

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 12 months ended 31 December 2013 - unaudited

	Note	Individual Quarter 3 months ended 31 December		Cumulative Quarters 12 months ended 31 December	
		2013	2012	2013	2012
		RM	RM	RM	RM
Revenue		51,114,443	70,511,258	226,987,543	213,813,034
Interest income		613,565	407,911	1,571,438	1,359,680
Other income		6,983,312	697,572	10,931,657	2,839,718
Operating expenses		(40,106,992)	(57,375,263)	(176,279,490)	(161,017,916)
Changes in work-in-progress and finished goods		(817,349)	(367,194)	(1,146,361)	(2,597,984)
Employee benefits expense		(2,581,690)	(1,657,098)	(12,079,646)	(10,328,768)
Administrative expenses		(725,677)	(4,043,960)	(12,193,674)	(12,139,579)
Profit from operating activities	A8	14,479,612	8,173,226	37,791,467	31,928,185
Interest expense		(2,291,805)	(836,080)	(4,185,650)	(2,177,147)
Share of profit/(loss) of associates, net of tax		804,046	(274,881)	(1,891,512)	(5,430,881)
Profit before taxation		12,991,853	7,062,265	31,714,305	24,320,157
Income tax expense		(2,004,496)	(2,358,477)	(7,956,085)	(8,083,541)
Profit for the year		10,987,357	4,703,788	23,758,220	16,236,616
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		190,909	(247,841)	911,889	(213,184)
Gain on fair value changes on available-for-sale investments		4,507	(1,746)	16,839	50,780
Share of other comprehensive income of associates		(201,797)	90,374	247,561	90,374
Other comprehensive income for the year, net of tax		(6,381)	(159,213)	1,176,289	(72,030)
Total comprehensive income for the year		10,980,976	4,544,575	24,934,509	16,164,586
Profit for the period attributable to:					
Owners of the Company		9,001,006	5,676,944	24,246,768	20,304,164
Non-controlling interests		1,986,351	(973,156)	(488,548)	(4,067,548)
Profit for the year		10,987,357	4,703,788	23,758,220	16,236,616
Total comprehensive income attributable to:					
Owners of the Company		8,951,916	5,503,484	25,226,441	20,261,482
Non-controlling interests		2,029,060	(958,909)	(291,932)	(4,096,896)
Total comprehensive income for the year		10,980,976	4,544,575	24,934,509	16,164,586
Basic/Diluted, earnings per ordinary share (sen)		9.71	6.12	26.16	21.90

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.

Condensed Consolidated Statement of Financial Position
As at 31 December 2013 - unaudited

	31 December 2013 RM	31 December 2012 RM
ASSETS		
Non-Current Assets		
Property, plant and equipment	50,824,019	56,843,996
Land held for property development	95,834,981	44,156,828
Investment properties	118,455,000	61,853,330
Land use rights	209,596	193,416
Investments in associates	50,641,397	51,953,369
Available-for-sale investments	35,992	19,380
Quarry extraction exclusive rights	535,550	624,808
Trade and other receivables	5,122,312	1,271,186
Deferred tax assets	1,329,964	1,753,235
Total non-current assets	322,988,811	218,669,548
Current Assets		
Property development costs	49,752,364	49,515,101
Inventories	37,756,677	34,604,783
Trade and other receivables	47,388,203	77,980,752
Other current assets	15,132,164	6,957,744
Available-for-sale investments	11,605,089	9,148,470
Tax recoverable	1,577,698	1,181,626
Cash and cash equivalents	83,189,584	51,664,802
Total current assets	246,401,779	231,053,278
Non-current assets classified as held-for-sale	7,398,562	6,568,615
TOTAL ASSETS	576,789,152	456,291,441
EQUITY AND LIABILITIES		
Equity		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	201,390,365	179,924,585
Reserves	2,436,494	1,456,821
Total equity attributable to owners of the Company	305,284,055	282,838,602
Non-controlling interests	6,918,773	7,412,170
Total equity	312,202,828	290,250,772
Non-Current Liabilities		
Loans and borrowings	119,489,202	69,004,615
Deferred tax liabilities	8,729,028	9,318,226
Total non-current liabilities	128,218,230	78,322,841
Current Liabilities		
Loans and borrowings	13,052,529	11,897,120
Trade and other payables	105,550,407	54,869,022
Other current liabilities	15,613,334	18,162,979
Tax payable	2,151,824	2,788,707
Total current liabilities	136,368,094	87,717,828
Total liabilities	264,586,324	166,040,669
TOTAL EQUITY AND LIABILITIES	576,789,152	456,291,441
Net assets per share attributable to owners of the Company (RM)	3.29	3.05

