

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

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income  
For the quarter and 9 months ended 30 September 2016 - unaudited**

	Note	Individual Quarter 3 months ended 30 September		Cumulative Quarter 9 months ended 30 September	
		2016	2015	2016	2015
		RM	RM	RM	RM
Revenue		72,883,652	53,641,875	181,637,590	161,413,609
Interest income		314,171	624,248	1,220,109	1,605,662
Other income		2,139,317	5,828,256	5,025,052	10,865,347
Operating expenses		(59,485,562)	(43,667,209)	(146,315,786)	(129,676,712)
Changes in work-in-progress and finished goods		227,739	498,295	1,284,443	1,286,744
Employee benefit expenses		(2,636,554)	(2,575,468)	(10,115,214)	(10,445,071)
Administrative expenses		(3,060,509)	(1,861,211)	(10,526,378)	(9,040,973)
<b>Profit from operating activities</b>	<b>A8</b>	<b>10,382,254</b>	<b>12,488,786</b>	<b>22,209,816</b>	<b>26,008,606</b>
Interest expense		(1,603,932)	(1,571,577)	(4,952,990)	(4,713,929)
Share of profit/(loss) of associates, net of tax		1,833,663	489,506	792,632	(42,431)
<b>Profit before tax</b>		<b>10,611,985</b>	<b>11,406,715</b>	<b>18,049,458</b>	<b>21,252,246</b>
Income tax expense		(1,987,614)	(1,585,923)	(4,361,673)	(4,147,316)
<b>Profit for the period, net of tax</b>		<b>8,624,371</b>	<b>9,820,792</b>	<b>13,687,785</b>	<b>17,104,930</b>
<b>Other comprehensive income, net of tax</b>					
Foreign currency translation differences for foreign operations		184,940	1,720	(219,244)	285,002
Gain on fair value changes on available-for-sale investments		12,526	156	16,068	22,602
Share of other comprehensive income of associates		1,509,691	9,550,869	(3,315,146)	14,189,141
<b>Other comprehensive income for the period, net of tax</b>		<b>1,707,157</b>	<b>9,552,745</b>	<b>(3,518,322)</b>	<b>14,496,745</b>
<b>Total comprehensive income for the period</b>		<b>10,331,528</b>	<b>19,373,537</b>	<b>10,169,463</b>	<b>31,601,675</b>
<b>Profit for the period attributable to:</b>					
Owners of the Company		7,849,094	9,130,802	14,465,807	17,008,735
Non-controlling interests		775,277	689,990	(778,022)	96,195
<b>Profit for the period</b>		<b>8,624,371</b>	<b>9,820,792</b>	<b>13,687,785</b>	<b>17,104,930</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		8,936,238	15,215,529	12,432,958	26,132,482
Non-controlling interests		1,395,290	4,158,008	(2,263,495)	5,469,193
<b>Total comprehensive income for the period</b>		<b>10,331,528</b>	<b>19,373,537</b>	<b>10,169,463</b>	<b>31,601,675</b>
Basic/Diluted, earnings per ordinary share (sen)		8.47	9.85	15.61	18.35

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements.

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

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Financial Position  
As at 30 September 2016 - unaudited**

