

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter and 6 months ended 30 June 2015 - unaudited**

	Note	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2015	2014	2015	2014
		RM	RM	RM	RM
Revenue		36,518,994	43,093,901	107,771,734	93,726,959
Interest income		486,118	535,301	981,414	1,586,618
Other income		1,376,082	1,925,284	5,037,091	3,711,748
Operating expenses		(31,119,426)	(33,789,802)	(86,009,503)	(73,471,648)
Changes in work-in-progress and finished goods		711,696	274,329	788,449	668,857
Employee benefit expenses		(2,647,904)	(2,652,430)	(7,869,603)	(7,048,012)
Administrative expenses		(2,108,329)	(4,232,206)	(7,179,762)	(6,470,793)
<b>Profit from operating activities</b>	<b>A8</b>	<b>3,217,231</b>	<b>5,154,377</b>	<b>13,519,820</b>	<b>12,703,729</b>
Interest expense		(1,606,621)	(1,417,703)	(3,142,352)	(2,755,620)
Share of loss of associates, net of tax		(512,630)	(234,677)	(531,937)	(1,208,967)
<b>Profit before tax</b>		<b>1,097,980</b>	<b>3,501,997</b>	<b>9,845,531</b>	<b>8,739,142</b>
Income tax expense		99,868	(1,468,092)	(2,561,393)	(3,104,025)
<b>Profit for the period, net of tax</b>		<b>1,197,848</b>	<b>2,033,905</b>	<b>7,284,138</b>	<b>5,635,117</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		170,333	(754,612)	283,282	(2,260,713)
Gain/(loss) on fair value changes on available-for-sale investments		6,015	(31,121)	22,446	(30,028)
Share of other comprehensive income of associates		4,204,262	(97,716)	4,638,272	(164,094)
<b>Other comprehensive income for the period, net of tax</b>		<b>4,380,610</b>	<b>(883,449)</b>	<b>4,944,000</b>	<b>(2,454,835)</b>
<b>Total comprehensive income for the period</b>		<b>5,578,458</b>	<b>1,150,456</b>	<b>12,228,138</b>	<b>3,180,282</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		1,582,820	2,442,760	7,877,933	6,749,951
Non-controlling interests		(384,972)	(408,855)	(593,795)	(1,114,834)
<b>Profit for the period</b>		<b>1,197,848</b>	<b>2,033,905</b>	<b>7,284,138</b>	<b>5,635,117</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		4,172,846	1,884,522	10,916,953	5,317,346
Non-controlling interests		1,405,612	(734,066)	1,311,185	(2,137,063)
<b>Total comprehensive income for the period</b>		<b>5,578,458</b>	<b>1,150,456</b>	<b>12,228,138</b>	<b>3,180,282</b>
Basic/Diluted, earnings per ordinary share (sen)		1.71	2.64	8.50	7.28

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2014 and the accompanying notes attached to the Interim Financial Statements.

**DKLS INDUSTRIES BERHAD (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position  
As at 30 June 2015 - unaudited**

