

DKLS INDUSTRIES BERHAD (369472 - P)

(Incorporated in Malaysia)

**Condensed Consolidated Statement of Comprehensive Income
For the quarter and 12 months ended 31 December 2018 - unaudited**

Note	Current Quarter 3 months ended 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM (Restated)
Revenue	59,569,004	74,825,615	217,532,178	232,329,202
Interest income	1,409,930	1,081,216	2,374,005	2,324,116
Other income	2,167,127	3,262,387	12,074,485	10,170,426
Operating expenses	(46,388,775)	(61,516,764)	(175,521,763)	(184,554,759)
Changes in work-in-progress and finished goods	(1,801,013)	(163,112)	(21,518)	982,380
Employee benefit expenses	(3,290,291)	(3,385,899)	(15,098,816)	(15,948,811)
Administrative expenses	(11,597,346)	(7,077,458)	(25,660,874)	(25,027,246)
Profit from operating activities	A8 68,636	7,025,985	15,677,697	20,275,308
Interest expense	(1,384,167)	(4,484,524)	(5,587,125)	(7,926,715)
Share of profit of associates, net of tax	253,921	-	258,082	-
(Loss)/Profit before tax	(1,061,610)	2,541,461	10,348,654	12,348,593
Income tax expense	(1,706,739)	(3,741,286)	(3,966,443)	(6,006,433)
(Loss)/Profit for the year, net of tax	(2,768,349)	(1,199,825)	6,382,211	6,342,160
Other comprehensive income, net of tax				
Items that will be reclassified to profit or loss in the future				
Foreign currency translation	(145,056)	(1,794,155)	260,214	(4,112,873)
Other comprehensive income for the year, net of tax	(145,056)	(1,794,155)	260,214	(4,112,873)
Total comprehensive income for the year	(2,913,405)	(2,993,980)	6,642,425	2,229,287
Profit attributable to:				
Owners of the Company	(3,056,706)	(1,354,935)	5,467,104	5,505,454
Non-controlling interests	288,357	155,110	915,107	836,706
(Loss)/Profit for the year	(2,768,349)	(1,199,825)	6,382,211	6,342,160
Total comprehensive income attributable to:				
Owners of the Company	(3,174,422)	(2,829,324)	5,616,979	2,407,962
Non-controlling interests	261,017	(164,656)	1,025,446	(178,675)
Total comprehensive income for the year	(2,913,405)	(2,993,980)	6,642,425	2,229,287
Basic/Diluted, earnings per ordinary share (sen)	(3.30)	(1.46)	5.90	5.94

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 31 December 2018 - unaudited**

	31 December 2018 RM	31 December 2017 RM (Restated)	1 January 2017 RM (Restated)
ASSETS			
Non-Current Assets			
Property, plant and equipment	128,510,865	138,764,009	140,582,530
Land held for property development	86,668,315	122,502,901	125,984,915
Investment properties	116,690,000	123,210,000	123,965,000
Interest in associate	258,084	-	-
Available-for-sale investments	36,926	60,390	40,952
Quarry extraction exclusive right	-	-	267,776
Trade and other receivables	3,450,640	5,783,414	9,134,949
Deferred tax assets	4,721,872	4,489,638	1,931,427
Total non-current assets	340,336,702	394,810,352	401,907,549
Current Assets			
Property development costs	4,928,360	12,721,237	19,482,932
Inventories	66,047,112	68,284,231	59,579,461
Trade and other receivables	84,678,108	97,757,961	81,742,862
Other current assets	960,604	2,853,501	19,393,551
Available-for-sale investments	31,561,084	24,913,627	16,263,632
Tax recoverable	1,086,398	147,499	1,861,740
Cash and bank balances	40,440,686	45,320,626	50,293,934
Total current assets	229,702,352	251,998,682	248,618,112
TOTAL ASSETS	570,039,054	646,809,034	650,525,661
EQUITY AND LIABILITIES			
Equity			
Share capital	101,883,643	101,883,643	92,699,600
Share premium	-	-	8,757,596
Retained profits	294,792,021	292,105,905	289,469,417
Reserves	(851,968)	(1,001,843)	2,522,096
Total equity attributable to owners of the Company	395,823,696	392,987,705	393,448,709
Non-controlling interests	8,070,690	8,107,718	9,456,383
Total equity	403,894,386	401,095,423	402,905,092
Non-Current Liabilities			
Loans and borrowings	56,206,385	64,432,208	78,535,996
Trade and other payables	6,629,389	47,371,905	7,246,508
Deferred tax liabilities	2,904,958	3,056,258	2,457,340
Total non-current liabilities	65,740,732	114,860,371	88,239,844
Current Liabilities			
Loans and borrowings	19,092,452	20,046,039	25,453,083
Trade and other payables	68,662,136	70,407,951	101,393,256
Other current liabilities	11,524,223	36,796,398	31,675,551
Tax payable	1,125,125	3,602,852	858,835
	<u>100,403,936</u>	<u>130,853,240</u>	<u>159,380,725</u>
Total liabilities	166,144,668	245,713,611	247,620,569
TOTAL EQUITY AND LIABILITIES	570,039,054	646,809,034	650,525,661
Net assets per share attributable to owners of the Company (RM)	<u>4.27</u>	<u>4.24</u>	<u>4.24</u>

