

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 12 months ended 31 December 2012 - unaudited

Note	Individual Quarter 3 months ended 31 December		Cumulative Quarters 12 months ended 31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Revenue	70,511,258	50,722,245	213,813,034	183,865,430
Interest income	407,911	531,798	1,359,680	2,273,376
Other income	697,572	1,996,363	2,839,718	5,309,950
Operating expenses	(57,375,263)	(41,255,779)	(161,017,916)	(143,815,799)
Changes in work-in-progress and finished goods	(367,194)	(1,042,927)	(2,597,984)	(8,441)
Employee benefit expenses	(1,657,098)	(2,288,722)	(10,328,768)	(10,251,518)
Administrative expenses	(4,043,960)	(3,532,200)	(12,139,579)	(9,401,038)
Profit from operating activities	8,173,226	5,130,778	31,928,185	27,971,960
Interest expense	(836,080)	(286,805)	(2,177,147)	(1,023,699)
Share of loss of associates, net of tax	(274,881)	(679,068)	(5,430,881)	(2,262,073)
Profit before taxation	7,062,265	4,164,905	24,320,157	24,686,188
Income tax expense	(2,358,477)	(1,177,935)	(8,083,541)	(7,141,763)
Profit for the period/year	4,703,788	2,986,970	16,236,616	17,544,425
Other comprehensive income, net of tax				
Foreign currency translation differences for foreign operations	(247,841)	25,118	(213,184)	347,254
(Loss)/Gain on fair value changes on available-for-sale investments	(1,746)	74	50,780	(10,556)
Share of other comprehensive income of associates	90,374	(276)	90,374	(276)
Other comprehensive income for the period/year, net of tax	(159,213)	24,916	(72,030)	336,422
Total comprehensive income for the period/year	4,544,575	3,011,886	16,164,586	17,880,847
Profit for the period attributable to:				
Owners of the Company	5,676,944	3,602,276	20,304,164	19,246,798
Non-controlling interests	(973,156)	(615,306)	(4,067,548)	(1,702,373)
Profit for the period/year	4,703,788	2,986,970	16,236,616	17,544,425
Total comprehensive income attributable to:				
Owners of the Company	5,503,484	3,614,695	20,261,482	19,482,068
Non-controlling interests	(958,909)	(602,809)	(4,096,896)	(1,601,221)
Total comprehensive income for the period/year	4,544,575	3,011,886	16,164,586	17,880,847
Basic/Diluted, earnings per ordinary share (sen)	6.12	3.89	21.90	20.76

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 31 December 2012 - unaudited