	30 June 2015 RM	31 December 2014 RM Restated
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	71,649,327	60,059,559
Land held for property development	102,799,827	101,463,365
Investment properties	118,825,000	118,825,000
Investments in associates	68,198,961	64,102,626
Available-for-sale investments	36,915	37,607
Quarry extraction exclusive right	401,662	446,292
Trade and other receivables	7,642,956	7,622,992
Deferred tax assets	2,043,710	1,989,668
<b>Total non-current assets</b>	<b>371,598,358</b>	<b>354,547,109</b>
<b>Current Assets</b>		
Property development costs	58,930,901	55,813,367
Inventories	42,122,406	36,561,949
Trade and other receivables	43,046,273	54,479,884
Other current assets	15,726,528	12,177,957
Available-for-sale investments	1,325,027	5,619,120
Tax recoverable	1,584,276	1,145,845
Cash and cash equivalents	88,447,988	83,189,823
<b>Total current assets</b>	<b>251,183,399</b>	<b>248,987,945</b>
Non-current assets classified as held for sale	-	5,950,203
<b>TOTAL ASSETS</b>	<b>622,781,757</b>	<b>609,485,257</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	229,551,001	220,675,245
Reserves	9,371,021	6,205,219
Reserve of disposal group classified as held for sale	-	741,905
<b>Total equity attributable to owners of the Company</b>	<b>340,379,218</b>	<b>329,079,565</b>
<b>Non-controlling interests</b>	<b>9,373,552</b>	<b>10,124,365</b>
<b>Total equity</b>	<b>349,752,770</b>	<b>339,203,930</b>
<b>Non-Current Liabilities</b>		
Loans and borrowings	123,901,288	123,752,785
Deferred tax liabilities	8,053,004	8,260,782
<b>Total non-current liabilities</b>	<b>131,954,292</b>	<b>132,013,567</b>
<b>Current Liabilities</b>		
Loans and borrowings	26,448,526	21,693,732
Trade and other payables	95,490,709	91,185,024
Other current liabilities	17,869,301	23,459,804
Tax payable	1,266,159	1,712,018
	141,074,695	138,050,578
Liability of disposal group classified as held for sale	-	217,182
<b>Total current liabilities</b>	<b>141,074,695</b>	<b>138,267,760</b>
<b>Total liabilities</b>	<b>273,028,987</b>	<b>270,281,327</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>622,781,757</b>	<b>609,485,257</b>
Net assets per share attributable to owners of the Company (RM)	3.67	3.55

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2014 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 6 months ended 30 June 2015 - unaudited**

	Attributable to owners of the Company				Distributable			Total Equity RM
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Non distributable	Asset revaluation reserve RM	Fair value adjustment reserve RM	Retained profits RM	
<b>6 months ended 30 June 2015</b>								
Balance at 1 January 2015	92,699,600	8,757,596	3,797,351	741,905	1,157,522	8,588	219,985,894	8,268,986
At 1 January 2015							327,148,456	
Adjustment arising from reclassification of non-current assets classified as held for sale	-	-	1,241,758	-	-	-	689,351	1,855,379
Restated	92,699,600	8,757,596	5,039,109	741,905	1,157,522	8,588	329,079,565	10,124,365
Total comprehensive income for the period	-	-	2,847,919	169,739	-	21,362	7,877,933	1,311,185
Transaction with owners: Changes in equity interests in a subsidiary	-	-	-	-	-	-	997,823	(1,087,823)
Disposal of a subsidiary	-	-	296,521	(911,644)	-	-	(615,123)	(974,175)
Balance at 30 June 2015	92,699,600	8,757,596	8,183,549	-	1,157,522	29,950	340,379,218	9,373,552
<b>6 months ended 30 June 2014</b>								
Balance at 1 January 2014	92,699,600	8,757,596	4,325,606	-	1,567,909	57,006	201,383,379	10,288,729
Total comprehensive income for the period	-	-	(1,401,528)	-	-	(31,078)	6,749,951	(2,137,063)
Transaction with owners: Changes in equity interests in a subsidiary	-	-	-	-	-	-	-	(35,848)
Balance at 30 June 2014	92,699,600	8,757,596	2,924,078	-	1,567,909	25,928	208,133,330	8,115,818
							314,108,441	349,752,770

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2014 and the accompanying notes attached to the Interim Financial Statements.

**DKLS INDUSTRIES BERHAD (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows  
For the 6 months ended 30 June 2015 - unaudited**

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation :	9,845,531	8,739,142
Adjustment for :-		
Amortisation of land use rights	1,324	2,385
Amortisation of quarry extraction exclusive right	44,630	290,868
Bad debts written off	13,155	-
Depreciation	3,666,533	2,495,186
Dividend income from available-for-sale investments	(29,042)	(144,307)
Loss/(Gain) on disposal of available-for-sale investments	1,467	(28,509)
Gain on disposal of investment in a subsidiary	(38,613)	-
Gain on disposal of non-current assets classified as held for sale	(795,616)	(442,536)
Gain on disposal of property, plant and equipment, net	(816,592)	(1,304,041)
Interest expense	3,937,780	3,174,678
Interest income	(981,414)	(1,586,618)
Provision/(write back of provision) for impairment loss on trade and other receivables	2,096,584	(341,121)
Property, plant and equipment written off	8,110	544
Share of loss of associates	531,937	1,208,967
Unrealised gain on foreign exchange	(1,562,113)	(81,450)
Operating profit before changes in working capital	<u>15,923,661</u>	<u>11,983,188</u>
Changes in working capital:-		
Net changes in current assets	(4,475,011)	(1,077,072)
Net changes in current liabilities	(616,076)	(2,816,805)
Cash flows from operations	<u>10,832,574</u>	<u>8,089,311</u>
Interest paid	(232,220)	(106,493)
Interest received	308,797	428,578
Taxes paid	(3,707,280)	(2,700,872)
Net cash flows from operating activities	<u>7,201,871</u>	<u>5,710,524</u>