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.

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

Condensed Consolidated Statement of Changes in Equity
For 12 months ended 31 December 2018 - unaudited

	Attributable to owners of the Company										Total equity RM
	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		
12 months ended 31 December 2018											
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	8,353,613	402,627,053	
Effect of MFRS adoption and changes in accounting policies	-	-	-	-	(30,598)	-	(1,255,137)	(1,285,735)	(245,885)	(1,531,630)	
At 1 January 2018 (Restated)	101,883,643	-	(1,732,918)	1,157,522	-	(426,447)	292,105,905	392,987,705	8,107,718	401,095,423	
Total comprehensive income for the year	-	-	149,875	-	-	-	5,467,104	5,616,979	1,025,446	6,642,425	
Transactions with owners:											
Dividend to non-controlling interest	-	-	-	-	-	-	(2,780,988)	(2,780,988)	(1,062,474)	(1,062,474)	
Dividend on ordinary shares	-	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)	
At 31 December 2018	101,883,643	-	(1,583,043)	1,157,522	-	(426,447)	294,792,021	395,823,696	8,070,690	403,894,386	
12 months ended 31 December 2017											
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)	-	(1,424,228)	(1,431,967)	(258,079)	(1,690,046)	
At 1 January 2017 (Restated)	92,699,600	8,757,596	1,364,574	1,157,522	-	-	289,469,417	393,448,709	9,456,383	402,905,092	
Total comprehensive income for the year	-	-	(3,097,492)	-	-	-	5,505,454	2,407,962	(178,675)	2,229,287	
Transactions with owners:											
Acquisitions of remaining shares in subsidiaries	-	-	-	-	-	-	(87,978)	(87,978)	87,978	-	
Dividend to non-controlling interests	-	-	-	-	-	-	-	-	(1,257,968)	(1,257,968)	
Dividend on ordinary shares	-	-	-	-	-	-	(2,780,988)	(2,780,988)	-	(2,780,988)	
Effect of implementation of Companies Act 2016	9,184,043	(8,757,596)	-	-	-	(426,447)	-	-	-	-	
At 31 December 2017 (Restated)	101,883,643	-	(1,732,918)	1,157,522	-	(426,447)	292,105,905	392,987,705	8,107,718	401,095,423	

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 12 months ended 31 December 2018 - unaudited**