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.

**Condensed Consolidated Statement of Changes in Equity
For 12 months ended 31 December 2013 - unaudited**

	Attributable to owners of the Company		Distributable			Non-controlling Interests	Total Equity
	Share capital	Share premium	Foreign currency translation reserve	Asset revaluation surplus	Fair value adjustment reserve		
	RM	RM	RM	RM	RM	RM	RM
12 months ended 31 December 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
Total comprehensive income for the year	-	-	961,598	-	18,075	24,246,768	25,226,441
Transactions with owners							
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)
Balance at 31 December 2013	92,699,600	8,757,596	811,579	1,567,909	57,006	201,390,365	305,284,055
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
Issuance of shares by subsidiary to non-controlling interests	-	-	-	-	-	-	-
Transactions with owners							
Dilution of interests in subsidiary	-	-	-	-	-	(624,576)	(624,576)
Dividend to Owners	-	-	-	-	-	(2,780,988)	(2,780,988)
Balance at 31 December 2012	92,699,600	8,757,596	(150,019)	1,567,909	38,931	179,924,585	282,838,602

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 12 months ended 31 December 2013 - unaudited**

	12 months ended 31 December	
	2013 RM	2012 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	31,714,305	24,320,157
Adjustment for :-		
Amortisation of land use rights	4,673	4,443
Amortisation of quarry extraction exclusive right	89,258	89,259
Bad debts written off	-	462
Depreciation	9,183,876	4,121,013
Dividend income from available-for-sale investments	(257,696)	(172,196)
Fair value adjustments of investment properties, net	(3,317,413)	1,819,111
Gain on dilution in equity interest in an associate	-	(11,157)
(Gain)/Loss on disposal of:		
- available-for-sale investments	(101,478)	(68,507)
- investment in a subsidiary	1,603	-
- investment properties, net	(3,447,601)	-
- non-current assets classified as held for sale	9,077	-
- property, plant and equipment, net	(540,007)	(43,354)
Interest expense	4,986,509	2,523,902
Interest income	(1,571,438)	(1,359,680)
Inventory written off	124,250	10,699
(Write back of)/provision for impairment loss on:		
property, plant and equipment	2,487	34,086
trade and other receivables	(1,373,097)	133,218
Property, plant and equipment written off	13,724	56
Share of loss of associates	1,891,512	5,430,881
Write back of inventories written down	(380,989)	(113,930)
Unrealised loss on foreign exchange	1,176,732	1,252,537
Operating profit before changes in working capital	<u>38,208,287</u>	<u>37,971,000</u>
Changes in working capital:-		
Net changes in current assets	(1,350,167)	(45,303,832)
Net changes in current liabilities	45,818,314	24,027,111
Cash generated from operations	<u>82,676,434</u>	<u>16,694,279</u>
Interest paid	(225,048)	(321,293)
Interest received	656,191	597,868
Taxes paid	<u>(9,155,500)</u>	<u>(7,319,705)</u>
Net cash generated from operating activities	<u>73,952,077</u>	<u>9,651,149</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Advances to associates	(385,000)	(9,809,665)
Interest received	826,264	678,649
Land held for property development	(52,870,993)	(29,831,026)
Net dividend received from available-for-sale investments	257,551	172,052
Placement of deposit pledged	<u>(24,440)</u>	<u>(1,374,654)</u>
Balance carried forward	<u>(52,196,618)</u>	<u>(40,164,644)</u>

