

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 12 months ended 31 December 2015 - unaudited

	Note	Individual Quarter 3 months ended 31 December		Current financial year 12 months ended 31 December	
		2015	2014	2015	2014
		RM	RM	RM	RM Restated
Revenue		60,925,948	57,572,001	222,339,557	210,980,797
Interest income		1,340,943	1,123,334	2,946,605	3,408,613
Other income		(763,747)	2,691,056	10,101,600	7,248,697
Operating expenses		(45,838,585)	(44,244,410)	(175,515,297)	(159,504,463)
Changes in work-in-progress and finished goods		33,370	(928,817)	1,320,114	(20,833)
Employee benefit expenses		(2,658,369)	(3,231,786)	(13,103,440)	(12,950,969)
Administrative expenses		(2,178,005)	(3,263,161)	(11,218,978)	(12,726,838)
Profit from operating activities	A8	10,861,555	9,718,217	36,870,161	36,435,004
Interest expense		(2,885,871)	(3,865,313)	(7,599,800)	(8,070,225)
Share of profit of associates, net of tax		959,377	1,296,733	916,946	1,332,008
Profit before tax		8,935,061	7,149,637	30,187,307	29,696,787
Income tax expense		(757,933)	(2,013,576)	(4,905,249)	(8,701,083)
Profit for the year, net of tax		8,177,128	5,136,061	25,282,058	20,995,704
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		131	(530,199)	285,133	(352,526)
Gain/(loss) on fair value changes on available-for-sale investments		3,100	35,139	25,702	(46,432)
Share of other comprehensive income of associates		(3,614,469)	2,852,964	10,574,672	2,690,579
Other comprehensive income for the year, net of tax		(3,611,238)	2,357,904	10,885,507	2,291,621
Total comprehensive income for the year		4,565,890	7,493,965	36,167,565	23,287,325
Profit for the period attributable to:					
Owners of the Company		7,907,360	5,178,114	24,916,095	21,662,467
Non-controlling interests		269,768	(42,053)	365,963	(666,763)
Profit for the year		8,177,128	5,136,061	25,282,058	20,995,704
Total comprehensive income attributable to:					
Owners of the Company		5,782,895	6,788,089	31,915,377	23,069,459
Non-controlling interests		(1,217,005)	705,876	4,252,188	217,866
Total comprehensive income for the year		4,565,890	7,493,965	36,167,565	23,287,325
Basic/Diluted, earnings per ordinary share (sen)		8.53	5.59	26.88	23.37

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 31 December 2015 - unaudited

	31 December 2015 RM	31 December 2014 RM Restated
ASSETS		
Non-Current Assets		
Property, plant and equipment	76,845,323	60,059,559
Land held for property development	121,883,992	101,463,365
Investment properties	119,650,000	118,825,000
Investments in associates	75,584,243	5,487,000
Available-for-sale investments	34,694	37,607
Quarry extraction exclusive right	357,034	446,292
Trade and other receivables	10,775,702	7,622,992
Deferred tax assets	1,590,275	1,989,668
Total non-current assets	<u>406,721,263</u>	<u>295,931,483</u>
Current Assets		
Property development costs	32,720,659	55,813,367
Inventories	46,093,237	36,561,949
Trade and other receivables	71,003,201	54,479,884
Other current assets	1,934,952	12,177,957
Available-for-sale investments	15,909,838	5,619,120
Tax recoverable	2,303,066	1,145,845
Cash and cash equivalents	72,918,368	83,189,823
Total current assets	<u>242,883,321</u>	<u>248,987,945</u>
Non-current assets classified as held for sale	-	64,565,833
TOTAL ASSETS	<u>649,604,584</u>	<u>609,485,261</u>
EQUITY AND LIABILITIES		
Equity		
Share capital	92,699,600	92,699,600
Share premium	8,757,596	8,757,596
Retained profits	243,808,175	220,675,245
Reserves	13,351,471	6,205,221
Reserve of disposal group classified as held for sale	-	741,905
Total equity attributable to owners of the Company	<u>358,616,842</u>	<u>329,079,567</u>
Non-controlling interests	<u>12,314,557</u>	<u>10,124,367</u>
Total equity	<u>370,931,399</u>	<u>339,203,934</u>
Non-Current Liabilities		
Loans and borrowings	118,745,456	123,752,785
Deferred tax liabilities	6,991,704	8,260,782
Total non-current liabilities	<u>125,737,160</u>	<u>132,013,567</u>
Current Liabilities		
Loans and borrowings	27,128,027	21,693,732
Trade and other payables	103,412,953	91,185,024
Other current liabilities	21,169,540	23,459,804
Tax payable	1,225,505	1,712,018
	152,936,025	138,050,578
Liability of disposal group classified as held for sale	-	217,182
Total current liabilities	<u>152,936,025</u>	<u>138,267,760</u>
Total liabilities	<u>278,673,185</u>	<u>270,281,327</u>
TOTAL EQUITY AND LIABILITIES	<u>649,604,584</u>	<u>609,485,261</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.87</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 12 months ended 31 December 2015 - unaudited**

