

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 9 months ended 30 September 2015 - unaudited**

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2015	2014	2015	2014
		RM	RM	RM	RM
Revenue		53,641,875	59,681,837	161,413,609	153,408,796
Interest income		624,248	698,661	1,605,662	2,285,279
Other income		5,828,256	845,893	10,865,347	4,557,641
Operating expenses		(43,667,209)	(41,788,405)	(129,676,712)	(115,260,053)
Changes in work-in-progress and finished goods		498,295	239,127	1,286,744	907,984
Employee benefit expenses		(2,575,468)	(2,671,171)	(10,445,071)	(9,719,183)
Administrative expenses		(1,861,211)	(2,992,884)	(9,040,973)	(9,463,677)
Profit from operating activities	A8	12,488,786	14,013,058	26,008,606	26,716,787
Interest expense		(1,571,577)	(1,449,292)	(4,713,929)	(4,204,912)
Share of profit/(loss) of associates, net of tax		489,506	1,244,242	(42,431)	35,275
Profit before tax		11,406,715	13,808,008	21,252,246	22,547,150
Income tax expense		(1,585,923)	(3,583,482)	(4,147,316)	(6,687,507)
Profit for the period, net of tax		9,820,792	10,224,526	17,104,930	15,859,643
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1,720	2,438,386	285,002	177,673
Gain/(loss) on fair value changes on available-for-sale investments		156	(51,543)	22,602	(81,571)
Share of other comprehensive income of associates		9,550,869	1,709	14,189,141	(162,385)
Other comprehensive income for the period, net of tax		9,552,745	2,388,552	14,496,745	(66,283)
Total comprehensive income for the period		19,373,537	12,613,078	31,601,675	15,793,360
Profit for the period attributable to:					
Owners of the Company		9,130,802	9,734,402	17,008,735	16,484,353
Non-controlling interests		689,990	490,124	96,195	(624,710)
Profit for the period		9,820,792	10,224,526	17,104,930	15,859,643
Total comprehensive income attributable to:					
Owners of the Company		15,215,529	10,964,025	26,132,482	16,281,370
Non-controlling interests		4,158,008	1,649,053	5,469,193	(488,010)
Total comprehensive income for the period		19,373,537	12,613,078	31,601,675	15,793,360
Basic/Diluted, earnings per ordinary share (sen)		<u>9.85</u>	<u>10.50</u>	<u>18.35</u>	<u>17.78</u>

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.

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

	30 September 2015 RM	31 December 2014 RM Restated
ASSETS		
Non-Current Assets		
Property, plant and equipment	73,354,151	60,059,559
Land held for property development	103,186,451	101,463,365
Investment properties	118,825,000	118,825,000
Investments in associates	78,239,336	64,102,626
Available-for-sale investments	32,993	37,607
Quarry extraction exclusive right	379,348	446,292
Trade and other receivables	7,652,937	7,622,992
Deferred tax assets	1,426,129	1,989,668
Total non-current assets	<u>383,096,345</u>	<u>354,547,109</u>
Current Assets		
Property development costs	51,525,961	55,813,367
Inventories	49,118,939	36,561,949
Trade and other receivables	66,809,477	54,479,884
Other current assets	3,470,796	12,177,957
Available-for-sale investments	1,337,608	5,619,120
Tax recoverable	1,643,357	1,145,845
Cash and cash equivalents	81,951,537	83,189,823
Total current assets	<u>255,857,675</u>	<u>248,987,945</u>
Non-current assets classified as held for sale	-	5,950,203
TOTAL ASSETS	<u>638,954,020</u>	<u>609,485,257</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	235,900,815	220,675,245
Reserves	15,475,934	6,205,219
Reserve of disposal group classified as held for sale	-	741,905
Total equity attributable to owners of the Company	<u>352,833,945</u>	<u>329,079,565</u>
Non-controlling interests	<u>13,531,560</u>	<u>10,124,365</u>
Total equity	<u>366,365,505</u>	<u>339,203,930</u>
Non-Current Liabilities		
Loans and borrowings	123,330,906	123,752,785
Deferred tax liabilities	8,017,693	8,260,782
Total non-current liabilities	<u>131,348,599</u>	<u>132,013,567</u>
Current Liabilities		
Loans and borrowings	24,796,974	21,693,732
Trade and other payables	95,791,600	91,185,024
Other current liabilities	19,752,403	23,459,804
Tax payable	898,939	1,712,018
	<u>141,239,916</u>	<u>138,050,578</u>
Liability of disposal group classified as held for sale	-	217,182
Total current liabilities	<u>141,239,916</u>	<u>138,267,760</u>
Total liabilities	<u>272,588,515</u>	<u>270,281,327</u>
TOTAL EQUITY AND LIABILITIES	<u>638,954,020</u>	<u>609,485,257</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.81</u>	<u>3.55</u>