**DKLS INDUSTRIES BERHAD (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 6 months ended 30 June 2015 - unaudited**

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advance to associates	10,000	(160,000)
Interest received	652,653	553,152
Land held for property development	(1,336,462)	(2,712,989)
Net dividend received from available-for-sale investments	29,042	144,307
Placement of deposits with maturity period more than 3 months	(360,507)	(8,436,450)
Proceeds from disposal of:		
- available-for-sale investments	5,843,421	11,466,887
- investment in a subsidiary	1,372,666	-
- investment property	-	980,000
- non-current assets classified as held for sale	4,149,616	2,160,000
- property, plant and equipment	1,168,000	1,431,049
Purchase of:		
- available-for-sale investments	(1,527,658)	(9,643,960)
- shares in associates	-	(35)
- additional shares in subsidiary	(90,000)	(35,848)
- property, plant and equipment	(4,004,137)	(2,708,640)
Withdrawal of deposits with maturity period more than 3 months	11,727,704	8,523,812
Net cash flows from investing activities	<u>17,634,338</u>	<u>1,561,285</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Drawdown of term loan	1,700,201	1,489,000
Interest paid	(3,223,262)	(2,616,318)
Repayment of term loan	(4,922,302)	(2,782,002)
Repayment of hire purchase liabilities	(4,297,362)	(1,051,506)
Net cash flows used in financing activities	<u>(10,742,725)</u>	<u>(4,960,826)</u>
<b>Net increase in cash and cash equivalents</b>	14,093,484	2,310,983
<b>Effects of exchange rate differences</b>	231,579	135,973
<b>Cash and cash equivalents at beginning of the period</b>	<u>64,403,720</u>	<u>63,362,824</u>
<b>Cash and cash equivalents at end of the period</b>	<u><u>78,728,783</u></u>	<u><u>65,809,780</u></u>

**DKLS INDUSTRIES BERHAD (369472 - P)**

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 6 months ended 30 June 2015 - unaudited**

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	19,403,424	20,072,362
Deposits with licensed banks	67,363,221	65,474,766
Deposits with licensed financial institution	1,681,343	-
	<u>88,447,988</u>	<u>85,547,128</u>
Less:		
Deposit pledged for banking facilities	(137,566)	(133,365)
Deposits with maturity period more than 3 months	(9,581,639)	(19,603,983)
	<u><u>78,728,783</u></u>	<u><u>65,809,780</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 2014 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 2014. 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 2014.

**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 2014 except as follows:

On 1 January 2015, the Group adopted the following applicable amended FRSs mandatory for annual financial periods beginning on or after 1 July 2014.

Amendments to FRS 119 : Defined Benefit Plans : Employee Contributions  
Annual Improvements to FRSs 2010-2012 Cycle  
Annual Improvements to FRSs 2011-2013 Cycle

Adoption of the above standards 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 one year. On 30 June 2012, MASB has given an option to Transitioning Entities to defer the adoption of the MFRS Framework for another year.

In light of the development and the revisions of the project timelines by the IASB, MASB has decided to extend the transitional period for another year, ie. the adoption of the MFRS Framework by all Transitioning Entities will be mandatory with effect from annual periods beginning on or after 1 January 2015.

**A2. Significant Accounting Policies (cont'd.)**

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

On 2 September 2014, MASB announced that Transitioning Entities shall be required to apply the MFRS Framework for annual period beginning on or after 1 January 2017.

