

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 9 months ended 30 September 2013 - unaudited

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarters 9 months ended 30 September	
		2013	2012	2013	2012
		RM	RM	RM	RM
Revenue		52,601,887	54,674,276	175,873,100	143,301,776
Interest income		329,170	285,477	957,873	951,769
Other income		918,141	900,736	3,948,345	2,142,146
Operating expenses		(41,985,220)	(41,751,160)	(136,172,498)	(103,642,653)
Changes in work-in-progress and finished goods		158,644	(846,175)	(329,012)	(2,230,790)
Employee benefit expenses		(2,470,431)	(2,405,691)	(9,497,956)	(8,671,670)
Administrative expenses		(1,447,652)	(2,749,413)	(11,467,997)	(8,095,619)
Profit from operating activities	A8	8,104,539	8,108,050	23,311,855	23,754,959
Interest expense		(641,979)	(433,500)	(1,893,845)	(1,341,067)
Share of profit/(loss) of associates, net of tax		(302,494)	(1,895,774)	(2,695,558)	(5,156,000)
Profit before taxation		7,160,066	5,778,776	18,722,452	17,257,892
Income tax expense		(1,682,902)	(1,491,110)	(5,951,589)	(5,725,064)
Profit for the period		5,477,164	4,287,666	12,770,863	11,532,828
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		377,157	86,835	1,170,338	34,657
Gain on fair value changes on available-for-sale investments		1,057	33,437	12,332	52,526
Other comprehensive income for the period, net of tax		378,214	120,272	1,182,670	87,183
Total comprehensive income for the period		5,855,378	4,407,938	13,953,533	11,620,011
Profit for the period attributable to:					
Owners of the Company		6,095,078	5,549,035	15,245,762	14,627,220
Non-controlling interests		(617,914)	(1,261,369)	(2,474,899)	(3,094,392)
Profit for the period		5,477,164	4,287,666	12,770,863	11,532,828
Total comprehensive income attributable to:					
Owners of the Company		6,461,955	5,711,721	16,274,525	14,757,998
Non-controlling interests		(606,577)	(1,303,783)	(2,320,992)	(3,137,987)
Total comprehensive income for the period		5,855,378	4,407,938	13,953,533	11,620,011
Basic/Diluted, earnings per ordinary share (sen)		6.58	5.99	16.45	15.78

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2012 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 2013 - unaudited

	30 September 2013 RM	31 December 2012 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	51,333,362	56,843,996
Land held for property development	44,364,103	44,156,828
Investment properties	153,682,404	61,853,330
Land use rights	206,857	193,416
Investments in associates	49,992,929	51,953,369
Available-for-sale investments	43,375	19,380
Quarry extraction exclusive rights	557,864	624,808
Trade and other receivables	1,337,923	1,271,186
Deferred tax assets	1,339,964	1,753,235
Total non-current assets	<u>302,858,781</u>	<u>218,669,548</u>
Current Assets		
Property development costs	42,870,974	49,515,101
Inventories	34,341,977	34,604,783
Trade and other receivables	59,231,575	77,980,752
Other current assets	14,822,482	6,957,744
Available-for-sale investments	10,302,070	9,148,470
Tax recoverable	1,039,864	1,181,626
Cash and cash equivalents	63,331,370	51,664,802
Total current assets	<u>225,940,312</u>	<u>231,053,278</u>
Non-current assets classified as held-for-sale	<u>5,759,538</u>	<u>6,568,615</u>
TOTAL ASSETS	<u>534,558,631</u>	<u>456,291,441</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	192,389,359	179,924,585
Reserves	2,485,584	1,456,821
Total equity attributable to owners of the Company	<u>296,332,139</u>	<u>282,838,602</u>
Non-controlling interests	<u>4,889,713</u>	<u>7,412,170</u>
Total equity	<u>301,221,852</u>	<u>290,250,772</u>
Non-Current Liabilities		
Loans and borrowings	67,273,002	69,004,615
Deferred tax liabilities	8,389,338	9,318,226
Total non-current liabilities	<u>75,662,340</u>	<u>78,322,841</u>
Current Liabilities		
Loans and borrowings	10,726,417	11,897,120
Trade and other payables	118,284,991	54,869,022
Other current liabilities	26,168,434	18,162,979
Tax payable	2,494,597	2,788,707
Total current liabilities	<u>157,674,439</u>	<u>87,717,828</u>
Total liabilities	<u>233,336,779</u>	<u>166,040,669</u>
TOTAL EQUITY AND LIABILITIES	<u>534,558,631</u>	<u>456,291,441</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.20</u>	<u>3.05</u>