	30 September 2016 RM	31 December 2015 RM Restated
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	78,984,800	76,845,323
Land held for property development	125,207,251	123,647,688
Investment properties	119,650,000	119,650,000
Investments in associates	64,251,859	73,570,955
Available-for-sale investments	43,952	34,694
Quarry extraction exclusive right	290,089	357,034
Trade and other receivables	10,807,744	10,775,702
Deferred tax assets	1,812,698	1,590,275
<b>Total non-current assets</b>	<u>401,048,393</u>	<u>406,471,671</u>
<b>Current Assets</b>		
Property development costs	23,352,815	30,956,963
Inventories	53,319,162	46,093,237
Trade and other receivables	69,225,213	71,003,201
Other current assets	11,929,698	1,934,952
Available-for-sale investments	14,291,991	15,909,838
Tax recoverable	2,566,834	2,303,066
Cash and cash equivalents	60,405,219	72,918,368
<b>Total current assets</b>	<u>235,090,932</u>	<u>241,119,625</u>
<b>TOTAL ASSETS</b>	<u>636,139,325</u>	<u>647,591,296</u>
<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	254,466,217	242,781,398
Reserves	11,318,622	13,351,471
<b>Total equity attributable to owners of the Company</b>	<u>367,242,035</u>	<u>357,590,065</u>
<b>Non-controlling interests</b>	<u>9,064,551</u>	<u>11,328,046</u>
<b>Total equity</b>	<u>376,306,586</u>	<u>368,918,111</u>
<b>Non-Current Liabilities</b>		
Loans and borrowings	102,417,993	118,745,456
Deferred tax liabilities	6,965,214	6,991,704
<b>Total non-current liabilities</b>	<u>109,383,207</u>	<u>125,737,160</u>
<b>Current Liabilities</b>		
Loans and borrowings	17,938,800	27,128,027
Trade and other payables	99,915,569	103,412,953
Other current liabilities	31,856,817	21,169,540
Tax payable	738,346	1,225,505
<b>Total current liabilities</b>	<u>150,449,532</u>	<u>152,936,025</u>
<b>Total liabilities</b>	<u>259,832,739</u>	<u>278,673,185</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>636,139,325</u>	<u>647,591,296</u>
Net assets per share attributable to owners of the Company (RM)	<u>3.96</u>	<u>3.86</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2015 and the accompanying notes attached to the Interim Financial Statements.*

**Condensed Consolidated Statement of Changes in Equity  
For 9 months ended 30 September 2016 - unaudited**

	Attributable to owners of the Company									
	Non distributable			Distributable				Non-controlling Interests		
	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	RM	RM
<b>9 months ended 30 September 2016</b>										
Balance at 1 January 2016	92,699,600	8,757,596	12,161,042	-	1,157,522	32,907	242,781,398	357,590,065	11,328,046	368,918,111
Total comprehensive income for the period	-	-	(2,046,457)	-	-	13,608	14,465,807	12,432,958	(2,263,495)	10,169,463
Transactions with owners: Dividend on ordinary shares	-	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)
<b>Balance at 30 September 2016</b>	<b>92,699,600</b>	<b>8,757,596</b>	<b>10,114,585</b>	<b>-</b>	<b>1,157,522</b>	<b>46,515</b>	<b>254,466,217</b>	<b>367,242,035</b>	<b>9,064,551</b>	<b>376,306,586</b>
<b>9 months ended 30 September 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	327,148,456	8,268,986	335,417,442
Adjustment arising from reclassification of non-current assets classified as held for sale	-	-	1,241,758	-	-	-	689,351	1,931,109	1,855,379	3,786,488
Restated	92,699,600	8,757,596	5,039,109	741,905	1,157,522	8,588	220,675,245	329,079,565	10,124,365	339,203,930
Total comprehensive income for the period	-	-	8,932,797	169,739	-	21,211	17,008,735	26,132,482	5,469,193	31,601,675
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
<b>Balance at 30 September 2015</b>	<b>92,699,600</b>	<b>8,757,596</b>	<b>14,288,613</b>	<b>-</b>	<b>1,157,522</b>	<b>29,799</b>	<b>235,900,815</b>	<b>352,833,945</b>	<b>13,531,560</b>	<b>366,365,505</b>

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2015 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 2016 - unaudited**