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 9 months ended 30 September 2015 - unaudited**

	←		← Attributable to owners of the Company				→		Total Equity RM
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Relating to assets held for sale RM	Asset revaluation reserve RM	Fair value adjustment reserve RM	Distributable	Non- controlling interests RM	
9 months ended 30 September 2015									
Balance at 1 January 2015	92,699,600	8,757,596	3,797,351	741,905	1,157,522	8,588	219,985,894	8,266,986	335,417,442
At 1 January 2015	-	-	1,241,758	-	-	-	689,351	1,855,379	3,786,488
Adjustment arising from reclassification of non-current assets classified as held for sale	92,699,600	8,757,596	5,039,109	741,905	1,157,522	8,588	220,675,245	10,124,365	339,203,930
Restated	-	-	8,932,797	169,739	-	21,211	17,008,735	5,469,193	31,601,675
Total comprehensive income for the period	-	-	-	-	-	-	-	-	-
Transactions with owners:									
Changes in equity interests in a subsidiary	-	-	-	-	-	-	997,823	(1,087,823)	(90,000)
Disposal of a subsidiary	-	-	296,521	(911,644)	-	-	-	(974,175)	(1,589,298)
Dividend on ordinary shares	-	-	-	-	(2,780,988)	-	(2,780,988)	-	(2,780,988)
Investment in subsidiary strike off	-	-	20,186	-	-	-	-	-	20,186
	-	-	316,707	(911,644)	-	-	(1,783,165)	(2,061,998)	(4,440,100)
Balance at 30 September 2015	92,699,600	8,757,596	14,288,613	-	1,157,522	29,799	235,900,815	13,531,560	366,365,505
9 months ended 30 September 2014									
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	319,079,825
Total comprehensive income for the period	-	-	(119,843)	-	-	(83,140)	16,484,353	(488,010)	15,793,360
Transactions with owners:									
Changes in equity interests in a subsidiary	-	-	-	-	-	-	-	(35,848)	(35,848)
Dividend on ordinary shares	-	-	-	-	-	-	(2,780,988)	-	(2,780,988)
	-	-	-	-	-	-	(2,780,988)	(35,848)	(2,816,836)
Balance at 30 September 2014	92,699,600	8,757,596	4,205,763	-	1,567,909	(26,134)	215,086,744	9,764,871	332,056,349

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 9 months ended 30 September 2015 - unaudited**