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**Condensed Consolidated Statement of Cash Flows
For the 12 months ended 31 December 2013 - unaudited**

	12 months ended 31 December	
	2013 RM	2012 RM
CASH FLOWS FROM INVESTING ACTIVITIES (CONT'D.)		
Balance brought forward	(52,196,618)	(40,164,644)
Proceeds from disposal of:		
- available-for-sale investments	23,982,258	43,154,501
- investment properties	45,219,500	230,000
- investment in a subsidiary	(4,867)	90,000
- non-current assets classified as held-for-sale	800,000	-
- property, plant and equipment	1,057,784	1,231,388
Purchase of:		
- investment properties	(78,451,613)	(40,582,441)
- property, plant and equipment	(2,604,227)	(3,491,619)
- available-for-sale investments	(26,337,172)	(47,121,619)
- additional interest in associates	(6,800)	-
Upliftment of deposit pledged	1,299,219	-
Net cash used in investing activities	<u>(87,242,536)</u>	<u>(86,654,434)</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	75,000,000	56,723,420
Interest paid	(2,624,681)	(1,409,299)
Proceed from issuance of NCRPS to non-controlling interests	-	4,900,000
Repayment of term loan	(21,517,778)	(564,000)
Repayment of hire purchase liabilities	<u>(1,237,864)</u>	<u>(995,850)</u>
Net cash from financing activities	<u>46,637,224</u>	<u>55,873,283</u>
Net increase/(decrease) in cash and cash equivalents	33,346,765	(21,130,002)
Effects of exchange rate differences	1,736,005	(1,575,809)
Cash and cash equivalents at beginning of the year	47,973,449	70,679,260
Cash and cash equivalents at end of the year	<u>83,056,219</u>	<u>47,973,449</u>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	13,983,230	23,015,719
Deposits with licensed banks	68,116,743	28,501,982
Deposits with licensed financial institution	1,089,611	147,101
Bank overdrafts	-	(2,191,243)
	<u>83,189,584</u>	<u>49,473,559</u>
Less : Deposit pledged for banking facilities	<u>(133,365)</u>	<u>(1,500,110)</u>
	<u>83,056,219</u>	<u>47,973,449</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.

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 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 (Annual Improvements 2009-2011 Cycle)
FRS 3 : Business Combinations (IFRS 3 Business Combinations issued by IASB in March 2004)
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
FRS 127 : Consolidated and Separate Financial Statements
(IAS 27 as revised by IASB in December 2003)
Amendments to IC Interpretation 2 : Members' Shares in Co-operative Entities and Similar
Instruments (Annual Improvements 2009-2011 Cycle)
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
(Annual Improvements 2009-2011 Cycle)
Amendments to FRS 116 : Property, Plant and Equipment (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 132 : Financial Instruments : Presentation (Annual Improvements 2009-2011 Cycle)
Amendments to FRS 134 : Interim Financial Reporting (Annual Improvements 2009-2011 Cycle)
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 are 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 2015.

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 2015. 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 year ended 31 December 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 2015.

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

The Group revised the estimated useful lives of certain type of plant and machineries and motor vehicles from 10 years to 5 years and 10 years to 7 years respectively 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 the financial year amounted to RM0.682 million and RM4.795 million respectively.