	31 December 2012 RM	31 December 2011 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	56,843,996	58,684,124
Land held for property development	44,156,828	20,762,297
Investment properties	61,853,330	23,320,000
Land use rights	193,416	203,110
Investments in associates	51,953,369	53,122,301
Available-for-sale investments	19,380	17,765
Quarry extraction exclusive rights	624,808	714,067
Trade and other receivables	1,271,186	1,188,024
Deferred tax assets	712,302	578,886
Total non-current assets	<u>217,628,615</u>	<u>158,590,574</u>
Current Assets		
Property development costs	49,515,101	15,372,565
Inventories	33,646,593	10,020,646
Trade and other receivables	60,178,942	86,049,681
Other current assets	25,717,744	6,255,012
Available-for-sale investments	9,148,470	5,063,680
Tax recoverable	1,187,396	1,921,893
Cash and cash equivalents	51,664,802	77,171,276
Non-current assets classified as held for sale	6,568,615	-
Total current assets	<u>237,627,663</u>	<u>201,854,753</u>
TOTAL ASSETS	<u>455,256,278</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	179,924,585	163,025,985
Reserves	1,456,821	1,499,503
Total equity attributable to owners of the Company	<u>282,838,602</u>	<u>265,982,684</u>
Non-controlling interests	<u>7,412,170</u>	<u>9,213,216</u>
Total equity	<u>290,250,772</u>	<u>275,195,900</u>
Non-Current Liabilities		
Loans and borrowings	69,004,615	12,229,414
Deferred tax liabilities	9,356,748	8,019,008
Total non-current liabilities	<u>78,361,363</u>	<u>20,248,422</u>
Current Liabilities		
Loans and borrowings	11,897,120	13,271,716
Trade and other payables	54,869,022	43,649,630
Other current liabilities	18,162,979	6,696,599
Tax payable	1,715,022	1,383,060
Total current liabilities	<u>86,644,143</u>	<u>65,001,005</u>
Total liabilities	<u>165,005,506</u>	<u>85,249,427</u>
TOTAL EQUITY AND LIABILITIES	<u>455,256,278</u>	<u>360,445,327</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.05</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 12 months ended 31 December 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			
12 months ended 31 December 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 year	-	-	(92,630)	-	49,948	20,304,164	20,261,482
Transactions with owners							
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	1,581,274
Dilution of interests in a subsidiary	-	-	-	-	-	(624,576)	714,576
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)
	-	-	-	-	-	(3,405,564)	(3,405,564)
Balance at 31 December 2012	92,699,600	8,757,596	(150,019)	1,567,909	38,931	179,924,585	282,838,602
12 months ended 31 December 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 year	-	-	245,826	-	(10,556)	19,246,798	19,482,068
Transactions with owners							
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	1,120
Dividend to Owners	-	-	-	-	-	(2,085,741)	(2,085,741)
	-	-	-	-	-	(2,085,741)	(2,084,621)
Balance at 31 December 2011	92,699,600	8,757,596	(57,389)	1,567,909	(11,017)	163,025,985	265,982,684

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 12 months ended 31 December 2012 - unaudited**

	12 months ended 31 December	
	2012 RM	2011 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	24,320,157	24,686,188
Adjustment for :-		
Amortisation of land use rights	4,443	4,556
Amortisation of quarry extraction exclusive rights	89,259	89,258
Bad debts written off	462	-
Depreciation	4,121,013	4,176,795
Dividend income from available-for-sale investments	(172,196)	(83,861)
Fair value adjustments of investment properties, net	1,819,111	(2,095,061)
Gain on dilution in equity interest in an associate	(11,157)	-
Gain on disposal of property, plant and equipment, net	(43,354)	(394,910)
(Gain)/Loss on disposal of available-for-sale investments	(68,507)	2,126
Interest expense	2,523,902	1,032,770
Interest income	(1,359,680)	(2,273,376)
Provision for/(write back of) impairment losses on:		
property, plant and equipment	34,086	(14,001)
trade and other receivables	133,218	1,026,645
Property, plant and equipment written off	56	73,638
Share of loss of associates	5,430,881	2,262,073
Unrealised loss/(gain) on foreign exchange	1,252,537	(330,142)
(Write back of provision for obsolete stocks)/write-down of inventories	(113,930)	349,373
Operating profit before changes in working capital	37,960,301	28,512,071
Changes in working capital:-		
Net changes in current assets	(45,293,133)	(20,896,701)
Net changes in current liabilities	24,027,111	(3,145,967)
Cash generated from operations	16,694,279	4,469,403
Interest paid	(321,293)	(237,912)
Interest received	597,868	345,533
Taxes paid	(7,319,705)	(8,239,540)
Net cash from/(used in) operating activities	9,651,149	(3,662,516)

DKLS INDUSTRIES BERHAD (369472 - P)

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**Condensed Consolidated Statement of Cash Flows
For the 12 months ended 31 December 2012 - unaudited**