	Cumulative Quarter 9 months ended 30 September	
	2015	2014
	RM	RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation :	21,252,246	22,547,150
Adjustments for :-		
Amortisation of land use rights	1,324	3,564
Amortisation of quarry extraction exclusive right	66,944	301,990
Bad debts written off	13,155	-
Depreciation	5,672,261	3,789,583
Dividend income from available-for-sale investments	(38,295)	(308,592)
Loss/(Gain) on disposal of available-for-sale investments	1,467	(9,901)
Gain on disposal of investment in a subsidiary	(38,613)	-
Gain on disposal of non-current assets classified as held for sale	(795,616)	(389,107)
Gain on disposal of property, plant and equipment, net	(1,001,488)	(1,604,082)
Interest expense	5,509,359	4,893,150
Interest income	(1,605,662)	(2,285,279)
Investment in subsidiary stike off	20,186	-
Provision/(write back of provison) for impairment loss on trade and other receivables	2,091,386	(349,521)
Property, plant and equipment written off	8,110	24,358
Share of loss/(gain) of associates	42,431	(35,275)
Unrealised (gain)/loss on foreign exchange	(6,725,067)	954,909
Operating profit before changes in working capital	<u>24,474,128</u>	<u>27,532,947</u>
Changes in working capital:-		
Net changes in current assets	(13,362,960)	(9,681,210)
Net changes in current liabilities	385,135	(8,751,289)
Cash flows from operations	<u>11,496,303</u>	<u>9,100,448</u>
Interest paid	(349,388)	(184,167)
Interest received	467,130	673,144
Taxes paid	(5,137,234)	(6,689,186)
Net cash flows from operating activities	<u>6,476,811</u>	<u>2,900,239</u>

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 9 months ended 30 September 2015 - unaudited**

	Cumulative Quarter 9 months ended 30 September	
	2015 RM	2014 RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Advance to associates	10,000	(10,000)
Interest received	1,108,587	997,918
Land held for property development	(1,723,086)	(3,733,399)
Net dividend received from available-for-sale investments	38,295	308,592
Placement of deposits pledged	-	(4,201)
Placement of deposits with maturity period more than 3 months	(363,154)	(10,436,450)
Proceeds from disposal of:		
- available-for-sale investments	5,843,422	15,666,887
- investment in a subsidiary	1,372,666	-
- investment property	-	980,000
- non-current assets classified as held for sale	4,149,616	2,106,571
- property, plant and equipment	1,392,150	1,751,050
Purchase of:		
- additional shares in subsidiary	(90,000)	(35,848)
- available-for-sale investments	(1,536,161)	(16,307,901)
- shares in associates	-	(35)
- property, plant and equipment	(5,854,104)	(4,440,242)
Withdrawal of deposits pledged to bank	137,566	-
Withdrawal of deposits with maturity period more than 3 months	11,727,704	14,609,653
Net cash flows from investing activities	<u>16,213,501</u>	<u>1,452,595</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,780,988)
Drawdown of term loan	1,420,741	2,539,000
Interest paid	(4,436,521)	(4,031,183)
Repayment of term loan	(4,926,785)	(5,173,003)
Repayment of hire purchase liabilities	(7,193,563)	(1,924,700)
Net cash flows used in financing activities	<u>(17,917,116)</u>	<u>(11,370,874)</u>
Net increase/(decrease) in cash and cash equivalents	4,773,196	(7,018,040)
Effects of exchange rate differences	3,095,684	(1,011,100)
Cash and cash equivalents at beginning of the period	64,403,720	63,362,824
Cash and cash equivalents at end of the period	<u><u>72,272,600</u></u>	<u><u>55,333,684</u></u>

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 9 months ended 30 September 2015 - unaudited**

	Cumulative Quarter 9 months ended 30 September	
	2015	2014
	RM	RM
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	16,922,759	10,437,533
Deposits with licensed banks	64,546,411	65,479,591
Deposits with licensed financial institution	482,367	-
Bank overdrafts	-	(4,945,221)
	<u>81,951,537</u>	<u>70,971,903</u>
Less:		
Deposit pledged for banking facilities	-	(137,566)
Deposits with maturity period more than 3 months	(9,678,937)	(15,500,653)
	<u><u>72,272,600</u></u>	<u><u>55,333,684</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 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 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 September 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 September		9 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
The following items have been included in arriving at profit from operating activities:				
Amortisation of land use right	-	1,179	1,324	3,564
Amortisation of quarry extraction exclusive right	22,314	11,122	66,944	301,990
Bad debts written off	-	-	13,155	-
Total depreciation	2,005,728	1,294,397	5,672,261	3,789,583
Depreciation capitalised under construction costs	(1,238,887)	(552,366)	(3,352,361)	(1,410,099)
Depreciation charged to profit from operating activities	766,841	742,031	2,319,900	2,379,484
Dividend income from available-for-sale investments	(9,253)	(164,285)	(38,295)	(308,592)
(Gain)/loss on disposal of :				
- available-for-sale investments	-	18,608	1,467	(9,901)
- investment in a subsidiary	-	-	(38,613)	-
- non-current assets classified as held for sale	-	53,429	(795,616)	(389,107)
- property, plant and equipment, net	(184,896)	(300,041)	(1,001,488)	(1,604,082)
(Gain)/loss on foreign exchange				
- realised	(141,753)	944	(162,021)	(469,986)
- unrealised	(5,162,954)	1,036,359	(6,725,067)	954,909
Investment in subsidiary strike off	20,186	-	20,186	-
Property, plant and equipment written off	-	23,814	8,110	24,358
(Write back of)/Provision for impairment loss on trade and other receivables	(5,198)	(8,400)	2,091,386	(349,521)
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.