	<b>Cumulative Quarter 9 months ended 30 September</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation :	18,049,458	21,252,246
Adjustments for :-		
Amortisation of land use rights	-	1,324
Amortisation of quarry extraction exclusive right	66,945	66,944
Bad debts written off	366	13,155
Depreciation	6,756,320	5,672,261
Dividend income from available-for-sale investments	(431,702)	(38,295)
(Gain)/Loss on disposal of available-for-sale investments	(32,395)	1,467
Gain on disposal of investment in a subsidiary	-	(38,613)
Gain on disposal of non-current assets classified as held for sale	-	(795,616)
Gain on disposal of property, plant and equipment, net	(428,466)	(1,001,488)
Interest expense	5,319,083	5,509,359
Interest income	(1,220,109)	(1,605,662)
Investment in subsidiary strike off	-	20,186
Provision for impairment loss on:		
- property, plant and equipment	3,480	-
- trade and other receivables	-	2,091,386
Property, plant and equipment written off	51,165	8,110
Share of (gain)/loss of associates	(792,632)	42,431
Unrealised loss/(gain) on foreign exchange	169,375	(6,725,067)
Operating profit before changes in working capital	<u>27,510,888</u>	<u>24,474,128</u>
Changes in working capital:-		
Net changes in current assets	(7,866,345)	(13,362,960)
Net changes in current liabilities	3,607,736	385,135
Cash flows from operations	<u>23,252,279</u>	<u>11,496,303</u>
Interest paid	(263,882)	(349,388)
Interest received	570,261	467,130
Taxes paid	(5,361,509)	(5,137,234)
Net cash flows from operating activities	<u>18,197,149</u>	<u>6,476,811</u>

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

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 9 months ended 30 September 2016 - unaudited**

	<b>Cumulative Quarter 9 months ended 30 September</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Advance to associates	6,577,239	10,000
Interest received	617,805	1,108,587
Land held for property development	(1,559,563)	(1,723,086)
Net dividend received from available-for-sale investments	439,287	38,295
Placement of deposits with maturity period more than 3 months	(8,907,889)	(363,154)
Proceeds from disposal of:		
- available-for-sale investments	31,776,274	5,843,422
- investment in a subsidiary	-	1,372,666
- non-current assets classified as held for sale	-	4,149,616
- property, plant and equipment	455,321	1,392,150
Purchase of:		
- additional shares in subsidiary	-	(90,000)
- available-for-sale investments	(30,119,222)	(1,536,161)
- property, plant and equipment	(4,779,976)	(5,854,104)
Withdrawal of deposits pledged to bank	-	137,566
Withdrawal of deposits with maturity period more than 3 months	9,033,271	11,727,704
Net cash flows from investing activities	<u>3,532,547</u>	<u>16,213,501</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(2,780,988)	(2,780,988)
Drawdown of term loan	-	1,420,741
Interest paid	(4,283,014)	(4,436,521)
Repayment of term loan	(17,920,342)	(4,926,785)
Repayment of hire purchase liabilities	(8,983,695)	(7,193,563)
Net cash flows used in financing activities	<u>(33,968,039)</u>	<u>(17,917,116)</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(12,238,343)</b>	<b>4,773,196</b>
<b>Effects of exchange rate differences</b>	<b>156,397</b>	<b>3,095,684</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>63,249,267</b>	<b>64,403,720</b>
<b>Cash and cash equivalents at end of the period</b>	<b><u>51,167,321</u></b>	<b><u>72,272,600</u></b>

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

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Cash Flows (cont'd.)  
For the 9 months ended 30 September 2016 - unaudited**

	<b>Cumulative Quarter 9 months ended 30 September</b>	
	<b>2016 RM</b>	<b>2015 RM</b>
Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:		
Cash and bank balances	30,548,185	16,922,759
Deposits with licensed banks	29,857,034	64,546,411
Deposits with licensed financial institution	-	482,367
	<u>60,405,219</u>	<u>81,951,537</u>
Less:		
Deposits with maturity period more than 3 months	<u>(9,237,898)</u>	<u>(9,678,937)</u>
	<u>51,167,321</u>	<u>72,272,600</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2015 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 2015. 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 2015.

**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 2015 except as follows:

On 1 January 2016, the Group adopted the following applicable amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

Annual Improvements to FRSs 2012-2014 Cycle

Amendments to FRS 10, FRS 12 and FRS 128 : Investment Entities : Applying the Consolidation Exception

Amendments to FRS 101 : Disclosure Initiatives

Amendments to FRS 116 and FRS 138 : Clarification of Acceptable Methods of Depreciation and Amortisation

Amendments to FRS 127 : Consolidated and Separate Financial Statements : Equity Method in Separate Financial Statements

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 require to apply the MFRS Framework for annual period beginning on or after 1 January 2017. However, on 8 September 2015, MASB announced that for all Transitioning Entities, the requirement to apply the MFRS Framework are effective for annual period beginning on or after 1 January 2018.

