DKLS INDUSTRIES BERHAD (369472 - P)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Comprehensive Income
For the quarter and 6 months ended 30 June 2018 - unaudited

	Note	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
		2018	2017	2018	2017
		RM	RM (Restated)	RM	RM (Restated)
Revenue		55,865,964	46,659,862	103,851,490	104,839,107
Interest income		455,273	431,035	656,606	1,000,613
Other income		6,449,037	2,023,078	8,311,709	3,947,988
Operating expenses		(45,114,666)	(33,834,322)	(85,143,090)	(80,167,076)
Changes in work-in-progress and finished goods		208,953	48,169	1,973,359	641,726
Employee benefit expenses		(3,351,307)	(3,245,244)	(8,539,282)	(9,326,467)
Administrative expenses		(3,599,402)	(7,592,593)	(8,921,329)	(12,730,364)
Profit from operating activities	**A8**	10,913,852	4,489,985	12,189,463	8,205,527
Interest expense		(1,625,767)	(1,176,683)	(3,275,004)	(2,322,453)
Profit before tax		9,288,085	3,313,302	8,914,459	5,883,074
Income tax expense		(1,811,693)	(1,160,430)	(2,164,347)	(1,298,528)
Profit for the period, net of tax		7,476,392	2,152,872	6,750,112	4,584,546
Other comprehensive income, net of tax					
Foreign currency translation differences for foreign operations		1,651,003	(1,096,487)	(231,977)	(1,589,492)
Other comprehensive income for the period, net of tax		1,651,003	(1,096,487)	(231,977)	(1,589,492)
Total comprehensive income for the period		9,127,395	1,056,385	6,518,135	2,995,054
Profit for the period attributable to:					
Owners of the Company		7,261,372	1,871,482	6,374,688	4,142,752
Non-controlling interests		215,020	281,390	375,424	441,794
Profit for the period		7,476,392	2,152,872	6,750,112	4,584,546
Total comprehensive income attributable to:					
Owners of the Company		8,763,133	1,103,941	6,141,371	3,030,108
Non-controlling interests		364,262	(47,556)	376,764	(35,054)
Total comprehensive income for the period		9,127,395	1,056,385	6,518,135	2,995,054
Basic/Diluted, earnings per ordinary share (sen)		7.83	2.02	6.88	4.47

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited Financial Statements for the year ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (369472 - P)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Financial Position
As at 30 June 2018 - unaudited

	30 June 2018 RM	31 December 2017 RM (Restated)	1 January 2017 RM (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	133,823,991	138,764,009	140,582,530
Land held for property development	82,756,793	122,502,901	125,984,915
Investment properties	123,210,000	123,210,000	123,965,000
Investment in associates	2	-	-
Available-for-sale investments	47,147	60,390	40,952
Quarry extraction exclusive right	-	-	267,776
Trade and other receivables	5,836,869	5,783,414	9,134,949
Deferred tax assets	3,982,304	4,489,638	1,931,427
Total non-current assets	349,657,106	394,810,352	401,907,549
Current Assets			
Property development costs	6,620,202	13,196,690	19,682,269
Inventories	66,206,751	68,284,231	59,579,461
Trade and other receivables	87,896,395	98,679,130	82,843,301
Other current assets	1,680,009	2,137,502	19,154,756
Available-for-sale investments	7,110,321	24,913,627	16,263,632
Tax recoverable	759,241	147,499	1,861,740
Cash and cash equivalents	48,904,203	45,320,626	50,293,934
Total current assets	219,177,122	252,679,305	249,679,093
TOTAL ASSETS	568,834,228	647,489,657	651,586,642
EQUITY AND LIABILITIES			
Equity			
Share capital	101,883,643	101,883,643	92,699,600
Share premium	-	-	8,757,596
Retained profits	298,488,875	292,540,634	290,272,319
Reserves	(808,713)	(1,001,843)	2,522,096
Equity attributable to owners of the Company	399,563,805	393,422,434	394,251,611
Non-controlling interests	8,730,376	8,353,612	9,714,462
Total equity	408,294,181	401,776,046	403,966,073
Non-Current Liabilities			
Loans and borrowings	60,519,067	64,432,208	78,535,996
Other payables	6,479,214	47,371,905	7,246,508
Deferred tax liabilities	2,473,503	3,056,258	2,457,340
Total non-current liabilities	69,471,784	114,860,371	88,239,844
Current Liabilities			
Loans and borrowings	17,135,407	20,046,039	25,453,083
Trade and other payables	51,154,124	70,407,951	101,393,256
Other current liabilities	20,132,783	36,796,398	31,675,551
Tax payable	2,645,949	3,602,852	858,835
Total current liabilities	91,068,263	130,853,240	159,380,725
Total liabilities	160,540,047	245,713,611	247,620,569
TOTAL EQUITY AND LIABILITIES	568,834,228	647,489,657	651,586,642
Net assets per share attributable to owners of the Company (RM)	4.31	4.24	4.25

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited Financial Statements for the year ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements.