	12 months ended 31 December	
	2012	2011
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
(Advances to)/repayment from associates	(9,809,665)	1,145,432
Interest received	678,649	1,850,122
Land held for property development	(29,831,026)	(1,320,042)
Net dividend received from available-for-sale investments	172,052	83,861
Placement of deposit pledged	(1,374,654)	(3,358)
Proceeds from disposal of:		
- available-for-sale investments	43,154,501	3,006,215
- property, plant and equipment	1,231,388	1,923,913
- investment property	230,000	-
- interest in subsidiary	90,000	-
Purchase of:		
- investment properties	(40,582,441)	(7,895,779)
- property, plant and equipment	(3,491,619)	(8,043,626)
- available-for-sale investments	(47,121,619)	(8,086,960)
- interest in associates	-	(5,777,134)
Net cash used in investing activities	<u>(86,654,434)</u>	<u>(23,117,356)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,085,741)
Drawdown from term loan	56,723,420	2,753,000
Interest paid	(1,409,299)	(179,537)
Proceed from issuance of NCRPS to minority interests	4,900,000	-
Proceed from issue of ordinary shares in a subsidiary to non controlling interests	-	1,120
Repayment of term loan	(564,000)	(141,000)
Repayment of hire purchase liabilities	(995,850)	(2,792,413)
Net cash from/(used in) financing activities	<u>55,873,283</u>	<u>(2,444,571)</u>
Net decrease in cash and cash equivalents	(21,130,002)	(29,224,443)
Effects of exchange rate differences	(1,575,809)	97,494
Cash and cash equivalents at beginning of the year	70,679,260	99,806,209
Cash and cash equivalents at end of the year	<u>47,973,449</u>	<u>70,679,260</u>

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

Cash and bank balances	23,015,719	16,912,229
Deposits with licensed banks	28,501,982	58,536,513
Deposits with licensed financial institution	147,101	1,722,534
Bank overdrafts	(2,191,243)	(6,366,560)
	<u>49,473,559</u>	<u>70,804,716</u>
Less : Deposit pledged for banking facilities	(1,500,110)	(125,456)
	<u>47,973,449</u>	<u>70,679,260</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.

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
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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 interpretations 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 current financial year.

A5. Changes in Estimates

There were no changes in estimation that have had any material effect on the current quarter and the financial year results.

A6. Debt and Equity Securities

There were no issuances, repurchases and repayments of debt and equity securities, share buy-back and share held as treasury shares during the current financial year.

A7. Dividend Paid

The first and final single tier dividend of 3 sen per ordinary share amounting to RM2,085,741 in respect of the financial year ended 31 December 2011 (2011 : RM2,085,741 in respect of financial year ended 31 December 2010), 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.

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A8. Profit from operating activities