Current Quarter 3 months ended 30 September 2015	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	5,120,775	29,358,551	17,091,914	12,552,017	1,803,184	65,926,441
Inter-segment sales	4,083,136	7,663,755	14,673	-	523,002	12,284,566
External sales	1,037,639	21,694,796	17,077,241	12,552,017	1,280,182	53,641,875
Results						
Segment results	3,315,021	2,461,427	3,972,745	2,203,167	536,426	12,488,786
Interest expense	(1,143,888)	(48,672)	(43,171)	(335,430)	(416)	(1,571,577)
Group's share of results of associates	489,506	-	-	-	-	489,506
Profit/(Loss) before taxation	2,660,639	2,412,755	3,929,574	1,867,737	536,010	11,406,715
Income tax expense	60,755	(87,053)	(1,002,112)	(557,731)	218	(1,585,923)
Profit for the period						<u>9,820,792</u>
Total Assets						
Segment assets	1,517,296	1,570,542	2,146,217	1,846,919	(399,245)	6,681,729
Interests in associates	10,040,375	-	-	-	-	10,040,375
Unallocated corporate assets						(549,841)
Total assets						<u>16,172,263</u>

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Current Quarter 3 months ended 30 September 2014	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	8,523,049	32,825,315	20,635,459	12,546,987	7,405,823	81,936,633
Inter-segment sales	7,882,802	10,051,375	110,319	-	4,210,300	22,254,796
External sales	640,247	22,773,940	20,525,140	12,546,987	3,195,523	59,681,837
Results						
Segment results	(873,222)	8,936,598	3,761,597	1,896,419	291,666	14,013,058
Interest expense	(1,137,743)	(14,156)	(9,071)	(287,826)	(496)	(1,449,292)
Group's share of result of associates	1,244,242	-	-	-	-	1,244,242
(Loss)/Profit before taxation	(766,723)	8,922,442	3,752,526	1,608,593	291,170	13,808,008
Income tax expense	31,577	(2,138,640)	(980,432)	(416,139)	(79,848)	(3,583,482)
Profit for the period						10,224,526
Total Assets						
Segment assets	(5,260,579)	(1,961,016)	681,259	9,574,928	1,933,454	4,968,046
Interests in associates	3,491,894	-	-	-	-	3,491,894
Unallocated corporate assets						2,575,815
Total assets						11,035,755

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 9 months ended 30 September 2015	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	13,701,711	90,309,692	46,923,111	52,038,119	13,369,261	216,341,894
Inter-segment sales	10,167,006	36,047,257	802,975	-	7,911,047	54,928,285
External sales	3,534,705	54,262,435	46,120,136	52,038,119	5,458,214	161,413,609
Results						
Segment results	6,572,343	4,755,381	8,310,240	7,032,451	(661,809)	26,008,606
Interest expense	(3,447,657)	(139,216)	(93,513)	(1,025,913)	(7,630)	(4,713,929)
Group's share of result of associates	(42,431)	-	-	-	-	(42,431)
Profit/(Loss) before taxation	3,082,255	4,616,165	8,216,727	6,006,538	(669,439)	21,252,246
Income tax expense	153,567	(472,412)	(2,101,628)	(1,727,200)	357	(4,147,316)
Profit for the period						17,104,930
Total Assets						
Segment assets	165,058,726	113,767,006	77,369,219	194,751,998	5,327,648	556,274,597
Interests in associates	78,239,336	-	-	-	-	78,239,336
Unallocated corporate assets						4,440,087
Total assets						638,954,020