Condensed Consolidated Statement of Changes in Equity
For 6 months ended 30 June 2018 - unaudited

	Attributable to owners of the Company									
		Non distributable					Distributable			
	Share capital RM	Share premium RM	Foreign currency translation reserve RM	Asset revaluation reserve RM	Fair value adjustment reserve RM	Other reserve RM	Retained profits RM	Total RM	Non-controlling interests RM	Total equity RM
6 months ended 30 June 2018										
Balance at 1 January 2018 (As previously stated)	101,883,643	-	(1,732,918)	1,157,522	30,598	(426,447)	293,361,042	394,273,440	8,353,612	402,627,052
Effect of MFRS adoption and changes in accounting policies	-	-	-	-	(30,598)	426,447	(1,246,855)	(851,006)	-	(851,006)
Balance at 1 January 2018 (Restated)	101,883,643	-	(1,732,918)	1,157,522	-	-	292,114,187	393,422,434	8,353,612	401,776,046
Total comprehensive income for the period	-	-	(233,317)	-	-	-	6,374,688	6,141,371	376,764	6,518,135
Balance at 30 June 2018	101,883,643	-	(1,966,235)	1,157,522	-	-	298,488,875	399,563,805	8,730,376	408,294,181
6 months ended 30 June 2017 (Restated)										
Balance at 1 January 2017 (As previously stated)	92,699,600	8,757,596	1,364,574	1,157,522	7,739	-	290,893,645	394,880,676	9,714,462	404,595,138
Effect of MFRS adoption and changes in accounting policies	-	-	-	-	(7,739)	-	(621,326)	(629,065)	-	(629,065)
Balance at 1 January 2017 (Restated)	92,699,600	8,757,596	1,364,574	1,157,522	-	-	290,272,319	394,251,611	9,714,462	403,966,073
Total comprehensive income for the period	-	-	(1,112,644)	-	-	-	4,142,752	3,030,108	(35,054)	2,995,054
Balance at 30 June 2017	92,699,600	8,757,596	251,930	1,157,522	-	-	294,415,071	397,281,719	9,679,408	406,961,127

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the audited Financial Statements for the year ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (369472 - P)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows
For the 6 months ended 30 June 2018 - unaudited

	Cumulatvie Quarter 6 months ended 30 June	
	2018 RM	2017 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation :	8,914,459	5,883,074
Adjustment for :-		
Amortisation of quarry extraction exclusive right	-	44,629
Depreciation	6,171,275	6,225,492
Dividend income from available-for-sale investments	(363,059)	(440,001)
Fair value changes on available-for-sale investments	2,986	(62,602)
Gain on derecognition of financial liabilities	(4,611,689)	-
Gain on disposal of investment properties	-	(238,922)
Gain on disposal of property, plant and equipment, net	(399,147)	(275,396)
Interest expense	3,659,503	2,379,277
Interest income	(1,151,356)	(1,000,613)
Provision/(Write back of provision) for impairment loss on trade and other receivables	254,691	(8,703)
Property, plant and equipment written off	877	324,462
Unrealised loss on foreign exchange	45,647	2,143,848
Operating profit before changes in working capital	12,524,187	14,974,545
Changes in working capital:-		
Net changes in current assets	9,884,483	17,292,104
Net changes in current liabilities	(23,500,244)	(4,849,829)
Cash flows (used in)/from operations	(1,091,574)	27,416,820
Interest paid	(230,910)	(205,568)
Interest received	278,452	550,894
Taxes paid	(3,797,961)	(1,253,462)
Net cash flows (used in)/from operating activities	(4,841,993)	26,508,684

DKLS INDUSTRIES BERHAD (369472 - P)
(Incorporated in Malaysia)

Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 6 months ended 30 June 2018 - unaudited

	Cumulatvie Quarter 6 months ended 30 June	
	2018	2017
	RM	RM
		(Restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	324,699	426,862
Land held for property development	(1,086,170)	(5,725)
Net dividend received from available-for-sale investments	363,059	440,001
Placement of deposits with maturity period more than 3 months	(361,105)	(1,320,779)
Proceeds from disposal of:		
- available-for-sale investments	50,630,872	33,286,931
- investment properties	-	1,173,210
- property, plant and equipment	1,764,830	1,115,528
Purchase of:		
- available-for-sale investments	(32,817,309)	(41,783,709)
- investment in associates	(2)	-
- investment properties	-	(6,100)
- property, plant and equipment	(2,781,471)	(6,498,500)
Withdrawal of deposits with maturity period more than 3 months	-	186,125
Net cash flows from/(used in) investing activities	16,037,403	(12,986,156)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid to non-controlling interest	(572,505)	-
Interest paid	(1,845,437)	(2,173,707)
Repayment of term loan	(3,470,820)	(8,683,930)
Repayment of hire purchase liabilities	(2,028,485)	(3,779,365)
Net cash flows used in financing activities	(7,917,247)	(14,637,002)
Net increase/(decrease) in cash and cash equivalents	3,278,163	(1,114,474)
Effects of exchange rate differences	(48,573)	1,016,237
Cash and cash equivalents at beginning of the period	31,278,695	35,122,343
Cash and cash equivalents at end of the period	34,508,285	35,024,106