	Attributable to owners of the Company									
	Non distributable					Distributable				
	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	Retained profits RM	Total RM	Non- controlling Interests RM	Total Equity RM
			Restated				Restated	Restated	Restated	Restated
12 months ended 31 December 2015										
Balance at 1 January 2015	92,699,600	8,757,596	5,039,111	741,905	1,157,522	8,588	220,675,245	329,079,567	10,124,367	339,203,934
At 1 January 2015										
Total comprehensive income for the year	-	-	6,805,224	169,739	-	24,319	24,916,095	31,915,377	4,252,188	36,167,565
Transactions with owners:										
Changes in equity interests in a subsidiary	-	-	-	-	-	-	997,823	997,823	(1,087,823)	(90,000)
Disposal of a subsidiary	-	-	296,521	(911,644)	-	-	-	(615,123)	(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	-	20,186
	-	-	316,707	(911,644)	-	-	(1,783,165)	(2,378,102)	(2,061,998)	(4,440,100)
Balance at 31 December 2015	92,699,600	8,757,596	12,161,042	-	1,157,522	32,907	243,808,175	358,616,842	12,314,557	370,931,399
12 months ended 31 December 2014										
Balance at 1 January 2014	92,699,600	8,757,596	4,325,606	-	1,567,909	57,006	201,383,379	308,791,096	10,288,729	319,079,825
Total comprehensive income for the year	-	-	1,455,410	-	-	(48,418)	21,662,467	23,069,459	217,866	23,287,325
Transfer of revaluation surplus upon disposal of property, plant and equipment	-	-	-	-	(410,387)	-	410,387	-	-	-
Amount recognised directly in equity relating to disposal group classified as held for sale	-	-	(741,905)	741,905	-	-	-	-	-	-
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)
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	(346,380)	(346,380)
	-	-	-	-	-	-	(2,780,988)	(2,780,988)	(382,228)	(3,163,216)
Balance at 31 December 2014	92,699,600	8,757,596	5,039,111	741,905	1,157,522	8,588	220,675,245	329,079,567	10,124,367	339,203,934

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 12 months ended 31 December 2015 - unaudited**

	Current financial year 12 months ended 31 December	
	2015 RM	2014 RM Restated
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	30,187,307	29,696,787
Adjustments for :-		
Adjustment on early receipt of refundable deposit	-	(414,152)
Amortisation of land use rights	-	4,808
Amortisation of quarry extraction exclusive right	89,258	89,258
Bad debts written off	13,155	-
Depreciation	7,730,718	5,261,256
Dividend income from available-for-sale investments	(109,261)	(380,152)
Fair value adjustments of investment properties, net	(825,000)	(1,350,000)
(Gain)/Loss on disposal of:		
- available-for-sale investments	(7,850)	37,248
- investment in an associate	-	(35)
- investment in subsidiaries	-	11,779
- non-current assets classified as held for sale, net	(772,871)	(803,629)
- property, plant and equipment, net	(1,179,129)	(1,691,832)
Interest expense	8,661,235	8,958,646
Interest income	(2,946,605)	(3,408,613)
Inventories written off	-	6,545
Investment in subsidiary written off	20,185	-
Provision for/(write back of) impairment losses on:		
- property, plant and equipment	(87,951)	1,896,516
- trade and other receivables	2,133,036	(345,246)
Property, plant and equipment written off	12,236	28,371
Share of profits of associates	(916,946)	(1,332,008)
Unrealised (gain)/loss on foreign exchange	(5,059,031)	176,277
Operating profit before changes in working capital	36,942,486	36,441,824
Changes in working capital:-		
Net changes in current assets	(17,979,652)	(17,558,755)
Net changes in current liabilities	8,623,128	(437,256)
Cash flows from operations	27,585,962	18,445,813
Interest paid	(494,087)	(353,511)
Interest received	1,284,171	1,503,994
Taxes paid	(7,418,669)	(9,837,697)
Net cash flows from operating activities	20,957,377	9,758,599