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

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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 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		Current financial	
	3 months ended		year-to-date	
	31 December		31 December	
	2013	2012	2013	2012
	RM	RM	RM	RM
The following items have been included in arriving at profit from operating activities:				
Amortisation of land use rights	1,199	1,137	4,673	4,443
Amortisation of quarry extraction exclusive rights	22,314	22,315	89,258	89,259
Bad debts written off	-	-	-	462
Total depreciation	539,835	1,046,257	9,183,876	4,121,013
Depreciation capitalised under construction costs	(392,810)	(314,371)	(4,433,113)	(1,236,479)
Depreciation charged to profit from operating activities	147,025	731,886	4,750,763	2,884,534
Dividend income from available-for-sale investments	(88,253)	(49,587)	(257,696)	(172,196)
Fair value adjustments of investment properties	(3,317,413)	1,819,111	(3,317,413)	1,819,111
Gain on dilution in equity interest in an associate	-	(11,157)	-	(11,157)
(Gain)/loss on disposal of:				
- available-for-sale investments	(22,862)	(42,732)	(101,478)	(68,507)
- investment in a subsidiary	-	-	1,603	-
- investment properties	(3,447,601)	-	(3,447,601)	-
- non-current assets classified as held-for-sale	22,000	-	9,077	-
- property, plant and equipment, net	(121,108)	24,902	(540,007)	(43,354)
(Gain)/loss on foreign exchange:				
- unrealised	(1,492,797)	1,203,093	1,176,732	1,252,537
- realised	(612,805)	(2,508)	(595,291)	130,002
Inventory written off	124,250	10,699	124,250	10,699
Property, plant and equipment written off	13,465	2	13,724	56
Write back of inventories written down	(322,671)	(100,502)	(380,989)	(113,930)
Provision for/(write back of) impairment loss on:				
- property, plant and equipment	2,487	34,086	2,487	34,086
- trade and other receivables	(31,186)	(288,901)	(1,373,097)	133,218
Gain on derivatives	N/A	N/A	N/A	N/A

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A9. Segmental reporting

Business Segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segment.

Current quarter 3 months ended 31 December 2013	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	8,985,707	24,752,050	26,417,296	7,286,360	4,114,683	71,556,096
Inter-segment sales	8,394,545	7,776,950	1,911,590	-	2,358,568	20,441,653
External sales	591,162	16,975,100	24,505,706	7,286,360	1,756,115	51,114,443
Results						
Segment results	8,285,772	4,550,633	1,262,679	255,619	124,909	14,479,612
Interest expense	(656,556)	(1,320,864)	(11,722)	(301,572)	(1,091)	(2,291,805)
Group's share of results of associates	793,024	11,022	-	-	-	804,046
Profit before taxation	8,422,240	3,240,791	1,250,957	(45,953)	123,818	12,991,853
Income tax expense	(500,921)	(1,274,889)	(215,142)	27,801	(41,345)	(2,004,496)
Profit for the period						10,987,357
Total Assets						
Segment assets	(11,398,547)	776,522	3,106,778	45,983,669	(348,863)	38,119,559
Interests in associates	648,468	-	-	-	-	648,468
Unallocated corporate assets						3,462,494
Total assets						42,230,521

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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

3 months ended	Investment	Construction	Manufacturing	Property	Others	Total
31 December 2012	RM	RM	RM	development	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 result of associates	(274,881)	-	-	-	-	(274,881)
(Loss)/Profit 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						4,703,788
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						2,442,908
Total assets						(10,057,457)

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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

12 months ended 31 December 2013	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	17,167,521	115,686,339	86,379,866	54,403,427	17,298,154	290,935,307
Inter-segment sales	15,388,543	30,632,002	5,023,162	-	12,904,057	63,947,764
External sales	1,778,978	85,054,337	81,356,704	54,403,427	4,394,097	226,987,543
Results						
Segment results	4,133,480	15,364,766	8,667,065	9,087,981	538,175	37,791,467
Interest expense	(1,703,562)	(1,379,512)	(35,531)	(1,064,529)	(2,516)	(4,185,650)
Group's share of results of associates	(1,902,534)	11,022	-	-	-	(1,891,512)
Profit before taxation	527,384	13,996,276	8,631,534	8,023,452	535,659	31,714,305
Income tax expense	(118,095)	(3,345,487)	(2,137,501)	(2,201,673)	(153,329)	(7,956,085)
Profit for the year						<u>23,758,220</u>
Total Assets						
Segment assets	160,765,775	81,658,211	77,197,292	174,071,758	10,507,414	504,200,450
Interests in associates	50,641,397	-	-	-	-	50,641,397
Unallocated corporate assets						21,947,305
Total assets						<u>576,789,152</u>

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A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

12 months ended 31 December 2012	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total 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 result of associates	(5,430,881)	-	-	-	-	(5,430,881)
(Loss)/Profit 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						16,236,616
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						18,671,326
Total assets						456,291,441

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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

- (a) 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 RM400,106 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:

	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 taxation	<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>

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A11. Changes in Composition of the Group (Cont'd.)