The Company and its subsidiaries, DKLS Development Sdn Bhd and DKLS Premierhome 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 2017.

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.

As at the date of these financial statements, 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 2015 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 2017.

**A3. Seasonal or Cyclical Factors**

The business operations of the Group were not affected by any significant seasonal or cyclical factors.

**A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows**

There were no items affecting assets, liabilities, equity, net income or cash flows that are unusual because of their nature, size or incidence during the financial year to date.

**A5. Changes in Estimates**

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

**A6. Debt and Equity Securities**

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



**A7. Dividend Paid**

The first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2014, which was approved at the Annual General Meeting on 25 May 2015, was paid on 18 August 2015 to shareholders whose names appear in the Record of Depositors on 31 July 2015.

**A8. Profit from operating activities**

	Currret Quarter		Cumulative Quarter	
	3 months ended		year-to-date	
	30 June		6 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Amortisation of land use right	-	1,171	1,324	2,385
Amortisation of quarry extraction exclusive right	22,315	11,122	44,630	290,868
Bad debts written off	13,155	-	13,155	-
<b>Total depreciation</b>	<b>1,957,367</b>	<b>1,265,138</b>	<b>3,666,533</b>	<b>2,495,186</b>
Depreciation capitalised under construction costs	(1,207,468)	(450,030)	(2,113,474)	(857,733)
Depreciation charged to profit from operating activities	749,899	815,108	1,553,059	1,637,453
Dividend income from available-for-sale investments	(7,811)	(92,288)	(29,042)	(144,307)
(Gain)/loss on disposal of :				
- available-for-sale investments	(185)	(8,330)	1,467	(28,509)
- investment in a subsidiary	-	-	(38,613)	-
- non-current assets classified as held for sale	-	(209,675)	(795,616)	(442,536)
- property, plant and equipment, net	-	(1,131,922)	(816,592)	(1,304,041)
(Gain)/loss on foreign exchange				
- realised	(20,227)	(470,930)	(20,268)	(470,930)
- unrealised	(910,195)	57,175	(1,562,113)	(81,450)
Property, plant and equipment written off	1	543	8,110	544
Provision/(write back of provision) for impairment loss on trade and other receivables	(16,002)	(15,350)	2,096,584	(341,121)
Gain on derivatives	N/A	N/A	N/A	N/A

## 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.

<b>Current Quarter 3 months ended 30 June 2015</b>	<b>Investment RM</b>	<b>Construction RM</b>	<b>Manufacturing RM</b>	<b>Property development RM</b>	<b>Others RM</b>	<b>Total RM</b>
<b>Revenue</b>						
Total revenue	1,478,559	20,179,274	14,252,274	5,446,496	2,683,494	44,040,097
Inter-segment sales	83,136	5,859,321	471,635	-	1,107,011	7,521,103
External sales	1,395,423	14,319,953	13,780,639	5,446,496	1,576,483	36,518,994
<b>Results</b>						
Segment results	1,673,910	(185,018)	1,736,046	(478,624)	470,917	3,217,231
Interest expense	(1,156,904)	(46,934)	(29,457)	(369,408)	(3,918)	(1,606,621)
Group's share of results of associates	(512,630)	-	-	-	-	(512,630)
Profit/(Loss) before taxation	4,376	(231,952)	1,706,589	(848,032)	466,999	1,097,980
Income tax expense	35,051	239,870	(420,693)	116,207	129,433	99,868
Profit for the period						<u>1,197,848</u>
<b>Total Assets</b>						
Segment assets	(1,175,880)	4,782,819	1,776,425	(14,840,120)	1,107,920	(8,348,836)
Interests in associates	62,267,258	-	-	-	-	62,267,258
Unallocated corporate assets						<u>(53,612,297)</u>
Total assets						<u>306,125</u>