Cash and cash equivalents included in the condensed consolidated statement of cash flows comprise:

Cash and bank balances	20,511,679	17,857,279
Deposits with licensed banks	28,392,524	29,807,074
	48,904,203	47,664,353
Less:		
Bank overdrafts	(4,886,087)	(1,971,239)
Deposits with maturity period more than 3 months	(9,509,831)	(10,669,008)
	34,508,285	35,024,106

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited Financial Statements for the year ended 31 December 2017 and the accompanying notes attached to the Interim Financial Statements.

DKLS INDUSTRIES BERHAD (369472 - P)
(Incorporated in Malaysia)

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 2017. 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 2017.

A2. Significant Accounting Policies

2.1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS")

These interim financial statements, for the period ended 30 June 2018, are the first the Group has prepared in accordance with MFRS. For periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards ("FRS").

MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards has been applied. In preparing its opening MFRS Statement of Financial Position as at 1 January 2017, the Group has adjusted the amounts previously reported in financial statements prepared in accordance with FRS.

Except for certain differences, the requirements under FRS and MFRS are similar. The significant accounting policies in preparing these financial statements are consistent with those of the audited financial statements for the year ended 31 December 2017 except as discussed below:

(a) MFRS 1 : First-Time Adoption of Malaysian Financial Reporting Standards

Under MFRS 1, the reserves of RM426,447 from the merger method in accordance with Malaysian Accounting Standard 2 - Accounting for Acquisitions and Mergers (generally accepted accounting period at that time) were reclassified to retained profits as it did not qualified for recognition as an asset.

(b) MFRS 9 : Financial Instruments

MFRS 9 : Financial Instruments replaces FRS 139 : Financial Instruments : Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

The group has applied MFRS 9 retrospectively, with the initial application date of 1 January 2018 and adjusting the comparative information for the period beginning on 1 January 2017.

A. Notes to the Interim Financial Statements (cont'd.)

A2. Significant Accounting Policies (cont'd.)

2.1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) MFRS 9 : Financial Instruments (cont'd.)

The effect of adopting MFRS 9 is as follows:

Impact of the statement of financial position (increase/(decrease)) as at 31 December 2017:

	Note	RM
Assets		
Trade and other receivables	(ii)	(610,460)
Equity		
Retained profits	(i), (ii)	(579,862)
Reserves	(i)	(30,598)
		(610,460)

Impact on the statement of profit or loss (increase/(decrease)) for the 6 months ended 30 June 2017:

	Note	RM
Other income	(i)	34,662
Attributable to:		
Owners of the Company		34,662

Impact on other comprehensive income (increase/(decrease)) for the 6 months ended 30 June 2017:

	Note	RM
Fair value changes on available-for-sale investments	(i)	(34,662)

(i) Classification and measurement

Under MFRS 9, debt financial instruments are measured at fair value through profit or loss ("FVPL"), amortised cost, or fair value through other comprehensive income ("FVOCI"). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding (the "SPPI criterion").

The Group's quoted equity shares and unit trust funds whose cash flow characteristics fail the SPPI criterion were measured at FVPL. Under FRS 139, this category were classified as available-for-sale ("AFS") financial assets and measured at FVOCI. On application, the AFS reserve related to this category were reclassified to retained profits.

A. Notes to the Interim Financial Statements (cont'd.)

A2. Significant Accounting Policies (cont'd.)

2.1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(b) MFRS 9 : Financial Instruments (cont'd.)

(ii) Impairment

The adoption of MFRS 9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing FRS 139's incurred loss approach with a forward-looking expected credit loss ("ECL") approach.

MFRS 9 requires the Group to record an allowance for ECLs for all loans and debt financial assets not held at FVPL.

The Group has applied the simplified approach and has calculated ECLs based on lifetime expected credit losses, that is established based on the Group's credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(c) MFRS 15 : Revenue from Contracts with Customers

MFRS 15 supersedes FRS 111 : Construction Contracts, FRS 118 : Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under MFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods and services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted MFRS 15 using the full retrospective method. The effect of adopting MFRS 15 is as follows:

Impact of the statement of financial position (increase/(decrease)) as at 31 December 2017:

	Note	RM
Assets		
Property development costs	(i)	475,453
Other current assets	(i)	(715,999)
		(240,546)
Equity		
Retained profits	(i)	(240,546)

A. Notes to the Interim Financial Statements (cont'd.)

A2. Significant Accounting Policies (cont'd.)