- (b) On 2 December 2013, the Company acquired all the remaining shares in Atlidex Construction Sdn Bhd ("ACSB") not already held by the Company of 102,000 ordinary shares of RM1 each, representing 51% equity interest in Altidex Construction Sdn Bhd for a total cash consideration of RM11,473.

Upon the completion of the acquisition, ACSB became a wholly-owned subsidiary of the Company.

The fair values of the identifiable assets and liabilities of ACSB as at the date of acquisition were:

	Fair value RM
Cash and cash equivalents	4,673
Other receivable	20,000
Other payable	(1,500)
Tax payable	(678)
Net identifiable assets	<u>22,495</u>

The effect of the acquisition on cash flows is as follows:

Total cost of the acquisition	11,473
Less: Acquired cash and cash equivalents	(4,673)
Net cash outflow on acquisition	<u>6,800</u>

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities	As at 31 December	
	2013 RM	2012 RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	161,335,817	98,101,260
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	2,451,972	1,385,917
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
Guarantee given to third parties for payment of balance of purchase price in connection with the purchase of investment property by a subsidiary	-	75,040,000
	<u>163,787,789</u>	<u>176,827,177</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.

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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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Architect fees paid to				
Arkitek Ding Poi Kooi	(71,285)	(296,808)	(71,285)	(296,808)
Hire of plant and machinery to :				
Savan-DKLS Water Supply Co Ltd	58,775	50,000	58,775	50,663
DKLS Clearwater Sdn Bhd	9,027	-	9,027	-
Progress billings from Altidex				
Construction Sdn Bhd	-	642,853	-	642,853
Purchase of consumables				
from DKLS Service Station	(18,416)	(28,648)	(70,073)	(109,701)
Purchase of materials from				
JD Merawan Enterprise	-	-	-	(1,265,000)
Progress billings to Ding Zhe Xin	682,500	-	682,500	-
Rental income received from				
Arkitek Ding Poi Kooi	2,250	2,250	9,000	9,000
Rental paid to :				
Ding Poi Bor	(15,000)	(15,000)	(60,000)	(60,000)
Ipoh Tower Sdn Bhd	(27,000)	-	(27,000)	-
Sale of land to Ding Poi Bor	-	513,068	-	513,068
Sale of materials to :				
Yu Marketing Sdn Bhd	-	-	-	2,580
Juta Mahsuri Sdn Bhd	26,919	-	142,436	26,184
Savan-DKLS Water Supply Co Ltd	994,311	406,185	1,465,394	406,185
Sub-contract works to				
JD Merawan Enterprise	-	-	-	(300,000)
Supply of electricity by				
Ipoh Tower Sdn Bhd	(13,885)	(11,293)	(51,330)	(48,798)
Supply of labour to DKLS				
Clearwater Sdn Bhd	300,767	391,560	300,767	391,560

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
	31 December 2013
	RM
Approved and contracted for:	
Property, plant and equipment	2,523,454
Approved but not contracted for:	
Property, plant and equipment	441,899

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A15. Operating lease commitments - as lessor

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

	As at 31 December 2013 RM
Not later than 1 year	2,142,342
Later than 1 year but not later than 5 years	<u>997,468</u>
	<u><u>3,139,810</u></u>

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B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 4Q13 vs 4Q12**

The Group recorded a revenue of RM51.114 million for the fourth quarter ended 31 December 2013 (4Q13), a decrease of RM19.397 million (or 27.5%), compared to the revenue of RM70.511 million for the corresponding quarter (4Q12). The profit before tax for 4Q13 of RM12.992 million increased by RM5.93 million (or 84%) as compared to profit before tax of RM7.062 million for 4Q12.