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2012 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 2013 - unaudited**

	Share capital		Share premium		Attributable to owners of the Company		Distributable		Non-controlling Interests	Total Equity
	RM	RM	RM	RM	Non distributable	Foreign currency translation reserve	Asset revaluation surplus	Fair value adjustment reserve		
	RM	RM	RM	RM	RM	RM	RM	RM	RM	RM
9 months ended 30 September 2013										
Balance at 1 January 2013	92,699,600	8,757,596	(150,019)	1,567,909	38,931	179,924,585	282,838,602	7,412,170	290,250,772	
Total comprehensive income for the period	-	-	1,015,150	-	13,613	15,245,762	16,274,525	(2,320,992)	13,953,533	
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)	(201,465)	(2,982,453)	
Balance at 30 September 2013	92,699,600	8,757,596	865,131	1,567,909	52,544	192,389,359	296,332,139	4,889,713	301,221,852	
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	9,213,216	275,195,900	
Total comprehensive income for the period	-	-	79,418	-	51,360	14,627,220	14,757,988	(3,137,987)	11,620,011	
Transactions with owners										
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	-	1,581,274	1,581,274	
Dilution of interests in subsidiary	-	-	-	-	-	(624,576)	(624,576)	714,576	90,000	
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)	
Balance at 30 September 2012	92,699,600	8,757,596	22,029	1,567,909	40,343	174,247,641	277,335,118	8,371,079	285,706,197	

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2012 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 2013 - unaudited**

	9 months ended 30 September	
	2013	2012
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	18,722,452	17,257,892
Adjustment for :-		
Amortisation of land use rights	3,474	3,306
Amortisation of quarry extraction exclusive rights	66,944	66,944
Bad debts written off	-	462
Depreciation	8,644,041	3,074,756
Dividend income from available-for-sale investments	(169,443)	(122,609)
Gain on disposal of available-for-sale investments	(78,616)	(25,775)
Gain on disposal of property, plant and equipment, net	(418,899)	(68,256)
Gain on disposal of non-current assets classified as held-for-sale	(12,923)	-
Interest expense	2,424,706	1,341,067
Interest income	(957,873)	(951,769)
Loss on disposal of investment in a subsidiary	1,603	-
(Write back of)/provision for impairment loss on trade and other receivables	(1,341,911)	422,119
Property, plant and equipment written off	259	54
Share of loss of associates	2,695,558	5,156,000
Write back of inventories written down	(58,318)	(13,428)
Unrealised loss on foreign exchange	2,669,529	49,444
Operating profit before changes in working capital	32,190,583	26,190,207
Changes in working capital:-		
Net changes in current assets	19,456,602	(89,476,353)
Net changes in current liabilities	69,757,688	36,679,506
Cash generated from/(used in) operations	121,404,873	(26,606,640)
Interest paid	(151,593)	(245,396)
Interest received	493,949	1,181,988
Taxes paid	(6,619,553)	(6,357,456)
Net cash generated from/(used in) operating activities	115,127,676	(32,027,504)

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows
For the 9 months ended 30 September 2013 - unaudited**