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Current Quarter 3 months ended 30 June 2014	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
<b>Revenue</b>						
Total revenue	6,087,159	21,190,324	15,648,494	13,972,635	5,792,451	62,691,063
Inter-segment sales	5,410,478	10,509,288	274,109	-	3,403,287	19,597,162
External sales	676,681	10,681,036	15,374,385	13,972,635	2,389,164	43,093,901
<b>Results</b>						
Segment results	(1,205,727)	1,431,261	2,368,933	2,384,731	175,179	5,154,377
Interest expense	(1,107,973)	(33,428)	(4,110)	(271,745)	(447)	(1,417,703)
Group's share of result of associates	(234,677)	-	-	-	-	(234,677)
(Loss)/Profit before taxation	(2,548,377)	1,397,833	2,364,823	2,112,986	174,732	3,501,997
Income tax expense	103,411	(357,036)	(592,279)	(561,133)	(61,055)	(1,468,092)
Profit for the period						2,033,905
<b>Total Assets</b>						
Segment assets	3,277,625	(832,105)	(2,528,005)	(3,956,649)	895,085	(3,144,049)
Interests in associates	(1,013,124)	-	-	-	-	(1,013,124)
Unallocated corporate assets						5,204,031
Total assets						1,046,858

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 6 months ended 30 June 2015	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
<b>Revenue</b>						
Total revenue	8,580,936	60,951,141	29,831,197	39,486,102	11,566,077	150,415,453
Inter-segment sales	6,083,870	28,383,502	788,302	-	7,388,045	42,643,719
External sales	2,497,066	32,567,639	29,042,895	39,486,102	4,178,032	107,771,734
<b>Results</b>						
Segment results	3,257,322	2,293,954	4,337,495	4,829,284	(1,198,235)	13,519,820
Interest expense	(2,303,769)	(90,544)	(50,342)	(690,483)	(7,214)	(3,142,352)
Group's share of result of associates	(531,937)	-	-	-	-	(531,937)
Profit/(Loss) before taxation	421,616	2,203,410	4,287,153	4,138,801	(1,205,449)	9,845,531
Income tax expense	92,812	(385,359)	(1,099,516)	(1,169,469)	139	(2,561,393)
Profit for the period						7,284,138
<b>Total Assets</b>						
Segment assets	163,541,430	112,196,464	75,223,002	192,905,079	5,726,893	549,592,868
Interests in associates	68,198,961	-	-	-	-	68,198,961
Unallocated corporate assets						4,989,928
Total assets						622,781,757

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 6 months ended 30 June 2014	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
<b>Revenue</b>						
Total revenue	7,379,134	48,471,096	29,814,580	31,983,945	14,848,975	132,497,730
Inter-segment sales	6,110,503	20,549,557	674,186	-	11,436,525	38,770,771
External sales	1,268,631	27,921,539	29,140,394	31,983,945	3,412,450	93,726,959
<b>Results</b>						
Segment results	(465,213)	3,866,203	4,370,906	4,563,008	368,825	12,703,729
Interest expense	(2,201,289)	(58,334)	(12,708)	(482,842)	(447)	(2,755,620)
Group's share of result of associates	(1,208,932)	-	-	-	(35)	(1,208,967)
(Loss)/Profit before taxation	(3,875,434)	3,807,869	4,358,198	4,080,166	368,343	8,739,142
Income tax expense	171,007	(1,079,143)	(985,757)	(1,070,790)	(139,342)	(3,104,025)
Profit for the period						5,635,117
<b>Total Assets</b>						
Segment assets	158,780,389	87,204,609	73,248,138	179,412,436	10,708,322	509,353,894
Interests in associates	57,268,992	-	-	-	-	57,268,992
Unallocated corporate assets						17,432,237
Total assets						584,055,123

**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**

- (i) On 2 January 2015, the Company acquired the remaining 90,000 ordinary shares of RM1.00 each in DKLS Marketing Sdn Bhd ("DMSB") not already held by the Company, representing 30% equity interest in DMSB, for a total cash consideration of RM90,000. Upon completion of the acquisition, DMSB became a wholly-owned subsidiary of the Company.
- (ii) On 31 March 2015, the Company disposed of 2,712,085 ordinary shares of RM1.00 each in DKLS-PJI Venture Capital Sdn Bhd ("DKLS-PJI"), representing 60% equity interest in DKLS-PJI, for a total cash consideration of RM1,500,000. Upon completion of the disposal, DKLS-PJI ceased to be a subsidiary of the Company. The disposal has given rise to a gain of RM38,613 at the Group level.