	Financial Year 12 months ended 31 December	
	2018 RM	2017 RM (Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	10,348,654	12,348,593
Adjustments for :-		
Amortisation of quarry extraction exclusive right	-	89,258
Bad debts written off	-	13,688
Depreciation	14,210,916	12,619,769
Dividend income from short term investments	(717,338)	(980,907)
Fair value adjustments of investment properties, net	6,520,000	58,337
Fair value loss/(gain) on short term investments	133	(87,580)
Gain on disposal of:		
- investment in a subsidiary	-	(16,535)
- investment properties	-	(470,448)
- property, plant and equipment, net	(1,437,101)	(730,830)
Gain on derecognition of financial liabilities	(4,611,689)	-
Interest expense	6,863,188	9,126,464
Interest income	(2,374,005)	(2,324,116)
Inventory written off	-	223,403
Allowance for/(write back of) impairment losses on:		
- intangible asset	-	2
- property, plant and equipment	6,621	(110,550)
- trade and other receivables, net	206,775	(1,245,653)
Property, plant and equipment written off	6,726	340,434
Quarry extraction exclusive right written off	-	178,518
Share of profit of associates	(258,082)	-
Unrealised (gain)/loss on foreign exchange	(146,752)	3,896,777
Operating profit before changes in working capital	<u>28,618,046</u>	<u>32,928,624</u>
Changes in working capital:-		
Net changes in current assets	16,664,158	7,167,829
Net changes in current liabilities	(16,621,370)	9,483,465
Cash flows from operations	<u>28,660,834</u>	<u>49,579,918</u>
Interest paid	(607,677)	(504,477)
Interest received	729,087	1,268,214
Taxes paid	(7,761,784)	(3,443,801)
Net cash flows from operating activities	<u>21,020,460</u>	<u>46,899,854</u>

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 12 months ended 31 December 2018 - unaudited**

	Financial Year 12 months ended 31 December	
	2018	2017
	RM	RM
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	780,432	908,940
Land held for property development	(4,167,547)	(3,836,686)
Net dividend received from short term investments	717,338	980,907
Placement of deposits with maturity period more than 3 months	(374,092)	(1,349,941)
Proceeds from disposal of:		
- investment in a subsidiary	-	10
- investment properties	-	1,173,211
- property, plant and equipment	5,047,330	1,386,840
- short term investments	86,694,118	97,619,741
Purchase of:		
- additional shares in subsidiary	-	(6)
- investment properties	-	(6,100)
- property, plant and equipment	(4,568,176)	(15,442,841)
- shares in associate	(2)	-
- short term investments	(93,318,244)	(106,201,594)
Withdrawal of deposits with maturity period more than 3 months	307,799	1,170,924
Net cash flows used in investing activities	<u>(8,881,044)</u>	<u>(23,596,595)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(2,780,988)	(2,780,988)
Dividend paid to non-controlling interests	(1,240,287)	(611,564)
Interest paid	(3,655,783)	(4,281,865)
Repayment of term loan	(5,970,822)	(18,233,933)
Repayment of hire purchase liabilities	(4,244,714)	(5,953,730)
Net cash flows used in financing activities	<u>(17,892,594)</u>	<u>(31,862,080)</u>
Net decrease in cash and cash equivalents	(5,753,178)	(8,558,821)
Effects of exchange rate differences	93,461	1,990,847
Cash and cash equivalents at beginning of the year	31,278,695	37,846,669
Cash and cash equivalents at end of the year	<u>25,618,978</u>	<u>31,278,695</u>

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**Condensed Consolidated Statement of Cash Flows (cont'd.)
For the 12 months ended 31 December 2018 - unaudited**

**Financial Year
12 months ended
31 December**

2018	2017
RM	RM

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

Cash and bank balances	18,960,498	15,073,745
Deposits with licensed banks	21,480,188	30,246,881
Bank overdrafts	<u>(5,382,067)</u>	<u>(4,862,355)</u>
	35,058,619	40,458,271
Less:		
Deposits with maturity period more than 3 months	<u>(9,439,641)</u>	<u>(9,179,576)</u>
	<u>25,618,978</u>	<u>31,278,695</u>

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
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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

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

These interim financial statements, for the year ended 31 December 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 hte audited financial statemetns for the year ended 31 December 2017 except as discussed below:

(a) 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.