	9 months ended 30 September	
	2013	2012
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	397,186	477,984
Advances to associates	(265,000)	(9,709,665)
Land held for property development	(207,275)	-
Net dividend received from available-for-sale investments	169,443	122,609
Placement of deposit pledged	(4,073)	-
Proceeds from disposal of:		
- available-for-sale investments	16,974,996	29,500,000
- investment property	245,000	230,000
- investment in a subsidiary	(4,867)	90,000
- non-current assets classified as held-for-sale	822,000	-
- property, plant and equipment	890,173	1,118,565
Purchase of:		
- investment properties	(93,851,514)	(40,787,009)
- property, plant and equipment	(1,740,864)	(1,838,214)
- available-for-sale investments	(18,061,643)	(38,072,609)
- additional interest in associates	(1)	-
Net cash used in investing activities	<u>(94,636,439)</u>	<u>(58,868,339)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,780,988)
Dividend paid to non-controlling interests	(201,465)	-
Drawdown from term loan	-	56,332,683
Interest paid	(1,638,077)	(500,689)
Proceed from issuance of NCRPS to minority interests	-	4,900,000
Repayment of term loan	(2,037,112)	(423,000)
Repayment of hire purchase liabilities	(945,008)	(827,265)
Net cash (used in)/generated from financing activities	<u>(7,602,650)</u>	<u>56,700,741</u>
Net increase/(decrease) in cash and cash equivalents	12,888,587	(34,195,102)
Effects of exchange rate differences	294,199	845,516
Cash and cash equivalents at beginning of the period	<u>47,973,449</u>	<u>70,679,260</u>
Cash and cash equivalents at end of the period	<u><u>61,156,235</u></u>	<u><u>37,329,674</u></u>

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

Cash and bank balances	25,971,345	10,276,176
Deposits with licensed banks	37,236,749	33,021,264
Deposits with licensed financial institution	123,276	-
Bank overdrafts	(696,765)	(5,842,310)
	<u>62,634,605</u>	<u>37,455,130</u>
Less : Deposit pledged for banking facilities	(1,478,370)	(125,456)
	<u><u>61,156,235</u></u>	<u><u>37,329,674</u></u>

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2012 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

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 2012. 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 2012.

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 2012 except as follows:

On 1 January 2013, the Group adopted the following applicable new and amended FRSs and IC Interpretations mandatory for annual financial periods beginning on or after 1 January 2013.

FRS 101 : Presentation of Items of Other Comprehensive Income (Amendments to FRS 101)
Amendments to FRS 101 : Presentation of Financial Statements (Improvements to FRSs (2012))
FRS 10 : Consolidated Financial Statements
FRS 11 : Joint Arrangements
FRS 12 : Disclosure of Interests in Other Entities
FRS 13 : Fair Value Measurement
FRS 119 : Employee Benefits
FRS 127 : Separate Financial Statements
FRS 128 : Investments in Associates and Joint Ventures
Amendments to IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar Instruments (Improvements to FRSs (2012))
IC Interpretation 20 : Stripping Costs in the Production Phase of a Surface Mine
Amendments to FRS 7 : Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards
- Government Loans
Amendments to FRS 1 : First-time Adoption of Financial Reporting Standards (Improvements to FRSs (2012))
Amendments to FRS 116 : Property, Plant and Equipment (Improvements to FRSs (2012))
Amendments to FRS 132 : Financial Instruments : Presentation (Improvements to FRSs (2012))
Amendments to FRS 134 : Interim Financial Reporting (Improvements to FRSs (2012))
Amendments to FRS 10 : Consolidated Financial Statements : Transition Guidance
Amendments to FRS 11 : Joint Arrangements : Transition Guidance
Amendments to FRS 12 : Disclosures of Interests in Other Entities : Transition Guidance

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

A2. Significant Accounting Policies

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. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2014.

The Company and its subsidiary, DKLS Development Sdn Bhd, fall within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2014. In presenting its 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 its 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 its 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 period ended 30 June 2013 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 2014.

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

The Group revised the estimated useful lives of certain plant and machineries from 10 years to 5 or 7 years with effect from 1 January 2013. The revisions were accounted for as a change in accounting estimates and as a result, the increase in depreciation charges for the current quarter under review and financial year to date amounted to RM0.195 million and RM5.236 million respectively.