**A12. Changes in Contingent Liabilities and Assets**

(a) Contingent Liabilities

	<b>As at 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	187,046,343	172,671,397
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	770,872	1,509,600
	<b>187,817,215</b>	<b>174,180,997</b>

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 2014.

**A13. Related Party Disclosures**

Significant related party transactions are as follows:

	Current Quarter 3 months ended 30 June		Cumulative Quarter year-to-date 6 months ended 30 June	
	2015	2014	2015	2014
	RM	RM	RM	RM
Architect fees paid to Arkitek Ding Poi Kooi	(103,880)	-	(155,820)	-
Hire of motor vehicles/machinery from Savan-DKLS Water Supply Co Ltd	13,500	9,174	114,132	23,240
Progress billings to:				
Ding Ju Shuen	313,380	-	313,380	-
Ding Zhe Lin	313,380	-	313,380	-
Purchase of consumables from DKLS Service Station	(20,142)	(25,855)	(42,746)	(48,453)
Rental of building paid to:				
Ding Poi Bor	(6,000)	(15,000)	(12,000)	(30,000)
Ipoh Tower Sdn Bhd	(13,200)	(16,200)	(26,400)	(32,400)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	1,700	-	2,900	-
Rental income received from:				
Arkitek Ding Poi Kooi	-	-	-	2,250
Sale of materials to :				
Juta Mahsuri Sdn Bhd	-	221	-	64,586
Savan-DKLS Water Supply Co Ltd	1,016,938	213,900	2,573,814	213,900
Service charge by Ipoh Tower Sdn Bhd on rented premises	-	(1,975)	(1,221)	(1,975)
Supply of electricity by Ipoh Tower Sdn Bhd	(20,836)	(17,590)	(42,065)	(37,842)
Supply of labour to:				
DKLS Clearwater Sdn Bhd	-	131,731	128,134	131,731
Savan-DKLS Water Supply Co Ltd	362	-	362	-

The Directors are of the opinion that all related party transactions have been entered into in the ordinary course of business at arm's length basis on normal commercial terms.

There were no transactions with key management personnel other than the remuneration package paid to them in accordance with the terms and conditions of their appointment.

**A14. Capital Commitments**

	As at 30 June 2015 RM
Approved and contracted for: Property, plant and equipment	<u>3,471,000</u>

**A15. Operating lease commitments - as lessor**

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

	<b>As at 30 June 2015 RM</b>
Not later than 1 year	5,697,039
Later than 1 year but not later than 5 years	8,056,275
	<u>13,753,314</u>

**A16. Comparative figures**

Certain comparative figures have been restated to conform with current financial year to date presentation.

Following the announcement made on 1 April 2015 on the termination of the Memorandum of Understanding for the proposed disposal of investment in Yong Yu Hydro Electric Development Company Co Ltd, the Company has reassessed the investment in associates and has decided to hold on to the said investment on a long term basis.

Following the restatement of the investment in associates from non-current assets classified as held for sale, the recognition of the share of loss of associates, net of tax, for the current financial year to date has resulted in the reclassification of certain comparative figures to conform with current financial year to date presentation:

	<b>As at 31 December 2014</b>		
	<b>As previously stated RM</b>	<b>Adjustment RM</b>	<b>As restated RM</b>
<b><u>Statement of financial position</u></b>			
<b>Non-current assets</b>			
Investment in associates	5,487,000	58,615,626	64,102,626
<b>Current assets</b>			
Non-current assets classified as held for sale	60,779,341	(54,829,138)	5,950,203
<b>Equity</b>			
Retained profits	219,985,894	689,351	220,675,245
Reserves	4,963,461	1,241,758	6,205,219
Non-controlling interests	8,268,986	1,855,379	10,124,365
	<u>233,218,341</u>	<u>3,786,488</u>	<u>237,004,829</u>