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

A2. Significant Accounting Policies (cont'd.)

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

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

The effect of adopting MFRS 9 is as follows:

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

	Note	RM
Assets		
Trade and other receivables	(ii)	<u>(1,531,630)</u>
Equity		
Retained profits	(i), (ii)	(1,255,137)
Reserves	(i)	(30,598)
Non-controlling interest	(ii)	<u>(245,895)</u>
		<u>(1,531,630)</u>

Impact on the statement of profit or loss (increase/(decrease)) for the 12 months ended 31 December 2017:

	Note	RM
Other income	(i), (ii)	105,632
Administrative expenses	(ii)	(92,791)
Profit for the year		<u>198,423</u>
Attributable to:		
Owners of the Company		186,238
Non-controlling interests		<u>12,185</u>
		<u>198,423</u>

Impact on other comprehensive income (increase/(decrease)) for the 12 months ended 31 December 2017:

	Note	RM
Fair value changes on available-for-sale investments	(i)	<u>(22,859)</u>

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

A2. Significant Accounting Policies (cont'd.)

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

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

(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.

(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.

(b) 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:

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

A2. Significant Accounting Policies (cont'd.)

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

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

Impact on the statement of profit or loss (increase/(decrease)) for the 12 months ended 31 December 2017:

	Note	RM
Revenue	(ii)	(25,371)
Operating expenses	(i)	892
Administrative expenses	(i), (ii)	(9,116)
Profit for the period		<u>(17,147)</u>
Attributable to:		
Owners of the Company		<u>(17,147)</u>

(i) 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.

(ii) 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.

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

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

The Group revised the estimated useful lives of certain plant and machinery and motor vehicles from 5 to 10 years to 8 years with effect from 1 July 2018. The revision were accounted for as a change in estimates and as a result, the depreciation charges for the current quarter have been increased by RM2.334 million.

There were no other 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 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 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM (Restated)	RM	RM (Restated)
The following items have been included in arriving at profit from operating activities:				
Amortisation of quarry extraction exclusive right	-	22,313	-	89,258
Bad debts written off	-	30,175	-	13,688
Total depreciation	2,585,685	3,353,906	14,210,916	12,619,769
Depreciation capitalised under construction costs	(446,531)	(387,914)	(2,564,397)	(1,658,463)
Depreciation charged to profit from operating activities	2,139,154	2,965,992	11,646,519	10,961,306
Dividend income from available-for-sale investments	(265,557)	(301,087)	(717,338)	(980,907)
Fair value changes on financial assets at fair value through profit or loss	7,213	(9,895)	133	(87,580)
Fair value adjustments of investment properties, net	6,520,000	58,337	6,520,000	58,337
Gain on derecognition of financial liabilities	-	-	(4,611,689)	-
Gain on disposal of :				
- investment in a subsidiary	-	-	-	(16,535)
- investment properties	-	(231,526)	-	(470,448)
- property, plant and equipment, net	(793,148)	(206,805)	(1,437,101)	(730,830)
Loss/(Gain) on foreign exchange :				
- realised, net	171,566	234,126	430,991	352,530
- unrealised	(167,303)	838,153	(146,752)	3,896,777
Property, plant and equipment written off	1,579	8,136	6,726	340,434
Provision for/(Write back of) impairment loss on:				
- intangible asset	-	2	-	2
- property, plant and equipment	6,621	(110,550)	6,621	(110,550)
- trade and other receivables, net	490,880	(1,321,566)	206,775	(1,245,653)
Quarry extraction exclusive rights written off	-	178,518	-	178,518
Inventories written off	-	-	-	223,403
Gain on derivatives	N/A	N/A	N/A	N/A