There were no other changes in estimates that have had a material effect in the interim financial statements for the financial year to date.

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

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 2012 was paid on 15 August 2013 to shareholders whose names appear in the Record of Depositors on 31 July 2013.

A8. Profit from operating activities

	Curret Quarter 3 months ended 30 September		Current financial year-to-date 9 months ended 30 September	
	2013	2012	2013	2012
	RM	RM	RM	RM
Amortisation of land use rights	1,208	1,035	3,474	3,306
Amortisation of quarry extraction exclusive rights	22,315	22,314	66,944	66,944
Bad debts written off	-	-	-	462
Total depreciation	1,330,355	1,030,746	8,644,041	3,074,756
Depreciation capitalised under construction costs	(556,502)	(312,873)	(4,040,303)	(922,108)
Depreciation charged to profit from operating activities	773,853	717,873	4,603,738	2,152,648
Dividend income from available-for-sale investments	(44,337)	(64,003)	(169,443)	(122,609)
(Gain)/loss on disposal of:				
- available-for-sale investments	(35,890)	(9,338)	(78,616)	(25,775)
- property, plant and equipment, net	(322,357)	220	(418,899)	(68,256)
- non-current assets classified as held-for-sale	-	-	(12,923)	-
(Gain)/loss on foreign exchange				
- unrealised	(593,259)	(377,268)	2,669,529	49,444
- realised	10,103	(109,412)	17,514	132,510
Loss on disposal of investment in a subsidiary	-	-	1,603	-
Property, plant and equipment written off	3	-	259	54
Write back of inventories written down	(24,379)	-	(58,318)	(13,428)
Provision for/(write back of) impairment loss on trade and other receivables	(102,623)	123,364	(1,341,911)	422,119
Gain on derivatives	N/A	N/A	N/A	N/A

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

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 2013	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	2,903,526	30,269,202	18,138,903	13,207,636	5,714,238	70,233,505
Inter-segment sales	2,288,746	8,418,376	2,307,622	-	4,616,874	17,631,618
External sales	614,780	21,850,826	15,831,281	13,207,636	1,097,364	52,601,887
Results						
Segment results	328,421	4,384,203	1,481,229	1,644,196	266,490	8,104,539
Interest expense	(354,558)	(23,620)	(10,716)	(252,460)	(625)	(641,979)
Group's share of results of associates	(302,494)	-	-	-	-	(302,494)
Profit/(loss) before taxation	(328,631)	4,360,583	1,470,513	1,391,736	265,865	7,160,066
Income tax expense	(44,020)	(817,790)	(389,995)	(365,488)	(65,609)	(1,682,902)
Profit for the period						5,477,164
Total Assets						
Segment assets	(814,235)	(2,426,791)	(3,562,195)	1,904,129	747,706	(4,151,386)
Interests in associates	139,532	-	-	-	-	139,532
Unallocated corporate assets						807,004
Total assets						(3,204,850)

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment	Construction	Manufacturing	Property development	Others	Total
3 months ended	RM	RM	RM	RM	RM	RM
30 September 2012						
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 result 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
(Company No. 369472-P)
(Incorporated in Malaysia)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

9 months ended	Investment	Construction	Manufacturing	Property	Others	Total
30 September 2013	RM	RM	RM	development	RM	RM
				RM		
Revenue						
Total revenue	8,181,814	90,934,289	59,962,570	47,117,067	13,183,471	219,379,211
Inter-segment sales	6,993,998	22,855,052	3,111,572	-	10,545,489	43,506,111
External sales	1,187,816	68,079,237	56,850,998	47,117,067	2,637,982	175,873,100
Results						
Segment results	(4,152,292)	10,814,133	7,404,386	8,832,362	413,266	23,311,855
Interest expense	(1,047,006)	(58,648)	(23,809)	(762,957)	(1,425)	(1,893,845)
Group's share of results of associates	(2,695,558)	-	-	-	-	(2,695,558)
Profit/(loss) before taxation	(7,894,856)	10,755,485	7,380,577	8,069,405	411,841	18,722,452
Income tax expense	382,826	(2,070,598)	(1,922,359)	(2,229,474)	(111,984)	(5,951,589)
Profit for the period						12,770,863
Total Assets						
Segment assets	172,164,322	80,881,689	74,090,514	128,088,089	10,856,277	466,080,891
Interests in associates	49,992,929	-	-	-	-	49,992,929
Unallocated corporate assets						18,484,811
Total assets						534,558,631