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 9 months ended 30 September 2014	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	15,902,183	81,296,411	50,450,039	44,530,932	22,254,798	214,434,363
Inter-segment sales	13,993,305	30,600,932	784,505	-	15,646,825	61,025,567
External sales	1,908,878	50,695,479	49,665,534	44,530,932	6,607,973	153,408,796
Results						
Segment results	(1,338,435)	12,802,801	8,132,503	6,459,427	660,491	26,716,787
Interest expense	(3,339,032)	(72,490)	(21,779)	(770,668)	(943)	(4,204,912)
Group's share of result of associates	35,310	-	-	-	(35)	35,275
(Loss)/Profit before taxation	(4,642,157)	12,730,311	8,110,724	5,688,759	659,513	22,547,150
Income tax expense	202,584	(3,217,783)	(1,966,189)	(1,486,929)	(219,190)	(6,687,507)
Profit for the period						15,859,643
Total Assets						
Segment assets	153,519,810	85,243,593	73,929,397	188,987,364	12,641,776	514,321,940
Interests in associates	60,760,886	-	-	-	-	60,760,886
Unallocated corporate assets						20,008,052
Total assets						595,090,878

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.
- (iii) On 22 September 2015, Swenston Pte Ltd ("Swenston"), a 80.2% owned subsidiary has been struck off from the register. The costs of investment written off at the Company and the Group level were RM1,949 and RM20,186 respectively.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 30 September	
	2015	2014
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	203,389,633	172,392,653
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	893,411	1,803,016
	<u>204,283,044</u>	<u>174,195,669</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 2014.

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current Quarter		Cumulative Quarter	
	3 months ended		year-to-date	
	30 September		9 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Architect fees accrued to Arkitek				
Ding Poi Kooi	103,880	-	(51,940)	-
Commission paid to Arkitek				
Ding Poi Kooi	(1,000)	-	(1,000)	-
Hire of motor vehicles/machinery from				
Savan-DKLS Water Supply Co Ltd	13,500	13,484	127,632	36,724
Progress billings to:				
Ding Ju Shuen	69,640	-	383,020	-
Ding Zhe Lin	69,640	-	383,020	-
Purchase of consumables				
from DKLS Service Station	(18,352)	(24,166)	(61,098)	(72,619)
Rental of building paid to:				
Ding Poi Bor	(6,000)	(15,000)	(18,000)	(45,000)
Ipoh Tower Sdn Bhd	(13,200)	(16,200)	(39,600)	(48,600)
Rental of car park paid to				
Aplikasi Budimas Sdn Bhd	(2,400)	-	(5,300)	-
Rental income received from:				
Arkitek Ding Poi Kooi	-	-	-	2,250
Sale of materials to :				
Juta Mahsuri Sdn Bhd	-	(8)	-	64,578
Savan-DKLS Water Supply Co Ltd	944,765	235,400	3,518,579	449,300
Service charge by Ipoh Tower				
Sdn Bhd on rented premises	-	(988)	(1,221)	(2,963)
Supply of electricity by				
Ipoh Tower Sdn Bhd	(21,520)	(26,970)	(63,585)	(64,812)
Supply of labour to:				
DKLS Clearwater Sdn Bhd	-	-	128,134	131,731
Savan-DKLS Water Supply Co Ltd	-	-	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 September 2015
	RM
Approved and contracted for:	
Property, plant and equipment	<u>5,149,819</u>

A15. Operating lease commitments - as lessor

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

	As at 30 September 2015 RM
Not later than 1 year	6,348,209
Later than 1 year but not later than 5 years	7,666,458
	<u>14,014,667</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:

Statement of financial position

	As at 31 December 2014		
	As previously stated RM	Adjustment RM	As restated RM
<u>Statement of financial position</u>			
Non-current assets			
Investment in associates	5,487,000	58,615,626	64,102,626
Current assets			
Non-current assets classified as held for sale	60,779,341	(54,829,138)	5,950,203
Equity			
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 3Q15 vs 3Q14

The Group recorded revenue of RM53.642 million for the third quarter ended 30 September 2015 (3Q15), a decrease of RM6.040 million (or 10.1%), as compared to the revenue of RM59.682 million for the corresponding quarter ended 30 September 2014 (3Q14). The pre-tax profit for 3Q15 of RM11.407 million also decreased by RM2.402 million (or 17.4%) as compared to the pre-tax profit of RM13.808 million for 3Q14. The lower revenue and pre-tax profit of the Group can be analysed as below:-

3Q15 vs 3Q14

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	397	3,427
Construction	(1,079)	(6,510)
Manufacturing	(3,448)	177
Property development	5	259
Others	(1,915)	245
	<u>(6,040)</u>	<u>(2,402)</u>

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

The Group recorded revenue of RM161.414 million for the financial year to date ended 30 September 2015 (FY15), an increase of RM8.005 million (or 5.2%), as compared to the revenue of RM153.409 million for the corresponding financial year to date ended 30 September 2014 (FY14). Despite the increase in turnover, the pre-tax profit for FY15 of RM21.252 million decreased by RM1.295 million (or 5.7%) as compared to the pre-tax profit of RM22.547 million for FY14. The higher revenue and lower 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	1,626	7,724
Construction	3,567	(8,114)
Manufacturing	(3,545)	106
Property development	7,507	318
Others	(1,150)	(1,329)
	<u>8,005</u>	<u>(1,295)</u>

B1. Operating Segment Review (cont'd.)

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 investment property has been fully tenanted as compared to 38% of occupancy rate in the previous year corresponding period.

The investment segment register a pre-tax profit of RM3.082 million as compared to the pre-tax loss of RM4.642 million in the previous year corresponding period. Included in the pre-tax profit were the unrealised gain on foreign exchange of RM3.698 million (FY14 : unrealised loss on foreign exchange of RM0.943 million) and the gain arising from disposal of investment amounting to RM0.834 million (FY14 : Nil). If these were excluded from the pre-tax profit for FY15, the investment segment registered a lower pre-tax loss of RM1.45 million, an improvement from RM3.699 million for FY14.

Construction

For the current financial year to date under review, the construction segment recorded a lower pre-tax profit of RM4.616 million (FY14 : RM12.730 million) despite a higher turnover of RM90.310 million (FY14: RM81.296).

The construction segment's overall margin from its ongoing project continue to erode as a result of the increase in costs due to weakening of ringgit and also due to the effect of Goods and Service Tax ("GST"). This impact was partially off-set by the unrealised gain on foreign exchange of RM3.027 million (FY14 : RM2,626) recorded n the current financial year to date under review.

Manufacturing

For the current financial year to date under review, the manufacturing segment recorded a higher pre-tax profit of RM8.217 million (FY14 : RM8.111 million) despite a lower revenue of RM46.923 million (FY14 : RM50.450 million) mainly due to gain on disposal of property, plant and equipment amounting to RM0.618 million (FY14 : RM63,108).

The overall margin of manufacturing segment has increased slightly due to the lower raw material prices.

Property Development

For the current financial year to date, the property development segment recorded a pre-tax profit of RM6.007 million (FY14 : RM5.689 million) on the back of higher turnover of RM52.038 million (FY14 : RM44.531 million). The higher profit is mainly due to higher revenue however overall profit margin is slightly lower mainly due to the impact of GST on residential property.