**B. Additional information required by BMSB's Listing Requirements**

**B1. Operating Segment Review**

**(a) Review of Performance for 2Q15 vs 2Q14**

The Group recorded revenue of RM36.519 million for the second quarter ended 30 June 2015 (2Q15), a decrease of RM6.575 million (or 15.3%), as compared to the revenue of RM43.094 million for the corresponding quarter ended 30 June 2014 (2Q14). The pre-tax profit for 2Q15 of RM1.098 million also decreased by RM2.404 million (or 68.6%) as compared to the pre-tax profit of RM3.502 million for 2Q14. The lower revenue and pre-tax profit of the Group can be analysed as below:-

**2Q15 vs 2Q14**

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	719	2,553
Construction	3,639	(1,630)
Manufacturing	(1,594)	(658)
Property development	(8,526)	(2,961)
Others	(813)	292
	<u>(6,575)</u>	<u>(2,404)</u>

**(b) Review of Performance to date for FY15 vs FY14**

The Group recorded revenue of RM107.772 million for the financial year to date ended 30 June 2015 (FY15), an increase of RM14.045 million (or 15.0%), as compared to the revenue of RM93.727 million for the corresponding financial year to date ended 30 June 2014 (FY14). The pre-tax profit for FY15 of RM9.846 million also increased by RM1.107 million (or 12.7%) as compared to the pre-tax profit of RM8.739 million for FY14. The higher revenue and pre-tax profit of the Group can be analysed as below:-

**FY15 vs FY14**

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	1,228	4,297
Construction	4,646	(1,604)
Manufacturing	(97)	(71)
Property development	7,502	59
Others	766	(1,574)
	<u>14,045</u>	<u>1,107</u>

**Investment**

External revenue of the investment segment is derived mainly from investment properties.

The investment segment continue to record a higher revenue for the current financial year to date as the total occupancy rate of the floor space available stood at 92% as compared to 38% for the previous year corresponding period.

On the back of higher revenue, the investment segment managed to register a marginal pre-tax profit of RM0.422 million as compared to the pre-tax loss of RM3.875 million in the previous year corresponding period. The improved result also benefited from the gain arising from disposal of investment amounting to RM0.834 million (FY14 : Nil) and lower share of losses in associated companies of RM0.532 million (FY14 : RM1.209 million).

## **B1. Operating Segment Review (cont'd.)**

### **Construction**

For the current financial year to date under review, the construction segment recorded a lower pre-tax profit of RM2.203 million (FY14 : RM3.808 million) despite a higher turnover of RM32.568 million (FY14: RM27.922).

The construction segment's overall margin had dipped further due to the impact of Goods and Service Tax ("GST").

### **Manufacturing**

The manufacturing segment has recorded a lower pre-tax profit as a result of lower turnover achieved with a slight drop in the overall margin due to the impact of GST.

### **Property Development**

For the current financial year to date, the property development segment recorded a pre-tax profit of RM4.139 million (FY14 : RM4.080 million) on a turnover of RM39.486 million (FY14 : RM31.984 million). The contribution is mainly derived from the ongoing housing schemes which yield a lower profit margin.

### **Others**

The revenue of others segment is mainly derived from trading of construction materials.

This segment still showed a pre-tax loss of RM1.205 million as compared to a pre-tax profit of RM0.368 million for the previous year corresponding period due to the impairment loss on trade receivables of RM2.122 million provided for in the preceeding quarter.

## **B2. Variance of Results Against Preceding Quarter**

The revenue for 2Q15 decreased by 48.7% as compared to the revenue of RM71.253 million registered in the immediate preceding quarter (1Q15). With the lower revenue, the Group recorded lower pre-tax profit of RM1.098 million for 2Q15 as compared to the pre-tax profit of RM8.747 million for 1Q15. The lower revenue and profit were mainly due to the intense competition within the construction industry and also the impact of GST. Included in the immediate preceding quarter was a gain of RM0.834 million arising from the disposal of investment.

## **B3. Propects**

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 impact of GST, the directors expect the profitability growth for the Group to be modest.