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

9 months ended 30 September 2012	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total 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 result 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						11,532,828
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						16,228,418
Total assets						466,348,898

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

(Incorporated in Malaysia)

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 7 March 2013, the Company disposed of its entire investment in DKLS Oil & Gas Sdn Bhd, comprising 1,000,000 ordinary shares of RM1.00 each and 7,500,000 Non-cumulative Redeemable Preference Shares of RM1.00 each, for a total cash consideration of RM489,000. The disposal has resulted in a reversal of impairment loss of RM489,000 at the Company's level and recorded a loss on disposal of RM1,603 at the Group's level.

The effect of the disposal on the financial results of the Group to the date of disposal is as follows:

	Financial period ended 6 March 2013 RM
Other operating income	8,089
Administrative expenses	(264)
Profit from operations	<u>7,825</u>
Interest expense	(44,528)
Loss before tax	<u>(36,703)</u>
Income tax expense	11,132
Loss for the period	<u>(25,571)</u>

The summary of the effects of the disposal of the subsidiary on the financial position of the Group is as follows:

	As at 6 March 2013 RM
Net assets disposed:	
Cash and cash equivalent	493,867
Other payables	(3,264)
Net assets disposed:	<u>490,603</u>
Loss on disposal of subsidiary	(1,603)
Total consideration received from disposal	489,000
Less: Cash and cash equivalent of subsidiary disposed	(493,867)
Net cash from disposal of interest	<u>(4,867)</u>

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities	As at 30 September	
	2013 RM	2012 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	106,660,169	102,449,028
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,962,171	1,636,222
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
Corporate guarantee given to third parties for payment of balance purchase price in connection with the purchase of investment property by one of the subsidiaries	75,040,000	-
	<u>183,662,340</u>	<u>106,385,250</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 2012.

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Supply of electricity by Ipoh Tower Sdn Bhd	(11,938)	(12,387)	(37,445)	(37,505)
Sale of materials to :				
Yu Marketing Sdn Bhd	-	-	-	2,580
Juta Mahsuri Sdn Bhd	42,840	-	115,517	26,184
Savan-DKLS Water Supply Co Ltd	308,611	-	471,083	-
DKLS Service Station	1,556	-	1,556	-
Purchase of consumables from DKLS Service Station	(10,079)	(24,816)	(51,657)	(81,053)
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 2013 RM
Approved and contracted for: Property, plant and equipment	<u>185,042</u>
Approved but not contracted for: Property, plant and equipment	<u>3,522,235</u>

A15. Operating lease commitments - as lessor

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

	As at 30 September 2013 RM
Not later than 1 year	2,167,999
Later than 1 year but not later than 5 years	<u>1,474,368</u>
	<u>3,642,367</u>

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

(Incorporated in Malaysia)

B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 3Q13 vs 3Q12**

The Group recorded a revenue of RM52.602 million for the third quarter ended 30 September 2013 (3Q13), a decrease of RM2.072 million (or 3.8%), compared to the revenue of RM54.674 million for the corresponding quarter (3Q12). The profit before tax for 3Q13 of RM7.160 million increased by RM1.381 million (or 23.9%) as compared to profit before tax of RM5.779 million for 3Q12.

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

3Q13 vs 3Q12

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	223	2,373
Construction	1,406	(576)
Manufacturing	(3,219)	(373)
Property development	(1,135)	(201)
Others	653	158
	<u>(2,072)</u>	<u>1,381</u>

(b) Review of Performance to date for FY2013 vs FY2012

The Group recorded a revenue of RM175.873 million for the financial year to date ended 30 September 2013 (3QFY13), an increase of RM32.571 million (or 22.7%), as compared to the revenue of RM143.302 million for the corresponding financial year to date (3QFY12). The profit before tax for 3QFY13 of RM18.722 million increased by RM1.465 million (or 8.49%) as compared to profit before tax of RM17.258 million for 3QFY12.