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 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 this interim report, 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 2016 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 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 2015, which was approved at the Annual General Meeting on 23 May 2016, was paid on 18 August 2016 to shareholders whose names appear in the Record of Depositors on 29 July 2016.

**A8. Profit from operating activities**

	Currret Quarter		Cumulative Quarter	
	3 months ended		year-to-date	
	30 September		9 months ended	
	2016	2015	2016	2015
	RM	RM	RM	RM
The following items have been included in arriving at profit from operating activities:				
Amortisation of land use right	-	-	-	1,324
Amortisation of quarry extraction exclusive right	22,315	22,314	66,945	66,944
Bad debts written off	66	-	366	13,155
<b>Total depreciation</b>	<b>2,293,105</b>	<b>2,005,728</b>	<b>6,756,320</b>	<b>5,672,261</b>
Depreciation capitalised under construction costs	(252,266)	(1,238,887)	(1,848,285)	(3,352,361)
Depreciation charged to profit from operating activities	2,040,839	766,841	4,908,035	2,319,900
Dividend income from available-for-sale investments	(381,491)	(9,253)	(431,702)	(38,295)
(Gain)/loss on disposal of :				
- available-for-sale investments	(30,028)	-	(32,395)	1,467
- investment in a subsidiary	-	-	-	(38,613)
- non-current assets classified as held for sale	-	-	-	(795,616)
- property, plant and equipment, net	(28,470)	(184,896)	(428,466)	(1,001,488)
(Gain)/loss on foreign exchange				
- realised	8,446	(141,753)	470,059	(162,021)
- unrealised	(734,918)	(5,162,954)	169,375	(6,725,067)
Investment in subsidiary strike off	-	20,186	-	20,186
Property, plant and equipment written off	51,165	-	51,165	8,110
Provision for /(write back of) impairment loss on :				
- property, plant and equipment, net	3,480	-	3,480	-
- trade and other receivables	-	(5,198)	-	2,091,386
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 September 2016</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	2,731,463	46,146,685	17,507,946	8,483,706	3,204,525	78,074,325
Inter-segment sales	1,126,145	3,822,918	22,140	-	219,470	5,190,673
External sales	1,605,318	42,323,767	17,485,806	8,483,706	2,985,055	72,883,652
<b>Results</b>						
Segment results	1,951,677	1,243,883	3,392,760	3,560,176	233,758	10,382,254
Interest expense	(1,083,362)	(151,207)	(19,681)	(349,333)	(349)	(1,603,932)
Group's share of results of associates	1,833,663	-	-	-	-	1,833,663
Profit before taxation	2,701,978	1,092,676	3,373,079	3,210,843	233,409	10,611,985
Income tax expense	32,665	(376,426)	(815,921)	(775,028)	(52,904)	(1,987,614)
Profit for the period						8,624,371
<b>Total Assets</b>						
Segment assets	6,965,229	(1,387,314)	952,651	3,375,969	510,736	10,417,271
Interests in associates	(3,050,028)	-	-	-	-	(3,050,028)
Unallocated corporate assets						(11,854,941)
Total assets						(4,487,698)

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

<b>Current Quarter 3 months ended 30 September 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	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
<b>Results</b>						
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 result of associates	489,506	-	-	-	-	489,506
Profit 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						9,820,792
<b>Total Assets</b>						
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						16,172,263

**DKLS INDUSTRIES BERHAD**  
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**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