2.1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) MFRS 15 : Revenue from Contracts with Customers (cont'd.)

Impact on the statement of profit or loss (increase/(decrease)) for the 6 months ended 30 June 2017:

	Note	RM
Revenue	(i)	(145,252)
Operating expenses	(i), (ii)	(123,965)
Administrative expenses	(iii)	7,171
Profit for the period		(28,458)
Attributable to:		
Owners of the Company		(28,458)

(i) Timing of revenue recognition

MFRS 15 introduces a new approach to determine whether revenue should be recognised over time or at a point in time. To determine this, MFRS 15 requires the entities to assess whether it has an alternative use for the assets it is constructing and whether it has an enforeceable right to payment for work completed to date (the "enforceable right test"). Revenue can only be recognised over time if both tests are met.

The enforceable right test requires the Group to determine whether the practices in the legal jurisdiction indicate that it has an enforceable right to payments for work completed to date. Such enforceable right is established for the development of residential properties governed under the Housing Development Act ("HDA") in Malaysia. However, the development of commercial properties in Malaysia, which is not governed under the HDA, does not meet the enforceable right test. Accordingly, revenue from development of commercial properties was now recognised at a point in time.

(ii) Cost incurred in fulfilling a contract

In the normal course of business activities, the Group incurred sales commission for certain property units sold. These sale commissions were previously expensed off to profit or loss because they did not qualify for recognition as an asset under any of the other accounting standards. However, these sale commissions relate directly to contracts and are expected to be recovered through future fees for the services to be provided. Accordingly, under MFRS 15, these sale commissions are eligible for capitalisation and recognised as a development cost.

A. Notes to the Interim Financial Statements (cont'd.)

A2. Significant Accounting Policies (cont'd.)

2.1 First-time adoption of Malaysian Financial Reporting Standards ("MFRS") (cont'd.)

(c) MFRS 15 : Revenue from Contracts with Customers (cont'd.)

(iii) Free legal fees and stamp duty

In the normal course of business activities, the Group offered to reimburse its customers' legal fees and stamp duties for certain property units sold. These legal fees and stamp duties were previously expensed off to profit or loss because they did not qualify for recognition as an asset under any of the other accounting standards. However, under MFRS 15, these legal fees and stamp duties are effectively consideration payable by the Group to the customers thus such consideration need to be deducted from the revenue.

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 2017, which was approved at the Annual General Meeting held on 30 May 2018, was paid on 17 August 2018 to shareholders whose names appear in the Record of Depositors on 31 July 2018.

A. Notes to the Interim Financial Statements (cont'd.)

A8. Profit from operating activities

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018	2017	2018	2017
	RM	RM	RM	RM
The following items have been included in arriving at profit from operating activities:				
Amortisation of quarry extraction exclusive right	-	22,313	-	44,629
Total depreciation	3,121,591	3,035,862	6,171,275	6,225,492
Depreciation capitalised under construction costs	(349,410)	(411,827)	(706,214)	(883,273)
Depreciation charged to profit from operating activities	2,772,181	2,624,035	5,465,061	5,342,219
Dividend income from available-for-sale investments	(159,333)	(238,652)	(363,059)	(440,001)
Fair value changes on available-for-sale investments	(11,986)	(24,067)	2,986	(62,602)
Gain on derecognition of financial liabilities	(4,611,689)	-	(4,611,689)	-
Gain on disposal of :				
- investment properties	-	(238,922)	-	(238,922)
- property, plant and equipment, net	(204,348)	(122,825)	(399,147)	(275,396)
Loss/(Gain) on foreign exchange :				
- realised	164,400	98,233	217,466	54,897
- unrealised	(1,094,817)	1,456,347	45,647	2,143,848
Property, plant and equipment written off	852	-	877	324,462
Provision/(Write back of provision) for impairment loss on trade and other receivables	406,776	1,889	254,691	(8,703)
Impairment of assets	N/A	N/A	N/A	N/A
Inventories written off	N/A	N/A	N/A	N/A
Gain on derivatives	N/A	N/A	N/A	N/A

A. Notes to the Interim Financial Statements (cont'd.)

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.

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 June 2018							
Revenue							
Total revenue	2,893,001	32,089,128	17,209,484	4,676,894	3,125,365	319,705	60,313,577
Inter-segment sales	(1,630,608)	(2,596,573)	(50,068)	-	(289)	(170,075)	(4,447,613)
External sales	1,262,393	29,492,555	17,159,416	4,676,894	3,125,076	149,630	55,865,964
Results							
Segment results	1,672,624	489,997	2,137,387	5,324,821	1,268,972	20,051	10,913,852
Interest expense	(718,036)	(31,208)	(28,683)	(775,326)	(72,514)	-	(1,625,767)
Profit before tax	954,588	458,789	2,108,704	4,549,495	1,196,458	20,051	9,288,085
Income tax expense	(16,209)	(143,381)	(595,006)	(817,306)	(237,642)	(2,149)	(1,811,693)
Profit for the period							7,476,392
Total Assets							
Segment assets	623,094	(11,876,135)	(772,130)	(47,089,477)	3,072,543	(1,120,703)	(57,162,808)
Unallocated corporate assets							(10,940,259)
Total assets							(68,103,067)
Total Liabilities							
Segment liabilities	(2,004,835)	(18,771,751)	(249,993)	(55,008,354)	220,217	(168,254)	(75,982,970)
Unallocated corporate liabilities							(1,247,492)
Total liabilities							(77,230,462)
Other Information							
Capital expenditure	-	566,411	928,074	34,740	642,336	689	2,172,250