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

3QFY13 vs 3QFY12

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	641	550
Construction	26,900	(1,034)
Manufacturing	(1,204)	148
Property development	10,059	2,404
Others	(3,825)	(603)
	<u>32,571</u>	<u>1,465</u>

Investment

External revenue of the investment segment is derived mainly from the investment properties. The investment segment continue to record higher revenue for the cumulative quarter as compared to corresponding period. This was mainly due to a subsidiary which has commenced to derive rental income from its newly acquired property in April 2013.

The associates had shown an improvement with a recorded a lower pre-loss of RM2.696 million as compared to the corresponding period of RM5.156 million.

DKLS INDUSTRIES BERHAD
(Company No. 369472-P)
(Incorporated in Malaysia)

Construction

For the current financial year to date under review, the construction segment continue to realise lower pre-tax profit of RM10.755 million (FY12 : RM11.789 million) despite having a higher revenue of RM68.079 million as compared to the corresponding period of RM41.180 million). This was mainly due to higher cost of construction as a result of stiff competition and increase in depreciation charges of RM2.9 million as a result of changes in accounting estimates. Furthermore, the margin was higher in corresponding period due to realisation of higher profit upon completion of certain construction projects.

Manufacturing

The manufacturing segment achieved a pre-tax profit of RM7.381 million (FY12: RM7.232 million) on a lower turnover of RM56.851 million (FY12 : RM58.055 million). For the current financial year to date under review, the depreciation charges had increased by RM2,286 million as a result of changes in accounting estimates. If this was excluded from the pre-tax profit, the result of the manufacturing segment would have showed an improvement following the cessation of the manufacturing of pre-cast produces in the corresponding period.

Property Development

For the current financial year to date under review, the property development segment continues to show an improvement with an increase in turnover of RM10.06 million (or 27.1%) and RM2.404 million in pre-tax profit (or 42.4%) respectively as compared to the corresponding period. The increase in pre-tax profit was due to increase in turnover as a result of increased in property development activities. The increase in profit margin was due to realisation of profits from the sale of completed properties which yield a better margin.

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 3Q13 of RM52.602 million decreased by 19.8% as compared to the revenue of RM65.551 million registered in the immediate preceding quarter (2Q13). Correspondingly, the Group recorded a higher pre-tax profit of RM7.160 million, increase by 3.9%, for 3Q13 as compared to the pre-tax profit of RM6.891 million for 2Q13. The Group's higher profit was due to the associates showed a lower share of loss of RM0.302 million as compared to pre-loss of RM2.024 million in the immediate preceding quarter. The Group's profit before share of loss from associates for current quarter was consistent with the immediate preceding quarter.

B3. Prospects

Going forward, the directors expect the Group's operating environment to remain challenging and competitive. Barring any unforeseen circumstances and given the intense competition within the construction industry, the directors expect the profitability growth for the Group to be challenging and the financial results for the remaining period of the year to be satisfactory.

DKLS INDUSTRIES BERHAD
(Company No; 369472-P)
(Incorporated in Malaysia)