**B4. Income tax expense**

	Current Quarter		Cumulative Quarter	
	3 months ended		year-to-date	
	30 June		6 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	176,802	1,646,875	2,827,722	3,339,015
Foreign tax	-	1,374	-	1,374
Over provision in prior year	(4,512)	(104)	(4,512)	(104)
	<u>172,290</u>	<u>1,648,145</u>	<u>2,823,210</u>	<u>3,340,285</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(275,266)	(164,522)	(206,263)	(279,532)
Under/(Over) provision in prior years	3,108	(15,531)	(55,554)	43,272
	<u>(272,158)</u>	<u>(180,053)</u>	<u>(261,817)</u>	<u>(236,260)</u>
Income tax expense	<u>(99,868)</u>	<u>1,468,092</u>	<u>2,561,393</u>	<u>3,104,025</u>

Current income tax is calculated at the Malaysian corporate statutory tax rate of 25% of the estimated assessable profit for the year. The corporate statutory tax rate will be reduced to 24% from the current year's tax rate of 25% effective Year of Assessment 2016.

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

**B4. Income tax expense (cont'd.)**

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		Cumulative Quarter	
	3 months ended		year-to-date	
	30 June		6 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before taxation	1,097,980	3,501,997	9,845,531	8,739,142
Taxation at applicable tax rates	274,495	875,500	2,461,383	2,184,786
Income not subject to tax	(511,080)	(1,478,068)	(2,407,867)	(1,951,356)
Expenses not deductible for tax purposes	(148,196)	1,906,409	2,198,707	2,496,422
Difference in tax rate of foreign subsidiaries	-	(877)	(23,028)	5,733
Different tax rate on opening balance of deferred taxation	(27,480)	-	(27,480)	-
Effect of changes in tax rate	11,750	-	76,293	-
Effect of reversal of real property gains tax	-	-	-	(7,000)
Deferred tax assets not recognised	302,047	180,763	343,451	332,272
Over provision of current tax in prior years	(4,512)	(104)	(4,512)	(104)
Under/(Over) provision of deferred tax in prior years	3,108	(15,531)	(55,554)	43,272
Income tax expense	(99,868)	1,468,092	2,561,393	3,104,025

**B5. Corporate Proposals and Profit Forecast**

Not applicable as no profit forecast was published.

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

**B6. Borrowing and Debt Securities**

	<b>As at 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
<b>Short term borrowings</b>		
Hire purchase liabilities (secured)	10,026,579	2,482,546
Term loans (secured)	5,564,004	11,614,004
Bank overdrafts (unsecured)	-	-
Revolving credits (unsecured)	1,800,000	1,800,000
Revolving credits (secured)	3,000,000	3,000,000
Bankers' acceptances (unsecured)	6,057,943	5,521,000
	<u>26,448,526</u>	<u>24,417,550</u>
<b>Long term borrowings</b>		
Hire purchase liabilities (secured)	6,771,639	1,227,697
Term loans (secured)	102,282,423	99,460,327
Non-cumulative redeemable preference shares (unsecured)	14,847,226	13,913,062
	<u>123,901,288</u>	<u>114,601,086</u>
<b>Total borrowings</b>	<u>150,349,814</u>	<u>139,018,636</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.

**B9. Basic Earnings Per Share**

**(a) Basic**

Basic earnings per share amounts are calculated by dividing profit for the year attributable to ordinary equity holders of the parent by the weighted number of ordinary shares in issue during the financial year:

	Individual Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2015 RM	2014 RM	2015 RM	2014 RM
Profit attributable to owners of the Company	1,582,820	2,442,760	7,877,933	6,749,951
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	1.71	2.64	8.50	7.28

**(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 2014 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 RM47.9 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.

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

	<b>Cumulative Quarter 6 months ended 30 June</b>	
	<b>2015</b>	<b>2014</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of the Group		
- Realised profits	290,892,492	273,042,562
- Unrealised losses	<u>(16,843,705)</u>	<u>(21,672,670)</u>
	<u>274,048,787</u>	<u>251,369,892</u>
Total share of accumulated losses from associated companies		
- Realised losses	(16,005,655)	(17,377,424)
- Unrealised losses	-	(91,681)
	<u>(16,005,655)</u>	<u>(17,469,105)</u>
Less: Consolidated adjustments	<u>(28,492,131)</u>	<u>(25,767,457)</u>
Retained profits as per statement of financial position	<u>229,551,001</u>	<u>208,133,330</u>

By Order of the Board

Cheai Weng Hoong  
Company Secretary

Dated : 28 August 2015