Others

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

This segment still showed a pre-tax loss of RM0.669 million as compared to a pre-tax profit of RM0.660 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 3Q15 increased by 49.8% as compared to the revenue of RM107.772 million registered in the immediate preceding quarter (2Q15). With the higher revenue, the Group recorded higher pre-tax profit of RM21.252 million for 3Q15 as compared to the pre-tax profit of RM9.846 million for 2Q15. The improved pre-tax profit was also due to the unrealised gain on foreign exchange of RM5.163 million (2Q15 : RM0.910 million) and the gain arising from the disposal of property, plant and equipment of RM0.194 million (2Q15 : RMNil).

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 September		9 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,030,654	2,996,416	3,858,376	6,335,431
Foreign tax	-	-	-	1,374
(Over)/Under provision in prior year	(27,001)	692,293	(31,513)	692,189
	<u>1,003,653</u>	<u>3,688,709</u>	<u>3,826,863</u>	<u>7,028,994</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	510,872	640,848	304,609	361,316
Under/(Over) provision in prior years	71,398	(746,075)	15,844	(702,803)
	<u>582,270</u>	<u>(105,227)</u>	<u>320,453</u>	<u>(341,487)</u>
Income tax expense	<u>1,585,923</u>	<u>3,583,482</u>	<u>4,147,316</u>	<u>6,687,507</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 September		9 months ended	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before taxation	11,406,715	13,808,008	21,252,246	22,547,150
Taxation at applicable tax rates	2,851,679	3,452,002	5,313,062	5,636,788
Income not subject to tax	(2,609,732)	(1,938,679)	(5,017,599)	(3,890,035)
Expenses not deductible for tax purposes	1,320,784	1,920,761	3,519,491	4,417,183
Difference in tax rate of foreign subsidiaries	-	2,235	(23,028)	7,968
Different tax rate on opening balance of deferred taxation	65,585	-	38,105	-
Effect of changes in tax rate	(104,593)	-	(28,300)	-
Effect of reversal of real property gains tax	-	-	-	(7,000)
Deferred tax assets not recognised	17,803	200,945	361,254	533,217
(Over)/Under provision of current tax in prior years	(27,001)	692,293	(31,513)	692,189
Under/(Over) provision of deferred tax in prior years	71,398	(746,075)	15,844	(702,803)
Income tax expense	1,585,923	3,583,482	4,147,316	6,687,507

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

	As at 30 September	
	2015	2014
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	9,424,970	3,869,783
Term loans (secured)	5,497,004	11,614,003
Bank overdrafts (unsecured)	-	4,945,222
Revolving credits (unsecured)	1,800,000	1,800,000
Revolving credits (secured)	3,000,000	3,000,000
Bankers' acceptances (unsecured)	5,075,000	2,359,906
	<u>24,796,974</u>	<u>27,588,914</u>
Long term borrowings		
Hire purchase liabilities (secured)	6,177,047	3,371,266
Term loans (secured)	102,065,480	98,119,326
Non-cumulative redeemable preference shares (unsecured)	15,088,379	14,138,994
	<u>123,330,906</u>	<u>115,629,586</u>
Total borrowings	<u>148,127,880</u>	<u>143,218,500</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 September		Cumulative Quarter 9 months ended 30 September	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit attributable to owners of the Company	9,130,802	9,734,402	17,008,735	16,484,353
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	9.85	10.50	18.35	17.78

(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 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)

	Cumulative Quarter 9 months ended 30 September	
	2015	2014
	RM	RM
Total retained profits of the Group		
- Realised profits	293,035,245	280,564,968
- Unrealised losses	<u>(11,051,808)</u>	<u>(22,376,302)</u>
	<u>281,983,437</u>	<u>258,188,666</u>
Total share of accumulated losses from associated companies		
- Realised losses	(16,223,515)	(16,133,182)
- Unrealised losses	-	(91,681)
	<u>(16,223,515)</u>	<u>(16,224,863)</u>
Less: Consolidated adjustments	<u>(29,859,107)</u>	<u>(26,877,059)</u>
Retained profits as per statement of financial position	<u>235,900,815</u>	<u>215,086,744</u>

By Order of the Board

Cheai Weng Hoong
Company Secretary

Dated : 16 November 2015