<b>Cumulative Quarter 9 months ended 30 September 2016</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	11,288,131	110,114,708	45,191,252	27,187,194	8,284,903	202,066,188
Inter-segment sales	6,321,089	13,209,126	152,066	-	746,317	20,428,598
External sales	4,967,042	96,905,582	45,039,186	27,187,194	7,538,586	181,637,590
<b>Results</b>						
Segment results	2,711,115	3,842,611	8,810,783	6,309,791	535,516	22,209,816
Interest expense	(3,284,961)	(354,540)	(84,885)	(1,227,323)	(1,281)	(4,952,990)
Group's share of result of associates	792,632	-	-	-	-	792,632
Profit before taxation	218,786	3,488,071	8,725,898	5,082,468	534,235	18,049,458
Income tax expense	96,514	(987,863)	(2,113,974)	(1,296,053)	(60,297)	(4,361,673)
Profit for the period						13,687,785
<b>Total Assets</b>						
Segment assets	151,052,981	138,859,516	65,377,834	190,286,215	7,595,445	553,171,991
Interests in associates	64,251,859	-	-	-	-	64,251,859
Unallocated corporate assets						18,715,475
Total assets						636,139,325

**A9. Segmental reporting (cont'd.)**

**Business Segments (cont'd.)**

<b>Cumulative Quarter 9 months ended 30 September 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	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
<b>Results</b>						
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
<b>Total Assets</b>						
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

**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**

There are no changes in the composition of the Group for the financial year to date.

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

(a) Contingent Liabilities

	<b>As at 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	170,496,736	203,389,633
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	1,224,931	893,411
	171,721,667	204,283,044

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 2015.

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**A13. Related Party Disclosures**

Significant related party transactions are as follows:

	Current Quarter 3 months ended 30 September		Cumulative Quarter year-to-date 9 months ended 30 September	
	2016	2015	2016	2015
	RM	RM	RM	RM
Architect fees accrued to Arkitek Ding Poi Kooi	-	103,880	(241,330)	(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	13,500	60,113	127,632
Progress billings to:				
Ding Ju Shuen	-	69,640	-	383,020
Ding Zhe Lin	-	69,640	-	383,020
Purchase of consumables from DKLS Service Station	(6,726)	(18,352)	(35,284)	(61,098)
Rental of building paid to:				
Ding Poi Bor	(15,000)	(6,000)	(45,000)	(18,000)
Ipoh Tower Sdn Bhd	(13,200)	(13,200)	(39,600)	(39,600)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(7,100)	(2,400)	(21,210)	(5,300)
Sale of materials to Savan-DKLS Water Supply Co Ltd	159,251	944,765	159,251	3,518,579
Service charge by Ipoh Tower Sdn Bhd on rented premises	-	-	-	(1,221)
Supply of electricity by Ipoh Tower Sdn Bhd	(20,229)	(21,520)	(64,088)	(63,585)
Supply of labour to:				
DKLS Clearwater Sdn Bhd	-	-	-	128,134
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 2016 RM
Approved and contracted for: Property, plant and equipment	<u>6,703,491</u>

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

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

	<b>As at 30 September 2016 RM</b>
Not later than 1 year	5,794,654
Later than 1 year but not later than 5 years	<u>2,600,019</u>
	<u><u>8,394,673</u></u>



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

**B1. Operating Segment Review**

**(a) Review of Performance for 3Q16 vs 3Q15**

The Group recorded revenue of RM72.884 million for the quarter ended 30 September 2016 (3Q16), an increase of RM19.242 million (or 35.9%), as compared to the revenue of RM53.642 million for the corresponding quarter ended 30 September 2015 (3Q15). Despite the higher revenue achieved, the Group recorded a lower pre-tax profit of RM10.612 million for 3Q16, decreased by RM0.795 million (or 7%) as compared to the pre-tax profit of RM11.407 million for 3Q15. The higher revenue and lower pre-tax profit of the Group can be analysed as below:-

**3Q16 vs 3Q15**

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	568	41
Construction	20,629	(1,320)
Manufacturing	408	(556)
Property development	(4,068)	1,343
Others	1,705	(303)
	<u>19,242</u>	<u>(795)</u>

**(b) Review of Performance to date for FY16 vs FY15**

The Group recorded revenue of RM181.638 million for the financial year to date ended 30 September 2016 (FY16), an increase of RM20.224 million (or 12.5%), as compared to the revenue of RM161.414 million for the corresponding financial year to date ended 30 September 2015 (FY15). Despite the increase in turnover, the pre-tax profit for FY16 of RM18.049 million decreased by RM3.203 million (or 15.1%) as compared to the pre-tax profit of RM21.252 million for FY15. The higher revenue and lower pre-tax profit of the Group can be analysed as below:-