	Current Quarter		Current financial year-to-date	
	3 months ended		12 months ended	
	31 December		31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Dividend income from available-for-sale investments	(49,587)	(52,408)	(172,196)	(83,861)
(Gain)/Loss on disposal of available-for-sale investments	(42,732)	2,126	(68,507)	2,126
Amortisation of land use rights	1,137	1,139	4,443	4,556
Amortisation of quarry extraction exclusive rights	22,315	22,315	89,259	89,258
Total depreciation	1,046,257	1,036,362	4,121,013	4,176,795
Depreciation capitalised under construction costs	(314,371)	(326,353)	(1,236,479)	(1,367,607)
Depreciation charged to profit from operating activities	731,886	710,009	2,884,534	2,809,188
Fair value adjustment of investment properties	1,819,111	(2,095,061)	1,819,111	(2,095,061)
Loss/(Gain) on disposal of property, plant and equipment, net	24,902	(71,918)	(43,354)	(394,910)
Property, plant and equipment written off	2	2,426	56	73,638
(Write back of provision for obsolete stocks)/ write-down of inventories	(100,502)	349,373	(113,930)	349,373
(Gain)/Loss on foreign exchange				
- unrealised	1,203,093	(16,587)	1,252,537	(330,142)
- realised	(2,508)	18,802	130,002	123,263
Gain on dilution in equity interest in an associate	(11,157)	-	(11,157)	-
Provision for/(write back of) impairment loss on property, plant and equipment	34,086	(14,001)	34,086	(14,001)
Provision for/(write back of) impairment loss on trade and other receivables	(288,901)	1,524,491	133,218	1,026,645
Bad debts 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 31 December 2012	Investment	Construction	Manufacturing	Property development	Others	Total
	RM	RM	RM	RM	RM	RM
Revenue						
Total revenue	16,965,171	36,073,665	21,592,443	18,858,314	4,894,349	98,383,942
Inter-segment sales	16,768,189	6,646,224	616,722	-	3,841,549	27,872,684
External sales	196,982	29,427,441	20,975,721	18,858,314	1,052,800	70,511,258
Results						
Segment results	(2,518,070)	4,982,641	3,258,405	2,289,716	160,534	8,173,226
Interest expense	(356,582)	(27,924)	(4,626)	(445,909)	(1,039)	(836,080)
Group's share of results of associates	(274,881)	-	-	-	-	(274,881)
Profit/(loss) before taxation	(3,149,533)	4,954,717	3,253,779	1,843,807	159,495	7,062,265
Income tax expense	(639,856)	(420,088)	(759,411)	(492,158)	(46,964)	(2,358,477)
Profit for the period						<u>4,703,788</u>
Total Assets						
Segment assets	10,455,521	(8,495,274)	(2,799,597)	(5,992,775)	258,459	(6,573,666)
Interests in associates	(5,926,699)	-	-	-	-	(5,926,699)
Unallocated corporate assets						1,407,745
Total assets						<u>(11,092,620)</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
31 December 2011	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	308,862	26,444,345	21,213,004	11,248,280	1,960,037	61,174,528
Inter-segment sales	231,612	8,372,225	527,822	-	1,320,624	10,452,283
External sales	77,250	18,072,120	20,685,182	11,248,280	639,413	50,722,245
Results						
Segment results	1,480,818	(3,041,951)	2,823,782	4,087,585	(219,456)	5,130,778
Interest expense	(200,761)	(12,896)	(37,509)	(35,639)	-	(286,805)
Group's share of result of associates	(679,068)	-	-	-	-	(679,068)
Profit/(loss) before taxation	600,989	(3,054,847)	2,786,273	4,051,946	(219,456)	4,164,905
Income tax expense	39,322	693,417	(875,111)	(1,019,050)	(16,513)	(1,177,935)
Profit for the period						<u>2,986,970</u>
Total Assets						
Segment assets	5,530,361	(1,131,061)	5,242,961	202,538	1,111,407	10,956,206
Interests in associates	(685,470)	-	-	-	-	(685,470)
Unallocated corporate assets						<u>(415,857)</u>
Total assets						<u>9,854,879</u>

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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

12 months ended	Investment	Construction	Manufacturing	Property	Others	Total
31 December 2012	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	37,449,781	105,840,280	82,674,014	55,915,840	25,060,052	306,939,967
Inter-segment sales	36,706,083	35,233,166	3,643,362	-	17,544,322	93,126,933
External sales	743,698	70,607,114	79,030,652	55,915,840	7,515,730	213,813,034
Results						
Segment results	(4,721,015)	16,858,585	10,527,407	8,086,677	1,176,531	31,928,185
Interest expense	(1,442,414)	(114,522)	(41,312)	(577,031)	(1,868)	(2,177,147)
Group's share of results of associates	(5,430,881)	-	-	-	-	(5,430,881)
Profit/(loss) before taxation	(11,594,310)	16,744,063	10,486,095	7,509,646	1,174,663	24,320,157
Income tax expense	435,394	(3,624,012)	(2,533,951)	(2,080,923)	(280,049)	(8,083,541)
Profit for the year						<u>16,236,616</u>
Total Assets						
Segment assets	101,276,988	81,429,080	70,297,147	122,919,990	9,743,541	385,666,746
Interests in associates	51,953,369	-	-	-	-	51,953,369
Unallocated corporate assets						<u>17,636,163</u>
Total assets						<u>455,256,278</u>

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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