A. Notes to the Interim Financial Statements (cont'd.)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Current quarter 3 months ended 30 June 2017 (Restated)							
Revenue							
Total revenue	3,812,654	20,766,845	17,350,749	5,490,037	3,355,727	2,234,166	53,010,178
Inter-segment sales	(2,126,144)	(2,651,862)	(448,795)	-	(898)	(1,122,617)	(6,350,316)
External sales	1,686,510	18,114,983	16,901,954	5,490,037	3,354,829	1,111,549	46,659,862
Results							
Segment results	1,309,762	(473,091)	2,366,809	498,615	562,923	224,967	4,489,985
Interest expense	(749,787)	(87,099)	(30,128)	(281,632)	(27,541)	(496)	(1,176,683)
Profit/(Loss) before tax	559,975	(560,190)	2,336,681	216,983	535,382	224,471	3,313,302
Income tax expense	(92,592)	79	(633,146)	(147,380)	(235,517)	(51,874)	(1,160,430)
Profit for the period							2,152,872
Total Assets							
Segment assets	(2,330,382)	(9,032,637)	1,581,681	2,540,322	(362,899)	(657,743)	(8,261,658)
Unallocated corporate assets							(4,687,665)
Total assets							(12,949,323)
Total Liabilities							
Segment liabilities	(1,478,330)	(9,911,326)	(175,778)	(2,061,896)	(341,195)	(187,113)	(14,155,638)
Unallocated corporate liabilities							149,936
Total liabilities							(14,005,702)
Other Information							
Capital expenditure	20,930	478,733	1,295,055	57,327	1,311,371	-	3,163,416

A. Notes to the Interim Financial Statements (cont'd.)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 6 months ended 30 June 2018							
Revenue							
Total revenue	8,713,463	64,755,453	33,610,137	5,848,007	5,859,386	745,218	119,531,664
Inter-segment sales	(6,264,129)	(5,269,737)	(3,796,722)	-	(618)	(348,968)	(15,680,174)
External sales	2,449,334	59,485,716	29,813,415	5,848,007	5,858,768	396,250	103,851,490
Results							
Segment results	1,572,451	1,563,278	2,752,718	4,580,744	1,644,839	75,433	12,189,463
Interest expense	(1,403,693)	(77,508)	(52,540)	(1,590,871)	(150,392)	-	(3,275,004)
Profit before tax	168,758	1,485,770	2,700,178	2,989,873	1,494,447	75,433	8,914,459
Income tax expense	(32,310)	(998,420)	(184,948)	(622,560)	(313,412)	(12,697)	(2,164,347)
Profit for the period	136,448	487,350	2,515,230	2,367,313	1,181,035	62,736	6,750,112
Total Assets							
Segment assets	145,065,119	122,123,961	75,756,885	145,827,420	64,715,736	3,446,092	556,935,213
Unallocated corporate assets							11,899,015
Total assets							568,834,228
Total Liabilities							
Segment liabilities	56,813,357	55,165,172	8,174,660	22,253,965	12,987,290	26,151	155,420,595
Unallocated corporate liabilities							5,119,452
Total liabilities							160,540,047
Other Information							
Capital expenditure	-	566,411	1,880,059	38,337	1,076,992	13,472	3,575,271

A. Notes to the Interim Financial Statements (cont'd.)

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Cumulative quarter 6 months ended 30 June 2017 (Restated)							
Revenue							
Total revenue	5,641,205	57,533,521	30,478,288	9,501,303	6,461,289	3,726,875	113,342,481
Inter-segment sales	(2,252,289)	(4,202,748)	(506,773)	-	(898)	(1,540,666)	(8,503,374)
External sales	3,388,916	53,330,773	29,971,515	9,501,303	6,460,391	2,186,209	104,839,107
Results							
Segment results	1,997,976	1,705,000	2,775,912	335,964	1,072,317	318,358	8,205,527
Interest expense	(1,481,583)	(162,882)	(46,479)	(573,339)	(57,674)	(496)	(2,322,453)
Profit/(Loss) before tax	516,393	1,542,118	2,729,433	(237,375)	1,014,643	317,862	5,883,074
Income tax expense	(57,632)	56,852	(813,153)	(41,617)	(370,661)	(72,317)	(1,298,528)
Profit for the period							4,584,546
Total Assets							
Segment assets	148,276,798	118,892,786	71,750,645	197,235,402	65,967,757	5,970,342	608,093,730
Unallocated corporate liabilities							28,534,993
Total assets							636,628,723
Total Liabilities							
Segment liabilities	62,422,870	66,571,706	8,459,639	78,497,572	9,969,794	530,410	226,451,991
Unallocated corporate liabilities							3,214,605
Total liabilities							229,666,596
Other Information							
Capital expenditure	26,860	991,929	5,823,140	57,327	2,240,158	566	9,139,980