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 12 months ended 31 December 2015 - unaudited**

	Current financial year 12 months ended 31 December	
	2015 RM	2014 RM Restated
CASH FLOWS FROM INVESTING ACTIVITIES		
Refund of advance from/(advance to) associates	10,000	(10,000)
Interest received	1,622,507	1,695,226
Land held for property development	(1,436,710)	(3,256,334)
Net dividend received from available-for-sale investments	109,261	380,152
Placement of deposits pledged	-	(4,201)
Placement of deposits with maturity period more than 3 months	(376,437)	(26,223,882)
Proceeds from disposal of:		
- available-for-sale investments	8,502,365	23,071,112
- investment in an associate	-	35
- investment in subsidiaries	-	607,622
- investment property	-	980,000
- non-current assets classified as held for sale	5,522,282	4,926,631
- property, plant and equipment	1,908,149	1,873,052
Purchase of:		
- additional shares in subsidiary	(90,000)	(35,848)
- available-for-sale investments	(18,756,618)	(17,779,460)
- shares in associates	-	(35)
- property, plant and equipment	(8,480,747)	(5,921,515)
Withdrawal of deposits pledged to bank	137,566	-
Withdrawal of deposits with maturity period more than 3 months	11,727,704	20,986,617
Net cash flows from investing activities	<u>399,322</u>	<u>1,289,172</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,780,988)
Dividend paid to non-controlling interests	-	(346,380)
Drawdown of term loan	3,246,417	6,777,700
Interest paid	(6,458,705)	(5,664,731)
Repayment of term loan	(8,727,943)	(8,076,505)
Repayment of hire purchase liabilities	(10,175,177)	(3,217,168)
Net cash flows used in financing activities	<u>(24,896,396)</u>	<u>(13,308,072)</u>
Net decrease in cash and cash equivalents	(3,539,697)	(2,260,301)
Effects of exchange rate differences	2,385,244	(732,074)
Cash and cash equivalents at beginning of the year	64,403,720	67,396,095
Cash and cash equivalents at end of the year	<u>63,249,267</u>	<u>64,403,720</u>

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 12 months ended 31 December 2015 - unaudited**

	Current financial year 12 months ended 31 December	
	2015 RM	2014 RM Restated
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	17,242,269	14,772,150
Deposits with licensed banks	55,676,099	58,874,949
Deposits with licensed financial institution	-	9,542,724
Cash and bank balances of disposal group classified as held for sale	-	2,364,839
Bank overdrafts	-	(109,004)
	<u>72,918,368</u>	<u>85,445,658</u>
Less:		
Deposit pledged for banking facilities	-	(137,566)
Deposits with maturity period more than 3 months	<u>(9,669,101)</u>	<u>(20,904,372)</u>
	<u>63,249,267</u>	<u>64,403,720</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 January 2015.

	Effective for annual periods beginning on or after
Description	
Amendments to FRS 119 : Defined Benefit Plans : Employee Contributions	1 July 2014
Annual Improvements to FRSs 2010-2012 Cycle	1 July 2014
Annual Improvements to FRSs 2011-2013 Cycle	1 July 2014
MFRS 15 : Revenue from Contracts with Customers*	1 January 2018

* early adopted by one of the subsidiaries, DKLS Premierhome Sdn Bhd since 1 January 2015

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.

A2. Significant Accounting Policies (cont'd.)

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

In light of the development and the revisions of the project timelines by International Accounting Standards Board, MASB 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.

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. Subsequently on 8 September 2015, MASB announced that all Transitioning Entities are required to apply the MFRS Framework for annual period beginning on or after 1 January 2018.

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 2018.

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 year ended 31 December 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 2018.