B4. Income tax expense

	Current quarter		Current financial	
	3 months ended		year-to-date	
	30 September		9 months ended	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,865,064	1,558,212	6,601,339	5,928,187
Foreign tax	1,089	487	1,822	752
Capital gain tax	-	-	(3,750)	(1,233)
Over provision in prior years	(134,240)	(34,347)	(135,956)	(34,272)
	<u>1,731,913</u>	<u>1,524,352</u>	<u>6,463,455</u>	<u>5,893,434</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(54,207)	(31,728)	(528,836)	(81,118)
Under/(over) provision in prior years	5,196	(1,514)	16,970	(87,252)
	<u>(49,011)</u>	<u>(33,242)</u>	<u>(511,866)</u>	<u>(168,370)</u>
Income tax expense	<u>1,682,902</u>	<u>1,491,110</u>	<u>5,951,589</u>	<u>5,725,064</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		Current financial	
	3 months ended		year-to-date	
	30 September		9 months ended	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before taxation	<u>7,160,066</u>	<u>5,778,776</u>	<u>18,722,452</u>	<u>17,257,892</u>
Taxation at applicable tax rates	1,790,017	1,444,694	4,680,613	4,314,473
Income not subject to tax	(251,999)	(969,159)	(978,879)	(1,175,272)
Expenses not deductible	322,576	1,051,436	2,279,319	2,708,620
Difference in tax rate	(27,561)	-	93,272	-
Effects of reversal of real property gains tax	-	-	(3,750)	(2,510)
Deferred tax assets not recognised	(21,087)	-	-	-
Capital gain tax	-	-	-	1,277
Over provision of current tax in prior years	(134,240)	(34,347)	(135,956)	(34,272)
Under/(over) provision of deferred tax in prior years	5,196	(1,514)	16,970	(87,252)
Income tax expense	<u>1,682,902</u>	<u>1,491,110</u>	<u>5,951,589</u>	<u>5,725,064</u>

DKLS INDUSTRIES BERHAD
(Company No; 369472-P)
(Incorporated in Malaysia)

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	
	2013	2012
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	1,242,687	666,211
Term loan (secured)	3,592,965	2,167,835
Bank overdrafts (unsecured)	696,765	5,842,310
Revolving credits (unsecured)	1,800,000	1,800,000
Bankers' acceptances (unsecured)	3,394,000	5,829,000
	<u>10,726,417</u>	<u>16,305,356</u>
Long term borrowings		
Hire purchase liabilities (secured)	379,266	378,335
Term loan (secured)	53,644,221	56,353,848
Non-cumulative redeemable preference shares (unsecured) ("NCRPS")	13,249,515	12,416,152
	<u>67,273,002</u>	<u>69,148,335</u>
Total borrowings	<u>77,999,419</u>	<u>85,453,691</u>

Borrowings are denominated in the following currencies:

	As at 30 September	
	2013	2012
	RM	RM
Hong Kong Dollar	9,628,029	9,873,374
Ringgit Malaysia	58,687,234	65,421,008
Singapore Dollar	9,684,156	10,159,309
	<u>77,999,419</u>	<u>85,453,691</u>

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.

DKLS INDUSTRIES BERHAD
(Company No; 369472-P)
(Incorporated in Malaysia)

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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit attributable to owners of the Company	6,095,078	5,549,035	15,245,762	14,627,220
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	6.58	5.99	16.45	15.78

(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 2012 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, Advance Bond and deposit guarantees amounting to RM39.26 million on behalf of the main contractors.

As at the end of the reporting period, the Company had given guarantees amounting to RM75.040 million to a third party for payment of balance purchase price in connection with the purchase of investment property by one of the subsidiaries. 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.

DKLS INDUSTRIES BERHAD
(Company No; 369472-P)
(Incorporated in Malaysia)

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

	Cumulative Quarter 9 months ended 30 September	
	2013	2012
	RM	RM
Total retained profits of the Group		
- Realised profits	260,310,970	232,874,008
- Unrealised losses	<u>(27,699,234)</u>	<u>(17,707,069)</u>
	<u>232,611,736</u>	<u>215,166,939</u>
Total share of accumulated losses from associated companies		
- Realised losses	(17,059,515)	(14,100,509)
- Unrealised losses	<u>(91,681)</u>	<u>(91,681)</u>
	<u>(17,151,196)</u>	<u>(14,192,190)</u>
Less: Consolidated adjustments	<u>(23,071,181)</u>	<u>(26,727,108)</u>
Retained profits as per statement of financial position	<u>192,389,359</u>	<u>174,247,641</u>

By Order of the Board

Cheai Weng Hoong
Chan May Yoke
Company Secretaries

Dated: 18 November 2013