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

4Q13 vs 4Q12

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	394	11,572
Construction	(12,452)	(1,714)
Manufacturing	3,530	(2,003)
Property development	(11,572)	(1,890)
Others	703	(35)
	<u>(19,397)</u>	<u>5,930</u>

The current 4Q13 recorded a substantially higher profit as compared to the corresponding 4Q12 despite a lower revenue was mainly contributed from its foreign subsidiaries which recorded a pre-tax profit of RM5.599 million as compared to a pre-loss of RM3.577 million. The profit was a result of gain on disposal of its investment property, reversal of fair value adjustment of investment property and lower foreign exchange losses recognised due to foreign loan undertaken to finance the investment property which has been fully settled.

(b) Review of Performance for FY2013 vs FY2012

The Group recorded a revenue of RM226.987 million for the current financial year ended 31 December 2013 (FY2013), an increase of RM13.174 million (or 6%), as compared to the revenue of RM213.813 million for the corresponding financial year (FY2012). The profit before tax for FY2013 of RM31.714 million increased by RM7.394 million (or 30%) as compared to profit before tax of RM24.320 million for FY2012.

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

FY2013 vs FY2012

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	1,035	12,122
Construction	14,447	(2,748)
Manufacturing	2,326	(1,855)
Property development	(1,512)	514
Others	(3,122)	(639)
	<u>13,174</u>	<u>7,394</u>

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Investment

External revenue of the investment segment is derived mainly from the investment properties. The investment segment continue to record higher revenue for the current financial year as compared to corresponding year. This was mainly due to a subsidiary which has commenced to derive rental income from its newly acquired property in April 2013. The higher profit in FY2013 was substantially due to gain on disposal of investment property of RM3.447 and fair value adjustment of the investment property of RM3.317 million.

The associates have also shown improvement recording a lower loss of RM1.892 million as compared to the previous year of RM5.431 million.

Construction

For the current financial year under review, the construction segment recorded a lower pre-tax profit of RM13.996 million (FY2012 : RM16.744 million) despite having a higher revenue of RM85.054 million as compared to the corresponding year of RM70.607 million. This was mainly due to higher cost of construction as a result of stiff competition and increase in depreciation charges of RM3.064 million as a result of changes in accounting estimates. Furthermore, the margin in corresponding year was higher due to realisation of higher profit upon completion of certain construction projects.

Manufacturing

The manufacturing segment achieved a pre-tax profit of RM8.631 million (FY2012: RM10.486 million) on a higher turnover of RM81.357 million (FY2012 : RM79.031 million). For the current financial year under review, the depreciation charges had increased by RM1.687 million as a result of the changes in accounting estimates. If this was excluded from the pre-tax profit, the overall profit margin has decreased slightly due to increasing operating costs.

Property Development

For the current financial year, the property development segment recorded a slight increase in pre-tax profit of RM8.023 million (FY2012 : RM7.510 million) on a lower revenue of RM 54.403 million (FY2012 : RM55.916 million). The increase in pre-tax profit was due to realisation of profits from the sale of completed properties which yield a better margin.

Others

The revenue of others segment for the current financial year derived mainly from trading of construction materials.

The decline in revenue and pre-tax profit for the current financial year was mainly due to cessation of income derived the sale of merchantable timbers which was completed in the previous year.

B2. Variance of Results Against Preceding Quarter

The revenue for 4Q13 of RM51.114 million decreased by 2.83% as compared to the revenue of RM52.602 million registered in the immediate preceding quarter (3Q13). However, the Group recorded a higher pre-tax profit of RM12.992 million, increase by 81.5%, for 4Q13 as compared to the pre-tax profit of RM7.160 million for 3Q13. The Group's higher profit was mainly attributed to a) gain on disposal of investment property of RM3.447 million b) fair value adjustment of investment properties of RM3.317 million and c) the associates showed a share of profit of RM0.804 million instead of loss of RM0.302 million in 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 and with the ever rising costs, the directors expect the profitability growth for the Group to be moderate and challenging in the financial year 2014.