A3. Seasonal or Cyclical Factors

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

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

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

A5. Changes in Estimates

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

A6. Debt and Equity Securities

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

A7. Dividend Paid

The first and final single tier dividend of 3 sen per ordinary share in respect of the financial year ended 31 December 2014, which was approved at the Annual General Meeting held 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

	Curret Quarter		Current financial year	
	3 months ended		12 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM	RM	RM	RM
The following items have been included in arriving at profit from operating activities:				
Adjustment on early receipt of refundable deposit	-	(414,152)	-	(414,152)
Amortisation of land use right	-	1,244	-	4,808
Amortisation of quarry extraction exclusive right	22,314	(212,732)	89,258	89,258
Bad debts written off	-	-	13,155	-
Total depreciation	2,058,457	1,471,673	7,730,718	5,261,256
Depreciation capitalised under construction costs	(1,300,909)	(689,318)	(4,653,270)	(2,099,417)
Depreciation charged to profit from operating activities	757,548	782,355	3,077,448	3,161,839
Dividend income from available-for-sale investments	(70,966)	(71,560)	(109,261)	(380,152)
Fair value adjustments of investment properties, net	(825,000)	(1,350,000)	(825,000)	(1,350,000)
(Gain)/loss on disposal of :				
- available-for-sale investments	(9,317)	47,149	(7,850)	37,248
- investment in associate	-	(35)	-	(35)
- investment in subsidiaries	38,613	11,779	-	11,779
- non-current assets classified as held for sale	22,745	(414,522)	(772,871)	(803,629)
- property, plant and equipment, net	(177,641)	(87,750)	(1,179,129)	(1,691,832)
(Gain)/loss on foreign exchange				
- realised	(322,592)	16,871	(484,613)	(453,115)
- unrealised	1,666,036	(778,632)	(5,059,031)	176,277
Inventories written off	-	6,545	-	6,545
Investment in subsidiary written off	-	-	20,185	-
Property, plant and equipment written off	4,126	4,013	12,236	28,371
Provision for/(Write back of) impairment loss on:				
- property, plant and equipment	(87,951)	1,896,516	(87,951)	1,896,516
- trade and other receivables, net	41,650	4,275	2,133,036	(345,246)
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 31 December 2015	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	3,282,315	34,548,831	22,746,074	8,774,101	954,123	70,305,444
Inter-segment sales	1,583,136	7,185,211	91,969	-	519,180	9,379,496
External sales	1,699,179	27,363,620	22,654,105	8,774,101	434,943	60,925,948
Results						
Segment results	1,224,953	1,667,132	4,855,234	2,735,213	379,023	10,861,555
Interest expense	(1,153,362)	(792,816)	(43,167)	(895,928)	(598)	(2,885,871)
Group's share of results of associates	959,377	-	-	-	-	959,377
(Loss)/Profit before taxation	1,030,968	874,316	4,812,067	1,839,285	378,425	8,935,061
Income tax expense	703,333	(383,237)	(1,123,233)	44,582	622	(757,933)
Profit for the period						<u>8,177,128</u>
Total Assets						
Segment assets	(1,704,852)	7,391,658	(1,865,480)	(6,457,903)	544,448	(2,092,129)
Interests in associates	(2,655,093)	-	-	-	-	(2,655,093)
Unallocated corporate assets						15,397,786
Total assets						<u>10,650,564</u>

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Current Quarter 3 months ended 31 December 2014	Investment RM Restated	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM Restated
Revenue						
Total revenue	3,065,706	33,125,922	28,652,774	11,171,998	8,620,081	84,636,481
Inter-segment sales	2,268,794	17,775,709	326,994	-	6,692,983	27,064,480
External sales	796,912	15,350,213	28,325,780	11,171,998	1,927,098	57,572,001
Results						
Segment results	1,571,631	3,725,741	4,488,190	1,454,107	(1,521,452)	9,718,217
Interest expense	(1,185,086)	(2,096,635)	(23,666)	(553,373)	(6,553)	(3,865,313)
Group's share of result of associates	1,296,733	-	-	-	-	1,296,733
Profit/(Loss) before taxation	1,683,278	1,629,106	4,464,524	900,734	(1,528,005)	7,149,637
Income tax expense	335,384	(846,839)	(1,123,746)	(265,023)	(113,352)	(2,013,576)
Profit for the period						5,136,061
Total Assets						
Segment assets	3,738,912	17,551,073	3,391,674	(3,364,081)	(4,999,329)	16,318,249
Interests in associates	(55,273,886)	-	-	-	-	(55,273,886)
Unallocated corporate assets						53,350,020
Total assets						14,394,383