**FY16 vs FY15**

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	1,432	(2,864)
Construction	42,643	(1,128)
Manufacturing	(1,081)	509
Property development	(24,851)	(924)
Others	2,081	1,204
	<u>20,224</u>	<u>(3,203)</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 a result of revenue generated from 100% occupied floor space of its commercial building located in Bangsar South which has been recognised since 4Q15.

Despite achieving a higher revenue for the current financial year to date, the investment segment showed a lower pre-tax profit of RM0.219 million as compared to the pre-tax profit of RM3.082 million in the previous year corresponding period. This was mainly due to the gain on foreign exchange of RM3.698 million and a gain arising from disposal of investment of RM0.834 million recognised in previous year corresponding period versus a loss on foreign exchange of RM0.552 million recorded in the current financial year to date. If these were excluded from the pre-tax profit, the investment segment registered a marginal loss of RM22,173, an improvement from RM1.407 million loss for FY15 as a result of the higher revenue achieved and also contribution from the share of profit in associated companies of RM0.793 million as compared to the share of loss in associated companies of RM42,431 in FY15.

### **Construction**

The construction segment has recorded a higher revenue of RM96.906 million for the current financial year to date as compared to RM54.262 million for the previous year corresponding period.

Despite a higher revenue, the construction segment showed a lower pre-tax profit of RM3.488 million versus RM4.616 million for the previous year corresponding period mainly due to fluctuation in foreign exchange. For the current financial year to date, the loss on foreign exchange recognised amounted to RM87,761 as compared to the gain on foreign exchange of RM3.189 million in FY15.

### **Manufacturing**

For the current financial year to date under review, the manufacturing segment recorded a higher pre-tax profit of RM8.726 million (FY15 : RM8.217 million) despite a lower revenue of RM45.039 million (FY15 : RM46.120 million). The higher profit achieved on a year to year basis was mainly due to lower raw material prices especially in petroleum products price for premix products as bitumen was the major raw material component for its premix products.

For 3Q16, the manufacturing segment recorded a lower pre-tax profit of RM3.373 million (3Q15 : RM3.930 million) despite a higher revenue of RM17.486 million (3Q15 : RM17.077 million) mainly due to gain on disposal of property, plant and equipment of RM0.194 million recorded in the previous year corresponding quarter. The lower pre-tax profit was also due to higher plant upkeep costs incurred for a scheduled major maintenance carried out in 3Q16.

### **Property Development**

The property development segment recorded a lower pre-tax profit of RM5.082 million (FY15 : RM6.007 million) on the back of lower turnover of RM27.187 million (FY15 : RM52.038 million) for the current financial year to date. The overall profit margin from the ongoing development improved slightly mainly contributed from development from own land bank which generally yielded higher margin compared to development under joint venture arrangement.

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

**Others**

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

This segment showed a pre-tax profit of RM0.534 million instead of pre-tax loss of RM0.669 million in the previous year corresponding period. The reversal was mainly due to the provision of impairment loss on trade receivables of RM2.122 million in the previous year corresponding period.

This segment registered a lower profit margin for both 3Q16 and FY16 mainly due to sales derived from local sales instead of overseas sales achieved in 3Q15 and FY15 which generally yielded higher margin as compared to local sales.

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

The revenue for 3Q16 of RM72.884 million increased by 35.19% as compared to the revenue of RM53.914 million registered in the immediate preceding quarter (2Q16). With the higher revenue, the Group recorded higher pre-tax profit of RM10.612 million for 3Q16 as compared to the pre-tax profit of RM2.934 million for 2Q16. The improved pre-tax profit was due to higher revenue achieved and also from the share of profit in associated companies of RM1.834 million as compared to share of loss in associated companies of RM3.757 million in 2Q16.