A. Notes to the Interim Financial Statements (cont'd.)

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 Compositon 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

	As at 30 June	
	2018 RM	2017 RM (Restated)
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	110,102,272	149,129,717
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	464,033	1,064,966
Corporate guarantee given to third parties for payment of balance purchase price in connection with land acquisition by one of the subsidiaries	2,800,000	3,900,000
	113,366,305	154,094,683

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 2017.

A. Notes to the Interim Financial Statements (cont'd.)

A13. Related Party Disclosures

Significant related party transactions are as follows:

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM (Restated)
Architect fees paid to Arkitek Ding Poi Kooi	(131,397)	(498,995)	(295,987)	(498,995)
Progress billings to Ding Poi Kooi	-	804,210	-	804,210
Purchase of consumables from DKLS Service Station	(435)	(2,911)	(976)	(5,402)
Purchase of property, plant and equipment from Lee Koon Hian	(1)	-	(1)	-
Rental of building paid to Ipoh Tower Sdn Bhd	-	(13,200)	-	(26,400)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(6,000)	(5,500)	(12,300)	(12,100)
Sale of materials to Total Resilience Sdn Bhd	-	247,023	-	247,023
Supply of electricity by Ipoh Tower Sdn Bhd	(17,951)	(19,073)	(35,268)	(43,057)

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

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

A14. Capital Commitments

	As at 30 June 2018 RM
Approved and contracted for:	
Property, plant and equipment	-

A15. Operating lease commitments - as lessor

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

	As at 30 June 2018 RM
Not later than 1 year	3,647,242
Later than 1 year but not later than 5 years	3,747,511
	7,394,753

B. Additional information required by BMSB's Listing Requirements

B1. Operating Segment Review

(a) Review of Performance for 2Q18 vs 2Q17

The Group recorded revenue of RM55.866 million for the second quarter ended 30 June 2018 (2Q18), increased by RM9.206 million (or 19.7%), as compared to the revenue of RM46.660 million for the previous year corresponding quarter ended 30 June 2017 (2Q17). On the back of higher revenue, the Group has achieved a higher pre-tax profit for 2Q18 of RM9.288 million, increased by RM5.975 million (or 180.4%) as compared to the pre-tax profit of RM3.313 million for 2Q17. The higher revenue and pre-tax profit of the Group can be analysed as below:-

2Q18 vs 2Q17 Increase/(Decrease)	**Revenue** RM'000	**Pre-tax profit** RM'000
Investment	(424)	395
Construction	11,378	1,019
Manufacturing	257	(228)
Property development	(813)	4,332
Utilities	(230)	661
Others	(962)	(204)
	9,206	5,975

(b) Review of Performance to date for FY18 vs FY17

The Group recorded revenue of RM103.851 million for the financial year to date ended 30 June 2018 (FY18), decreased by RM0.988 million (or 0.9%), as compared to the revenue of RM104.839 million for the corresponding financial year to date ended 30 June 2017 (FY17). Despite a lower turnover, the Group has achieved a higher pre-tax profit of RM8.914 million, increased by RM3.031 million (or 51.5%) as compared to the pre-tax profit of RM5.883 million for FY17. The lower revenue and higher pre-tax profit of the Group can be analysed as below:-

FY18 vs FY17 Increase/(Decrease)	**Revenue** RM'000	**Pre-tax profit** RM'000
Investment	(940)	(348)
Construction	6,155	(56)
Manufacturing	(158)	(30)
Property development	(3,653)	3,227
Utilities	(602)	480
Others	(1,790)	(242)
	(988)	3,031

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B1. Operating Segment Review (cont'd.)

Investment

External revenue of the investment segment is derived mainly from investment properties. The lower revenue in FY18 was due to drop in occupancy rate as a result of the expiry of certain tenancy agreement in the fourth quarter of 2017 of which partially still remain untenanted in the current quarter under review.

Included in the pre-tax profit of investment segment of RM0.169 million (FY17 : RM0.516 million) were loss on foreign exchange of RM0.045 million (FY17 : RM0.377 million), compensation received from former tenant of RM0.500 million (FY17 : RMNil) and gain on disposal of investment properties of RMNil (FY17 : RM0.239 million). If these exceptional gains/(loss) were excluded from the pre-tax profit, the investment segment would have recorded a loss of RM0.286 million for FY18 versus a profit of RM0.654 million for FY17 as a result of the drop in revenue of RM0.940 million.