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 12 months ended 31 December 2015	Investment RM	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM
Revenue						
Total revenue	16,984,026	124,858,523	69,669,185	60,812,220	14,323,384	286,647,338
Inter-segment sales	11,750,142	43,232,468	894,944	-	8,430,227	64,307,781
External sales	5,233,884	81,626,055	68,774,241	60,812,220	5,893,157	222,339,557
Results						
Segment results	7,797,296	6,422,513	13,165,474	9,767,664	(282,786)	36,870,161
Interest expense	(4,601,019)	(932,032)	(136,680)	(1,921,841)	(8,228)	(7,599,800)
Group's share of result of associates	916,946	-	-	-	-	916,946
Profit/(Loss) before taxation	4,113,223	5,490,481	13,028,794	7,845,823	(291,014)	30,187,307
Income tax expense	856,900	(855,649)	(3,224,861)	(1,682,618)	979	(4,905,249)
Profit for the year						25,282,058
Total Assets						
Segment assets	163,353,874	121,158,664	75,503,739	188,294,095	5,872,096	554,182,468
Interests in associates	75,584,243					75,584,243
Unallocated corporate assets						19,837,873
Total assets						649,604,584

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Cumulative Quarter 12 months ended 31 December 2014	Investment RM Restated	Construction RM	Manufacturing RM	Property development RM	Others RM	Total RM Restated
Revenue						
Total revenue	18,967,889	114,422,333	79,102,813	55,702,930	30,874,879	299,070,844
Inter-segment sales	16,262,099	48,376,641	1,111,499	-	22,339,808	88,090,047
External sales	2,705,790	66,045,692	77,991,314	55,702,930	8,535,071	210,980,797
Results						
Segment results	233,196	16,528,542	12,620,693	7,913,534	(860,961)	36,435,004
Interest expense	(4,524,118)	(2,169,125)	(45,445)	(1,324,041)	(7,496)	(8,070,225)
Group's share of result of associates	1,332,043	-	-	-	(35)	1,332,008
(Loss)/Profit before taxation	(2,958,879)	14,359,417	12,575,248	6,589,493	(868,492)	29,696,787
Income tax expense	537,968	(4,064,622)	(3,089,935)	(1,751,952)	(332,542)	(8,701,083)
Profit for the year						20,995,704
Total Assets						
Segment assets	157,258,722	102,794,666	77,321,071	185,623,283	7,642,447	530,640,189
Interests in associates	5,487,000	-	-	-	-	5,487,000
Unallocated corporate assets						73,358,072
Total assets						609,485,261

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

- (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 resulted in a loss on disposal of RM22,745 and RMNil to the Group and the Company respectively.
- (iii) On 22 September 2015, Swenston Pte Ltd ("Swenston"), a 80.2% owned subsidiary was struck off from the register with Accounting And Corporate Regulatory Authority in Singapore. The cost of investment in Swenston written off at the Group and the Company level were RM20,186 and RM1,949 respectively.
- (iv) On 26 November 2015, the Company disposed of its entire equity interest in DKLS Management Sdn Bhd ("DMGTSB") for a total cash consideration of RM230,872. Upon completion of the disposal, DMGTSB ceased to be a subsidiary of the Company. The disposal has resulted in a gain on disposal of RMNil and RM872 to the Group and the Company respectively.

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 31 December	
	2015	2014
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	200,376,244	192,717,172
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,559,310	2,132,585
Corporate guarantee given to third parties for payment of balance purchase price in connection with land acquisition by one of the subsidiaries	5,040,000	5,040,000
	206,975,554	199,889,757