12 months ended 31 December 2011	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	9,243,012	92,860,258	71,841,432	44,064,847	14,776,427	232,785,976
Inter-segment sales	8,996,212	29,237,426	4,484,993	-	6,201,915	48,920,546
External sales	246,800	63,622,832	67,356,439	44,064,847	8,574,512	183,865,430
Results						
Segment results	425,325	5,609,685	11,176,398	11,210,433	(449,881)	27,971,960
Interest expense	(679,999)	(64,571)	(181,945)	(95,150)	(2,034)	(1,023,699)
Group's share of result of associates	(2,262,073)	-	-	-	-	(2,262,073)
Profit/(loss) before taxation	(2,516,747)	5,545,114	10,994,453	11,115,283	(451,915)	24,686,188
Income tax expense	277,064	(1,517,329)	(2,936,921)	(2,891,985)	(72,592)	(7,141,763)
Profit for the year						<u>17,544,425</u>
Total Assets						
Segment assets	83,355,518	84,026,239	69,167,070	53,077,456	10,114,519	299,740,802
Interests in associates	53,122,301	-	-	-	-	53,122,301
Unallocated corporate assets						<u>7,582,224</u>
Total assets						<u>360,445,327</u>

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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 current financial year.

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 ("DKM") for a total cash consideration of RM90,000 realising a gain of RM3,951. Upon completion of the disposal, DKM became a 70%-owned subsidiary of the Company.

On 27 July 2012, DKLS Management Sdn Bhd ("DMSB"), a wholly-owned subsidiary entered into two Conditional Share Sale Agreements with two individuals to dispose of its entire investment of 40% equity interest in Jinbaolong (Fujian) Electronic Co Ltd for a total cash consideration of RMB5,185,200 (equivalent to approximately RM2,566,674), subject to the approval of the relevant authorities.

At reporting date, relevant approvals are still pending.

On 31 August 2012, DMSB entered into a Conditional Share Sale Agreement with two individuals to dispose of its entire investment of 40% equity interest in Fujian Zhongguan Construction Materials Co Ltd for a total cash consideration of RMB7,200,000 (equivalent to approximately RM3,564,000), subject to the approval of the relevant authorities.

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A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities	As at	
	2012	2011
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	98,101,260	46,015,238
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,385,917	1,192,746
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
Guarantee given to third parties for payment of balance purchase price in connection with the purchase of investment property by a subsidiary	75,040,000	-
	<u>101,787,177</u>	<u>59,057,984</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	
	31 December		12 months ended	
	2012	2011	2012	2011
	RM	RM	RM	RM
Purchase of office suites and penthouse from Ipoh Tower Sdn Bhd	-	-	-	(3,500,000)
Supply of electricity by Ipoh Tower Sdn Bhd	(11,293)	(11,413)	(48,798)	(46,411)
Sale of materials to :				
Yu Marketing Sdn Bhd	-	2,077	2,580	601,647
Juta Mahsuri Sdn Bhd	-	51,329	26,184	84,839
Savan-DKLS Water Supply Co Ltd	406,185	-	406,185	506,921
Hire of plant and machinery to Savan-DKLS Water Supply Co Ltd	50,000	1,970	50,663	11,623
Transport charged received from Yu Marketing Sdn Bhd	-	300	-	300
Purchase of consumables from DKLS Service Station	(28,648)	(31,768)	(109,701)	(123,342)
Progress billings from Altidex Construction Sdn Bhd	642,853	-	642,853	718,007
Purchase of materials from JD Merawan Enterprise	-	-	(1,265,000)	-
Sub-contract works to JD Merawan Enterprise	-	-	(300,000)	(721,600)
Rental of building paid to Ding Poi Bor	(15,000)	(15,000)	(60,000)	(60,000)
Sale of land to Ding Poi Bor	513,068	-	513,068	-
Supply of labour to DKLS Clearwater Sdn Bhd	391,560	-	391,560	-
Architect fees paid to Arkitek Ding Poi Kooi	(296,808)	-	(296,808)	-
Rental income received from Arkitek Ding Poi Kooi	2,250	2,250	9,000	9,000

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.

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A14. Capital Commitments

As at
31 December 2012
RM

Approved and contracted for:
Property, plant and equipment
Investment property

610,000
75,040,000
75,650,000

Approved but not contracted for:
Property, plant and equipment

3,255,198

A15. Operating lease commitments - as lessor

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

As at
31 December 2012
RM

Not later than 1 year
Later than 1 year but not later than 5 years

1,067,797
938,616
2,006,413

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B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 4Q12 vs 4Q11**

The Group recorded a revenue of RM70.511 million for the fourth quarter ended 31 December 2012 (4Q12), an increase of RM19.789 million (or 39.0%), as compared to the revenue of RM50.722 million for the corresponding quarter (4Q11). The profit before tax for 4Q12 of RM7.062 million increased by RM2.898 million (or 69.6%) as compared to profit before tax of RM4.165 million for 4Q11.