Construction

For the current financial year to date, the construction segment recorded a lower pre-tax profit of RM1.486 million (FY17 : RM1.542 million) on the back of slightly higer revenue of RM59.486 million as compared to the previous year corresponding period of RM53.331 million.

The higher revenue was not translated into profit due to the ever rising operational and administrative costs of undertaking projects in this competitive construction market where profit margin was very thin. For the current financial year to date under review, the profit contributed was from the on-going projects as compared to previous year corresponding period that partly contributed from sale of inventories which yielded higher profit margin.

Manufacturing

The manufacturing segment has recorded a lower pre-tax profit of RM2.700 million (FY17 : RM2.729 million) on a lower revenue of RM29.813 million (FY17 : RM29.971 million).

Included in the pre-tax profit was a gain on disposal of property, plant and equipment of RM0.397 million (FY 17 : RM0.124 million) and property, plant and equipment written off of RMNil (FY17 : RM0.324 million). If these were excluded from the pre-tax profit, the manufacturing segment would have recorded a lower margin due to the increased price of bitumen (the major raw material component of its premix products) as compared to the previous year corresponding period.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B1. Operating Segment Review (cont'd.)

Property Development

The property development segment has continued to record a lower revenue of RM5.848 million as compared to RM9.501 million in the previous year corresponding period.

Included in the current financial year to date's results was a gain on derecognition of financial laibilities amounted to RM4.612 million (FY17 : RMNil), and the amortisation of interest expense on long term payables of RM1.591 million (FY17 : RMNil) which gave rise to a net gain of RM3.021 million (FY17 : RMNil). If these were excluded from the pre-tax profit, the development segment would have recorded a lower pre-tax loss of RM0.03 million (FY17 : RM0.237 million) on a lower revenue which mainly derived from sale of completed properties which yielded higher profit margin as compared to on-going projects in the previous year corresponding period.

Utilities

The revenue of utilities segment is derived from the supply of treated water and related services to consumers from a water treatment plant located in Lao People's Democratic Republic.

The utilities segment has recorded a higher pre-tax profit of RM1.494 million (FY17 : RM1.014 million) on a lower revenue of RM5.859 million (FY17 : RM6.461 million) as compared to the previous year corresponding period. The higher pre-tax profit was mainly due to lower loss on foreign exchange of RM0.233 million (FY17 : RM1.099 million), partially off-set by the increase in finance cost of RM0.150 million (FY17 : RM0.058 million).

Others

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

This segment has recorded a lower pre-tax profit of RM0.075 million (FY17 : RM0.318 million) on the back of lower revenue of RM0.396 million (FY17 : RM2.186 million). The lower revenue was mainly due to lower trading sale.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B2. Variance of Results Against Preceding Quarter

	Current Quarter 30 June 2018 RM'000	Immediate Preceding Quarter 31 March 2018 RM'000	Changes Amount RM'000
Revenue	55,866	47,986	7,880
Pre-tax profit	9,288	(374)	9,662

For the current quarter under review, the Group has recorded higher pre-tax profit on the back of higher revenue as compared to the immediate preceding quarter. Also included in the current quarter's result under review was a gain on derecognition of financial liabilities of RM4.612 million (1Q18 : RMNil), compensation received from former tenant of RM0.500 million (1Q18 : RMNil) and gain on foreign exchange of RM1.1 million (1Q18 : loss on foreign exchange of RM1.1 million).

B3. Propects

2018 is expected to be another flat and challenging period for the property market. The key issues of price unaffordability, overhang of property, rising cost of living, weak buyer sentiments, continued cooling measures implemented and tight financing will continue to have a dampening effect on the property industry. With this in mind and also the uncertainty in the global market, the Group's focus area will be on selling its inventories and be more cautious in the launching of new property development projects.

The growth in construction activity is built on an array of civil engineering and real estate developments, especially affordable housing supported by government initiatives. The Group is forward looking in overcoming the ever challenges in the construction industry such as the thin project margin, rising price of construction materials, competitiness in securing projects, focus in maintaining cost efficiency and etc. The Group also concentrating in completing the current projects on hand with efficiency management.

Taking into consideration of the above-mentioned, the directors expect the Group's operating environment to remain challenging and the profitability to be modest for 2018.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B4. Income tax expense

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM (Restated)
Current income tax:				
Malaysia income tax	1,006,292	1,407,173	2,239,741	1,945,676
Under provision in prior year	27	48	27	48
	1,006,319	1,407,221	2,239,768	1,945,724
Deferred income tax:				
Relating to origination and reversal of temporary differences	843,057	(247,495)	(38,045)	(647,900)
(Over)/Under provision in prior year	(37,683)	704	(37,376)	704
	805,374	(246,791)	(75,421)	(647,196)
Income tax expense	1,811,693	1,160,430	2,164,347	1,298,528

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.