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 31 December		Current financial year 12 months ended 31 December	
	2015	2014	2015	2014
	RM	RM	RM	RM
Architect fees accrued/paid to				
Arkitek Ding Poi Kooi	-	(444,006)	(51,940)	(444,006)
Commission paid to Arkitek				
Ding Poi Kooi	-	(9,800)	(1,000)	(9,800)
Hire of motor vehicles/machinery from				
Savan-DKLS Water Supply Co Ltd	33,093	29,218	160,725	65,942
Progress billings to:				
Ding Ju Shuen	104,460	-	487,480	-
Ding Zhe Lin	104,460	-	487,480	-
Ding Zhe Xin	-	227,500	-	227,500
Purchase of consumables				
from DKLS Service Station	(20,774)	(30,252)	(81,872)	(102,871)
Purchase of property, plant and				
equipment from:				
Ding Poi Bor	(2,070,000)	-	(2,070,000)	-
Ipoh Tower Sdn Bhd	(1,850)	-	(1,850)	-
Purchase of materials from				
Isyoda (M) Sdn Bhd	-	(161,632)	-	(161,632)
Rental of building paid to:				
Ding Poi Bor	(15,000)	(15,000)	(60,000)	(60,000)
Ipoh Tower Sdn Bhd	(13,200)	(14,200)	(52,800)	(62,800)
Rental of car park paid to				
Aplikasi Budimas Sdn Bhd	(10,550)	-	(15,850)	-
Rental income received from:				
Arkitek Ding Poi Kooi	-	-	-	2,250
Sale of materials to :				
Juta Mahsuri Sdn Bhd	-	-	-	64,578
Savan-DKLS Water Supply Co Ltd	29,808	1,315	3,548,387	450,615
Sale of property, plant and				
equipment to Isyoda (M) Sdn Bhd	84,800	-	84,800	-
Service charge by Ipoh Tower				
Sdn Bhd on rented premises	-	(845)	(1,221)	(3,808)
Supply of electricity by				
Ipoh Tower Sdn Bhd	(19,589)	(20,162)	(83,174)	(84,974)
Supply of labour to:				
DKLS Clearwater Sdn Bhd	-	164,197	128,134	295,928
Savan-DKLS Water Supply Co Ltd	675	-	1,037	-

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 employment.

A14. Capital Commitments

As at
31 December 2015
RM

Approved and contracted for:
Property, plant and equipment 3,510,448

Approved but not contracted for:
Property, plant and equipment 45,607

A15. Operating lease commitments - as lessor

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

As at
31 December 2015
RM

Not later than 1 year 6,177,937
Later than 1 year but not later than 5 years 5,848,506
12,026,443

A16. Comparative figures

Certain comparative figures have been restated to conform with current financial year's 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 ("Yong Yu"), the Company has reassessed the investment in the associate and has decided to hold on to the said investment on a long term basis.

The investment in Yong Yu, previously classified as held for sale no longer meets the criteria to be so classified. Hence, the investment has been accounted for using the equity method retrospectively as from the date of its classification as held for sale and the comparative figures have been amended accordingly in accordance with FRS 128: Investments in Associates and Joint Venture.

	As at 31 December 2014		
	As previously stated RM	Adjustments RM	As restated RM
<u>Effect on statements of comprehensive income for the financial year ended</u>			
Share of (loss)/profit of associates	(19,661)	1,351,669	1,332,008
Profit for the year, net of tax	19,644,035	1,351,669	20,995,704
Other comprehensive income, net of tax:			
Share of other comprehensive income of associates	255,756	2,434,823	2,690,579
Total comprehensive income for the year	<u>19,500,833</u>	<u>3,786,492</u>	<u>23,287,325</u>
Profit attributable to:			
Owners of the Company	20,973,116	689,351	21,662,467
Non-controlling interests	<u>(1,329,081)</u>	<u>662,318</u>	<u>(666,763)</u>
Total comprehensive income attributable to:			
Owners of the Company	21,138,348	1,931,111	23,069,459
Non-controlling interests	<u>(1,637,515)</u>	<u>1,855,381</u>	<u>217,866</u>
<u>Effect on statements of financial position</u>			
Non-current assets classified as held for sale	<u>60,779,341</u>	<u>1,931,109</u>	<u>62,710,450</u>
Retained profits	219,985,894	689,351	220,675,245
Reserves	4,963,461	1,241,758	6,205,219
Non-controlling interests	<u>8,268,986</u>	<u>1,855,381</u>	<u>10,124,367</u>

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 4Q15 vs 4Q14

The Group recorded revenue of RM60.926 million for the fourth quarter ended 31 December 2015 (4Q15), an increase of RM3.354 million (or 5.8%), as compared to the revenue of RM57.572 million for the corresponding quarter ended 31 December 2014 (4Q14). The pre-tax profit for 4Q15 of RM8.935 million has increased by RM1.785 million (or 25%) as compared to the pre-tax profit of RM7.150 million for 4Q14. The higher revenue and pre-tax profit of the Group can be analysed as below:-