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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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,652,412	3,568,776	8,253,751	9,496,962
Foreign tax	2,395	1,043	4,217	1,795
Capital gain tax	3,750	2,510	-	1,277
Over provision in prior years	-	-	(135,956)	(34,271)
	<u>1,658,557</u>	<u>3,572,329</u>	<u>8,122,012</u>	<u>9,465,763</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	345,939	(1,294,409)	(182,897)	(1,375,527)
Under/(over) provision in prior years	-	80,557	16,970	(6,695)
	<u>345,939</u>	<u>(1,213,852)</u>	<u>(165,927)</u>	<u>(1,382,222)</u>
Income tax expense	<u>2,004,496</u>	<u>2,358,477</u>	<u>7,956,085</u>	<u>8,083,541</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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit before taxation	12,991,853	7,062,265	31,714,305	24,320,157
Taxation at applicable tax rates	3,247,963	1,765,566	7,928,576	6,080,039
Income not subject to tax	(1,807,785)	(292,651)	(2,786,664)	(1,467,923)
Expenses not deductible	199,919	1,010,411	2,479,238	3,719,030
Difference in tax rate	84,443	(124,849)	177,715	(124,849)
Effects of reversal of real property gains tax	102,665	-	98,915	(2,510)
Deferred tax assets not recognised	177,291	-	177,291	-
Capital gain tax	-	-	-	1,277
Over provision of current tax in prior years	-	-	(135,956)	(34,271)
Utilisation of previously unrecognised deferred tax assets	-	-	-	(80,557)
Under/(over) provision of deferred tax in prior years	-	-	16,970	(6,695)
Income tax expense	<u>2,004,496</u>	<u>2,358,477</u>	<u>7,956,085</u>	<u>8,083,541</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	
	2013	2012
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	1,422,919	609,319
Term loans (secured)	7,076,504	2,235,558
Bank overdrafts (unsecured)	-	2,191,243
Revolving credits (unsecured)	1,800,000	1,800,000
Revolving credits (secured)	390,000	-
Bankers' acceptances (unsecured)	2,363,106	5,061,000
	<u>13,052,529</u>	<u>11,897,120</u>
Long term borrowings		
Hire purchase liabilities (secured)	737,178	266,642
Term loans (secured)	105,290,829	56,123,494
Non-cumulative redeemable preference shares (unsecured) ("NCRPS")	13,461,195	12,614,479
	<u>119,489,202</u>	<u>69,004,615</u>
Total borrowings	<u>132,541,731</u>	<u>80,901,735</u>

Borrowings are denominated in the following currencies:

	As at 31 December	
	2013	2012
	RM	RM
Hong Kong Dollar	-	9,846,870
Ringgit Malaysia	132,541,731	60,890,683
Singapore Dollar	-	10,164,182
	<u>132,541,731</u>	<u>80,901,735</u>

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 single tier dividend of 3.00 sen (2012 : 3.00 sen) per share.
- (b) (i) Amount per share : 3.00 sen per share.
(ii) Previous corresponding period : 3.00 sen per share.
(ii) Total dividend for the current financial year : 3.00 sen (2012 : 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.

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	
	2013	2012	2013	2012
	RM	RM	RM	RM
Profit attributable to owners of the Company	9,001,006	5,676,944	24,246,768	20,304,164
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	9.71	6.12	26.16	21.90

(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.

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	
	2013	2012
	RM	RM
Total retained profits of the Group		
- Realised profits	266,865,943	240,262,720
- Unrealised losses	<u>(22,924,191)</u>	<u>(29,577,236)</u>
	<u>243,941,752</u>	<u>210,685,484</u>
Total share of accumulated losses from associated companies		
- Realised losses	(16,255,470)	(14,273,859)
- Unrealised losses	<u>(91,681)</u>	<u>(91,681)</u>
	<u>(16,347,151)</u>	<u>(14,365,540)</u>
Less: Consolidated adjustments	<u>(26,204,236)</u>	<u>(16,395,359)</u>
Retained profits as per statement of financial position	<u>201,390,365</u>	<u>179,924,585</u>

By Order of the Board

Cheai Weng Hoong
Company Secretary

Dated : 28 February 2014