjustments	<u>(26,727,108)</u>	<u>(28,751,490)</u>
Retained profits as per statement of financial position	<u>174,247,641</u>	<u>159,423,709</u>

By Order of the Board

Cheai Weng Hoong
Chan May Yoke
Company Secretaries

Dated : 12 November 2012