4Q15 vs 4Q14

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	902	(652)
Construction	12,014	(755)
Manufacturing	(5,672)	348
Property development	(2,398)	938
Others	(1,492)	1,906
	<u>3,354</u>	<u>1,785</u>

For the current 4Q15 under review, the Group recorded a higher turnover with a higher pre-tax profit as compared to the corresponding 4Q14. The higher pre-tax profit was partly due to the share of profit from associates of RM0.959 million instead of share of losses from associates of RM0.055 million in the corresponding 4Q14 and a write back of impairment loss on property, plant and equipment of RM0.09 million versus a provision on impairment loss of RM1.897 million in the corresponding 4Q14.

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

The Group recorded revenue of RM222.340 million for the current financial year ended 31 December 2015 (FY15), representing an increase of RM11.359 million (or 5.4%), as compared to the revenue of RM210.981 million for the corresponding financial year ended 31 December 2014 (FY14). The pre-tax profit for FY15 of RM30.187 million has increased by RM0.490 million (or 1.6%) as compared to the pre-tax profit of RM29.697 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	2,528	7,072
Construction	15,581	(8,869)
Manufacturing	(9,217)	454
Property development	5,109	1,256
Others	(2,642)	577
	<u>11,359</u>	<u>490</u>

B1. Operating Segment Review (cont'd.)

Investment

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

The investment segment continues to record a higher revenue for the current financial year as the investment property has been progressively tenanted and was fully tenanted in the immediate preceding quarter. In this quarter, revenue generated from 100% occupied floors was recognised as compared to 39% recognition of revenue in the previous year corresponding quarter.

The investment segment registered a pre-tax profit of RM4.113 million as compared to the pre-tax loss of RM2.959 million in the previous financial year. Included in the pre-tax profit were the unrealised gain on foreign exchange of RM3.114 million (FY14 : unrealised loss on foreign exchange of RM0.809 million). If these were excluded from the pre-tax profit/loss, the investment segment registered a pre-tax profit of RM0.999 million as a result of higher revenue achieved.

Construction

For the current financial year under review, the construction segment recorded a lower pre-tax profit of RM5.490 million (FY14 : RM14.359 million) despite a higher turnover of RM81.626 million (FY14: RM66.046 million).

Included in the previous financial year's result were the closing of certain projects which yielded slightly higher margin as compared to the current ongoing projects. The overall profit margin from its ongoing projects 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 RM1.944 million (FY14 : RM0.632 million) recorded in the current financial year under review.

Manufacturing

For the current financial year, the manufacturing segment recorded a higher pre-tax profit of RM13.029 million (FY14 : RM12.575 million) on the back of lower revenue of RM68.774 million (FY14 : RM77.991 million). Included in the current financial year's result was gain on disposal of property, plant and equipment amounting to RM0.618 million (FY14 : RM0.063 million). The higher profit achieved on a year to year basis was also due to lower raw material prices as a result of continue drop in petroleum products.

Property Development

For the current financial year, the property development segment recorded a pre-tax profit of RM7.846 million (FY14 : RM6.589 million) on the back of a higher turnover of RM60.812 million (FY14 : RM55.703 million). The higher profit is mainly due to higher revenue achieved for the current financial year.

Others

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

This segment showed an improvement of a pre-tax loss of RM0.291 million as compared to a pre-tax loss of RM0.868 million for the previous financial year.

B2. Variance of Results Against Preceding Quarter

The revenue for 4Q15 of RM60.93 has increased by 13.59% as compared to the revenue of RM53.64 million registered in the immediate preceding quarter (3Q15). With the higher revenue, the Group recorded a lower pre-tax profit of RM8.935 million for 4Q15 as compared to the pre-tax profit of RM11.407 million for 3Q15. The substantial fluctuation in the pre-tax profit on a quarter to quarter was mainly due to the unrealised gain on foreign exchange of RM5.163 million recognised in 3Q15 versus unrealised loss of RM1.666 million recognised in 4Q15.

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, the impact of GST and the accerelating operating costs, the directors expect the profitability growth for the Group for year 2016 to be modest.