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

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**B4. Income tax expense**

	Current Quarter		Cumulative Quarter	
	3 months ended		year-to-date	
	30 September		9 months ended	
	2016	2015	2016	2015
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	1,960,423	1,030,654	4,638,955	3,858,376
Over provision in prior year	(13,740)	(27,001)	(28,373)	(31,513)
	<u>1,946,683</u>	<u>1,003,653</u>	<u>4,610,582</u>	<u>3,826,863</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	40,126	510,872	(252,490)	304,609
Under provision in prior year	805	71,398	3,581	15,844
	<u>40,931</u>	<u>582,270</u>	<u>(248,909)</u>	<u>320,453</u>
Income tax expense	<u>1,987,614</u>	<u>1,585,923</u>	<u>4,361,673</u>	<u>4,147,316</u>

Current income tax is calculated at the Malaysian corporate statutory tax rate of 24% of the estimated assessable profit for the year.

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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit before taxation	10,611,985	11,406,715	18,049,458	21,252,246
Taxation at applicable tax rates	2,791,318	2,851,679	5,759,412	5,313,062
Income not subject to tax	(425,950)	(2,609,732)	(2,003,575)	(5,017,599)
Expenses not deductible for tax purposes	(193,351)	1,320,784	954,382	3,519,491
Difference in tax rate of foreign subsidiaries	-	-	-	(23,028)
Different tax rate on opening balance of deferred taxation	-	65,585	-	38,105
Effect of changes in tax rate	-	(104,593)	-	(28,300)
Deferred tax assets not recognised	97,254	17,803	5,500	361,254
Utilisation of previously unrecognised deferred tax assets	(268,722)	-	(329,254)	-
Over provision of current tax in prior years	(13,740)	(27,001)	(28,373)	(31,513)
Under provision of deferred tax in prior years	805	71,398	3,581	15,844
Income tax expense	1,987,614	1,585,923	4,361,673	4,147,316

**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 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
<b>Short term borrowings</b>		
Hire purchase liabilities (secured)	5,849,445	9,424,970
Term loans (secured)	5,000,004	5,497,004
Revolving credits (unsecured)	1,800,000	1,800,000
Revolving credits (secured)	3,000,000	3,000,000
Bankers' acceptances (unsecured)	2,289,351	5,075,000
	<u>17,938,800</u>	<u>24,796,974</u>
<b>Long term borrowings</b>		
Hire purchase liabilities (secured)	3,649,623	6,177,047
Term loans (secured)	82,666,656	102,065,480
Non-cumulative redeemable preference shares (unsecured)	16,101,714	15,088,379
	<u>102,417,993</u>	<u>123,330,906</u>
<b>Total borrowings</b>	<u>120,356,793</u>	<u>148,127,880</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	
	2016	2015	2016	2015
	RM	RM	RM	RM
Profit attributable to owners of the Company	7,849,094	9,130,802	14,465,807	17,008,735
Weighted average number of ordinary shares in issue	92,699,600	92,699,600	92,699,600	92,699,600
	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>	<b>Sen</b>
Basic earnings per share	8.47	9.85	15.61	18.35

**(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 2015 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 RM46.25 million on behalf of the main contractors. The Company monitors the performance of its subsidiaries closely to ensure they meet all their financial obligations. In view that there is minimal risk of default, the Company has not recognized the value of the obligation under the Financial Guarantee in its books.

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

	<b>Cumulative Quarter 9 months ended 30 September</b>	
	<b>2016</b>	<b>2015</b>
	<b>RM</b>	<b>RM</b>
Total retained profits of the Group		
- Realised profits	316,686,078	293,035,245
- Unrealised losses	<u>(16,797,798)</u>	<u>(11,051,808)</u>
	<u>299,888,280</u>	<u>281,983,437</u>
 Total share of accumulated losses from associated companies		
- Realised losses	<u>(15,214,244)</u>	<u>(16,223,515)</u>
 Less: Consolidated adjustments	<u>(30,207,819)</u>	<u>(29,859,107)</u>
 Retained profits as per statement of financial position	<u>254,466,217</u>	<u>235,900,815</u>