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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 31 December 2018							
Revenue							
Total revenue	1,529,973	30,589,903	19,207,681	10,333,332	3,115,229	658,469	65,434,587
Inter-segment sales	(130,608)	(4,725,624)	(746,287)	-	(215)	(262,849)	(5,865,583)
External sales	1,399,365	25,864,279	18,461,394	10,333,332	3,115,014	395,620	59,569,004
Results							
Segment results	(5,898,893)	827,836	1,866,504	2,129,778	1,052,884	70,527	68,636
Interest expense	(733,205)	(548,003)	(20,566)	(2,256)	(80,137)	-	(1,384,167)
Share of profits from associates	-	-	-	253,921	-	-	253,921
(Loss)/Profit before tax	(6,632,098)	279,833	1,865,938	2,381,443	972,747	70,527	(1,061,610)
Income tax expense	(270,246)	(269,518)	(294,122)	(342,121)	(513,151)	(17,581)	(1,706,739)
Loss for the period							<u>(2,768,349)</u>
Total Assets							
Segment assets	(9,212,343)	1,857,015	1,393,688	(8,702,802)	(1,848,851)	262,834	(16,250,459)
Interest in associate							253,921
Unallocated corporate assets							15,797,253
Total assets							<u>(199,285)</u>
Total Liabilities							
Segment liabilities	(1,095,227)	8,035,835	39,161	(3,362,145)	954,267	203,014	4,774,905
Unallocated corporate liabilities							(77,142)
Total liabilities							<u>4,697,763</u>
Other information							
Capital expenditure	2,500	676,919	2,833,635	3,504	126,732	-	3,643,290
Impairment loss on property, plant equipment	-	-	-	6,621	-	-	6,621

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Current quarter 3 months
ended 31 December 2017
(Restated)

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	7,539,421	48,824,149	17,258,468	7,177,536	3,112,871	644,482	84,556,927
Inter-segment sales	(6,133,624)	(3,237,014)	(104,998)	-	(292)	(255,384)	(9,731,312)
External sales	1,405,797	45,587,135	17,153,470	7,177,536	3,112,579	389,098	74,825,615
Results							
Segment results	464,210	1,922,006	2,342,824	1,525,418	795,947	(24,420)	7,025,985
Interest expense	(758,971)	(56,125)	(374,721)	(3,223,822)	(70,519)	(366)	(4,484,524)
(Loss)/Profit before tax	(294,761)	1,865,881	1,968,103	(1,698,404)	725,428	(24,786)	2,541,461
Income tax expense	(40,370)	(2,255,992)	(553,056)	237,660	(797,079)	(332,439)	(3,741,286)
Profit for the period							<u>(1,199,825)</u>
Total Assets							
Segment assets	2,078,100	18,424,029	3,125,018	3,220,221	(1,666,986)	(1,428,394)	23,751,988
Unallocated corporate assets							<u>(13,199,179)</u>
Total assets							<u>10,552,809</u>
Total liabilities							
Segment liabilities	(1,055,964)	7,716,825	3,329,494	(564,069)	3,690,967	(124,671)	12,992,582
Unallocated corporate liabilities							<u>3,512,093</u>
Total liabilities							<u>16,504,675</u>
Other information							
Capital expenditure	643,370	(322,067)	1,614,070	-	3,087,412	-	5,022,785
Impairment loss on property, plant equipment	-	(30,800)	-	(79,750)	-	-	(110,550)