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

4Q12 vs 4Q11

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	120	(3,750)
Construction	11,355	8,009
Manufacturing	291	468
Property development	7,610	(2,208)
Others	413	379
	<u>19,789</u>	<u>2,898</u>

The comparable higher profit recorded for 4Q12 as compared to corresponding 4Q11 was mainly due to the higher revenue recorded by the construction segment. However, the reversal of impairment loss on trade and other receivables of RM0.111 million in 4Q12 (as compared to the provision for impairment loss on trade and other receivables of RM1.591 million in 4Q11) and the additional profit of RM0.722 million recognised from certain projects that were completed in the earlier years (as compared to the additional loss of RM1.591 million recognised in the corresponding 4Q11) have also contributed to the higher profit.

Investment segment included the share of losses of the associates.

(b) Review of Performance for FY2012 vs FY2011

The Group recorded a revenue of RM213.813 million for the financial year ended 31 December 2012 (FY2012), an increase of RM29.948 million (or 16.3%), as compared to the revenue of RM183.865 million for the corresponding financial year ended 31 December 2011 (FY2011). The profit before tax for FY2012 of RM24.320 million decreased by RM0.366 million (or 1.48%) as compared to profit before tax of RM24.686 million for FY2011.

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

FY2012 vs FY2011

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	497	(9,078)
Construction	6,984	11,199
Manufacturing	11,674	(508)
Property development	11,852	(3,606)
Others	(1,059)	1,627
	<u>29,948</u>	<u>(366)</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(b) Review of Performance for FY2012 vs FY2011 (cont'd.)

Investment

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

For the current financial year, 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, lower interest income and higher interest expense and partially attributed to the fair value adjustment on investment properties. The associates continue to record losses due to unfavourable economic environment.

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 during the current financial year and recognition of additional profits in relation to certain projects that were completed in the earlier years.

Manufacturing

The manufacturing segment recorded a slightly lower pre-tax profit despite a higher revenue. This was mainly due to the provision for impairment loss on trade and other receivables of RM0.395 million (FY2011 : reversal of impairment loss on trade and other receivables of RM0.565) and an increase in the operating cost of RM1.85 million. The pre-tax loss in FY2011 also included a gain on disposal of property, plant and equipment of RM0.404 million as compared to similar gain of RM0.028 million recognised in FY2012 .

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 which gives an overall lower profit margin whilst in the corresponding year, the profit derived from sale of commercial buildings under own landbank has provided a better margin.

Others

The profit recorded in the current financial year derived mainly from the sale of merchantable timbers and trading of construction materials.

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

The revenue for 4Q12 increased by 28.97% as compared to the revenue of RM54.674 million registered in the immediate preceding quarter (3Q12). Correspondingly, the Group recorded a higher pre-tax profit of RM7.089 million, up by 22.20%, for 4Q12 as compared to the pre-tax profit of RM5.779 million for 3Q12. The Group's overall profit margin was consistent with the corresponding quarter profit margin. The higher profit was achieved due to higher revenue recorded.

B3. Prospects

Going forward, the directors expect the Group's operating environment to remain challenging and competitive in the coming year. Barring any unforeseen circumstances and given the intense competition within the construction and property development industries, the directors expect the profitability of the Group to be modest for the financial year 2013.