B4. Income tax expense

	Current Quarter 3 months ended 31 December		Current financial year 12 months ended 31 December	
	2015	2014	2015	2014
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,948,071	2,799,972	5,806,447	9,135,402
Foreign tax	-	67	-	1,441
Under/(Over) provision in prior year	-	-	(31,513)	692,190
	<u>1,948,071</u>	<u>2,800,039</u>	<u>5,774,934</u>	<u>9,829,033</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	(6,657)	(796,931)	288,147	(435,615)
Relating to reduction in Malaysian deferred tax rate (Over)/Under provision in prior years	(888,739)	-	(878,934)	-
	<u>(294,742)</u>	<u>10,468</u>	<u>(278,898)</u>	<u>(692,335)</u>
	<u>(1,190,138)</u>	<u>(786,463)</u>	<u>(869,685)</u>	<u>(1,127,950)</u>
Income tax expense	<u>757,933</u>	<u>2,013,576</u>	<u>4,905,249</u>	<u>8,701,083</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 3 months ended 31 December		Current financial year 12 months ended 31 December	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit before taxation	8,935,061	7,149,637	30,187,307	29,696,787
Taxation at applicable tax rates	2,233,765	1,787,409	7,546,827	7,424,197
Income not subject to tax	(671,197)	(2,106,461)	(5,688,796)	(5,996,496)
Expenses not deductible for tax purposes	416,972	2,161,569	3,936,463	6,578,751
Difference in tax rate of foreign subsidiaries	23,028	(122,109)	-	(114,141)
Effect of changes in tax rate	(888,739)	-	(878,934)	-
Effect of partial tax exemption and tax relief	-	6,307	-	(693)
Deferred tax assets not recognised	(102,404)	230,403	258,850	763,620
Deferred tax on fair value adjustment	41,250	67,814	41,250	67,814
Utilisation of previously unrecognised deferred tax assets	-	(21,824)	-	(21,824)
Under/(Over) provision of current tax in prior years	-	-	(31,513)	692,190
(Over)/Under provision of deferred tax in prior years	(294,742)	10,468	(278,898)	(692,335)
Income tax expense	757,933	2,013,576	4,905,249	8,701,083

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 31 December	
	2015	2014
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	10,528,513	5,751,247
Term loans (secured)	5,356,004	5,564,004
Bank overdrafts (unsecured)	-	109,004
Revolving credits (unsecured)	1,800,000	1,800,000
Revolving credits (secured)	3,000,000	3,000,000
Bankers' acceptances (unsecured)	6,443,510	5,469,477
	<u>27,128,027</u>	<u>21,693,732</u>
Long term borrowings		
Hire purchase liabilities (secured)	3,184,930	3,883,333
Term loans (secured)	100,230,998	105,504,524
Non-cumulative redeemable preference shares (unsecured)	15,329,528	14,364,928
	<u>118,745,456</u>	<u>123,752,785</u>
Total borrowings	<u>145,873,483</u>	<u>145,446,517</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 (2014 : 3.00 sen) per share.
- (b) (i) Amount per share : 3.00 sen per share.
(ii) Previous financial year : 3.00 sen per share.
(iii) Total dividend for the current financial year : 3.00 sen (2014 : 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		Current financial year	
	3 months ended		12 months ended	
	31 December		31 December	
	2015	2014	2015	2014
	RM	RM	RM	RM
Profit attributable to owners of the Company	7,907,360	5,178,114	24,916,095	21,662,467
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	8.53	5.59	26.88	23.37

(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)

	Current financial year 12 months ended 31 December	
	2015	2014
	RM	RM
		Restated
Total retained profits of the Group		
- Realised profits	300,277,549	283,964,945
- Unrealised losses	(10,798,718)	(19,251,619)
	<u>289,478,831</u>	<u>264,713,326</u>
Total share of accumulated losses from associated companies		
- Realised losses	(15,940,835)	(14,915,828)
- Unrealised losses	-	-
	<u>(15,940,835)</u>	<u>(14,915,828)</u>
Less: Consolidated adjustments	<u>(29,729,821)</u>	<u>(29,122,253)</u>
Retained profits as per statement of financial position	<u>243,808,175</u>	<u>220,675,245</u>

By Order of the Board

Cheai Weng Hoong
Company Secretary

Dated : 25 February 2016