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B. Additional information required by BMSB's Listing Requirements (cont'd.)

B4. Income tax expense (cont'd.)

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate is as follows:

	Current Quarter 3 months ended 30 June		Cumulative Quarter 6 months ended 30 June	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM (Restated)
Profit before taxation	9,288,085	3,313,302	8,914,459	5,883,074
Taxation at applicable tax rates	2,229,183	795,192	2,139,534	1,411,938
Income not subject to tax	91,047	(270,240)	(768,723)	(963,045)
Expenses not deductible for tax purposes	(170,399)	788,932	1,136,102	1,103,207
Difference in tax rate of foreign subsidiaries	(38,487)	(47,101)	(62,682)	(74,131)
Difference in tax rate	(12,051)	-	(12,051)	-
Deferred tax assets not recognised	(19,038)	3,120	422	5,807
Utilisation of previously unrecognised deferred tax assets	(230,906)	(110,225)	(230,906)	(186,000)
Under provision of current tax in prior years	27	48	27	48
(Over)/Under provision of deferred tax in prior years	(37,683)	704	(37,376)	704
Income tax expense	1,811,693	1,160,430	2,164,347	1,298,528

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.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B6. Borrowing and Debt Securities

	As at 30 June	
	2018	2017
	RM	RM (Restated)
Short term borrowings		
Bank overdraft (unsecured)	-	22,438
Bank overdraft (secured)	4,886,087	1,948,801
Bankers' acceptances (unsecured)	1,180,000	2,912,000
Hire purchase liabilities (secured)	3,069,316	3,407,321
Revolving credits (unsecured)	-	1,800,000
Revolving credits (secured)	3,000,000	3,000,000
Term loans (secured)	5,000,004	9,025,004
	17,135,407	22,115,564
Long term borrowings		
Hire purchase liabilities (secured)	969,857	4,040,902
Term loans (secured)	59,549,210	68,545,033
	60,519,067	72,585,935
Total borrowings	77,654,474	94,701,499

Loan and borrowings are denominated in the following currencies:

	As at 30 June	
	2018	2017
	RM	RM (Restated)
Ringgit Malaysia	72,768,387	92,752,698
Lao Kip	4,886,087	1,948,801
	77,654,474	94,701,499

The loans and borrowings denominated in Lao Kip was undertaken by a foreign subsidiary in which the repayment is to be settled in the functional currency of the said subsidiary as such no hedging to Ringgit Malaysia is required.

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.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

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:

	Current Quarter 3 months ended 30 June		**Cumulative Quarter 6 months ended 30 June**	
	2018	**2017**	**2018**	**2017**
	RM	**RM (Restated)**	**RM**	**RM (Restated)**
Profit attributable to owners of the Company	7,261,372	1,871,482	6,374,688	4,142,752
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	7.83	2.02	6.88	4.47

(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 2017 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 RM17.22 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.

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B12. Fair value of non-financial assets and financial instruments

The following table provides the fair value measurement hierarchy of the Group's non-financial assets and financial instruments as at 30 June 2018:

(i) Qualitative disclosures of fair value measurement hierarchy for assets

	Quoted prices in active markets for identical assets Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM
Assets mesured at fair value			
Investment properties	-	-	123,210,000

There were no transfers between Level 1 and Level 2 fair value measurements during the period, and no transfers into or out of Level 3 fair value measurements during the period.

Level 1

Level 1 fair value is derived from quoted market price (unadjusted) in active markets for identical investment properties that the entity can access at the measurement date.

Level 2

Level 2 fair value is estimated using inputs other than quoted market prices included within Level 1 that are observable for the investment property, either directly or indirectly.

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the investment property. The most significant unobservable inputs into this valuation approach is price per square feet of comparable properties and recent estimated net income then capitalised by using an appropriate rate of interest (yield).

B. Additional information required by BMSB's Listing Requirements (cont'd.)

B12. Fair value of non-financial assets and financial instruments (cont'd.)

(ii) Fair value of financial instruments that are carried at fair value

	Quoted prices in active markets for identical assets Level 1 RM	Significant other observable inputs Level 2 RM	Significant unobservable inputs Level 3 RM
Financial assets			
Available-for-sale investments			
- Equity instruments (quoted)	47,147	-	-
- Unit trust fund (quoted)	-	5,110,321	-
- Short term investments with a licensed bank (unquoted)	-	2,000,000	-
Financial liabilities			
Other commitments	-	2,679,824	-

Quoted equity instruments

Fair value is determined directly by reference to their published market bid price at reporting date.

Short term investments with a licensed bank (unquoted) and unit trust fund (quoted)

Fair value is determined directly by reference to their published net asset value at reporting date.

Other commitments (non-current)

The fair value of other commitments is estimated by discounting expected future cash flows at market borrowing interest rates.