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B4. Income tax expense

	Current quarter 3 months ended 31 December		Current financial year-to-date 12 months ended 31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	2,489,320	2,069,692	8,417,507	8,003,443
Foreign tax	1,043	1,500	1,795	2,201
Capital gain tax	2,510	-	1,277	-
(Over)/under provision in prior years	1	-	(34,271)	92,291
	<u>2,492,874</u>	<u>2,071,192</u>	<u>8,386,308</u>	<u>8,097,935</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(134,397)	(880,607)	(215,515)	(951,287)
(Over)/under provision in prior years	-	(12,650)	(87,252)	(4,885)
	<u>(134,397)</u>	<u>(893,257)</u>	<u>(302,767)</u>	<u>(956,172)</u>
Income tax expense	<u>2,358,477</u>	<u>1,177,935</u>	<u>8,083,541</u>	<u>7,141,763</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 31 December		Current financial year-to-date 12 months ended 31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit before taxation	7,062,265	4,164,905	24,320,157	24,686,188
Taxation at applicable tax rates	1,765,566	1,041,226	6,080,039	6,171,547
Income not subject to tax	(292,650)	(690,106)	(1,467,923)	(885,520)
Expenses not deductible	1,010,410	678,172	3,719,030	1,687,695
Difference in tax rate	(124,849)	78	(124,849)	78
Utilisation of current year reinvestment allowance	-	127,625	-	-
Reversal of deferred tax on capital gain tax	-	-	(2,510)	-
Deferred tax assets not recognised	-	33,590	-	80,557
Capital gain tax	-	-	1,277	-
(Over)/under provision of current tax in prior years	-	-	(34,271)	92,291
(Over)/under provision of deferred tax in prior years	-	(12,650)	(87,252)	(4,885)
Income tax expense	<u>2,358,477</u>	<u>1,177,935</u>	<u>8,083,541</u>	<u>7,141,763</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 as at the reporting date.

B6. Borrowing and Debt Securities

	As at 31 December	
	2012	2011
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	609,319	1,859,371
Term loan (secured)	2,235,558	564,900
Bank overdrafts (unsecured)	2,191,243	64,457
Revolving credits (unsecured)	1,800,000	1,800,000
Bankers' acceptances (unsecured)	5,061,000	3,032,000
	<u>11,897,120</u>	<u>7,320,728</u>
Long term borrowings		
Hire purchase liabilities (secured)	266,642	783,666
Term loan (secured)	56,123,494	2,189,000
Non-cumulative redeemable preference shares (unsecured) ("NCRPS")	12,614,479	9,855,704
	<u>69,004,615</u>	<u>12,828,370</u>
Total borrowings	<u>80,901,735</u>	<u>20,149,098</u>

Borrowings are mainly denominated in Ringgit Malaysia except for the term loans amounting to RM9.847 million and RM10.64 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

The directors are pleased to recommend the payment of first and final single tier dividend for the shareholders' approval at the forthcoming Annual General Meeting as follows:-

- (a) A first and final single tier dividend of 3.00 sen (2011 : 3.00 sen) per share
- (b) (i) Amount per share : 3.00 sen per share
(ii) Previous corresponding period : 3.00 sen per share
(iii) Total dividend for the current financial year : 3.00 sen (2011 : 3.00 sen) per share
- (c) Date of payment will be determined at a later date.
- (d) Date of entitlement will be determined at a later 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 31 December		Cumulative Quarter 12 months ended 31 December	
	2012	2011	2012	2011
	RM	RM	RM	RM
Profit attributable to owners of the Company	5,676,944	3,602,276	20,304,164	19,246,798
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	6.12	3.89	21.90	20.76

(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 12 months ended 31 December	
	2012	2011
	<u>RM</u>	<u>RM</u>
Total retained profits of the Group		
- Realised profits	241,342,174	214,371,190
- Unrealised losses	(30,656,690)	(14,006,113)
	<u>210,685,484</u>	<u>200,365,077</u>
 Total share of accumulated losses from associated companies		
- Realised losses	(14,273,859)	(8,944,509)
- Unrealised losses	(91,681)	(91,681)
	<u>(14,365,540)</u>	<u>(9,036,190)</u>
 Less: Consolidated adjustments	<u>(16,395,359)</u>	<u>(28,302,902)</u>
 Retained profits as per statement of financial position	<u>179,924,585</u>	<u>163,025,985</u>

By Order of the Board

Cheai Weng Hoong
Chan May Yoke
Company Secretaries

Dated : 23 February 2013