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

**Financial year 12 months
ended 31 December 2018**

	Investment RM	Construction RM	Manufacturing RM	Property Development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	17,727,424	122,494,736	71,501,933	23,217,338	11,931,205	1,748,932	248,621,568
Inter-segment sales	(12,525,346)	(13,015,819)	(4,675,007)	-	(1,102)	(872,116)	(31,089,390)
External sales	5,202,078	109,478,917	66,826,926	23,217,338	11,930,103	876,816	217,532,178
Results							
Segment results	(3,493,375)	1,763,254	5,980,339	7,642,508	3,630,007	154,964	15,677,697
Interest expense	(2,862,935)	(714,698)	(95,525)	(1,597,637)	(316,330)	-	(5,587,125)
Share of profits from associates	-	-	-	258,082	-	-	258,082
(Loss)/Profit before tax	(6,356,310)	1,048,556	5,884,814	6,302,953	3,313,677	154,964	10,348,654
Income tax expense	(321,972)	(718,993)	(932,959)	(895,827)	(1,066,224)	(30,468)	(3,966,443)
Profit for the year							<u>6,382,211</u>
Total Assets							
Segment assets	136,098,375	122,453,802	77,764,346	130,119,786	62,294,786	3,643,595	532,374,690
Interest in associate							258,084
Unallocated corporate assets							37,406,280
Total assets							<u>570,039,054</u>
Total liabilities							
Segment liabilities	54,617,225	60,431,702	9,137,838	23,669,175	13,995,912	262,733	162,114,585
Unallocated corporate liabilities							4,030,083
Total liabilities							<u>166,144,668</u>
Other information							
Capital expenditure	30,480	1,572,703	5,101,148	41,842	1,265,081	13,472	8,024,726
Impairment loss on property, plant equipment	-	-	-	6,621	-	-	6,621

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

A9. Segmental reporting (cont'd.)

Business Segments (cont'd.)

Financial year 12 months
ended 31 December 2017
(Restated)

	Investment RM	Construction RM	Manufacturing RM	Property development RM	Utilities RM	Others RM	Total RM
Revenue							
Total revenue	21,923,902	135,678,276	61,555,909	23,287,065	12,642,087	6,043,164	261,130,403
Inter-segment sales	(15,512,058)	(10,173,260)	(831,992)	-	(1,392)	(2,282,499)	(28,801,201)
External sales	6,411,844	125,505,016	60,723,917	23,287,065	12,640,695	3,760,665	232,329,202
Results							
Segment results	3,270,008	4,022,329	6,195,746	3,670,993	2,627,704	488,528	20,275,308
Interest expense	(2,984,617)	(279,607)	(454,261)	(4,041,349)	(166,019)	(862)	(7,926,715)
Profit/(Loss) before tax	285,391	3,742,722	5,741,485	(370,356)	2,461,685	487,666	12,348,593
Income tax expense	(123,752)	(2,109,372)	(1,706,328)	(265,000)	(1,368,329)	(433,652)	(6,006,433)
Profit for the year							6,342,160
Total Assets							
Segment assets	144,751,252	134,081,082	75,069,618	193,352,844	64,215,801	5,727,283	617,197,880
Unallocated corporate assets							29,611,154
Total assets							646,809,034
Total liabilities							
Segment liabilities	59,787,349	78,729,054	11,276,404	74,550,602	14,229,069	482,023	239,054,501
Unallocated corporate liabilities							6,659,110
Total liabilities							245,713,611
Other information							
Capital expenditure	670,230	706,806	8,298,226	71,551	8,336,942	566	18,084,321
Impairment loss on property, plant equipment	-	(30,800)	-	(79,750)	-	-	(110,550)

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 current financial year.

A11. Changes in Composition of the Group

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

A12. Changes in Contingent Liabilities and Assets

(a) Contingent Liabilities

	As at 31 December	
	2018	2017
	RM	RM
Unsecured:		
Corporate guarantees given to banks for facilities granted to subsidiaries	107,478,490	120,024,311
Corporate guarantees given to third parties for credit facilities granted to subsidiaries	360,569	1,811,002
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	2,800,000
	110,639,059	124,635,313

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.

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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 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM	RM	RM
Architect fees paid to Arkitek Ding Poi Kooi	-	-	(295,987)	(498,995)
Progress billings to:				
Ding Ju Shuen	-	139,280	-	208,920
Ding Poi Kooi	-	438,660	-	1,462,200
Ding Zhe Lin	-	139,280	-	208,920
Purchase of consumables from DKLS Service Station	(3,079)	(1,397)	(5,098)	(8,326)
Purchase of materials from Total Resilience Sdn Bhd	-	(8,000)	-	(8,000)
Purchase of property, plant and equipment from Lee Koon Hian	-	-	(1)	-
Rental of building paid to Ipoh Tower Sdn Bhd	-	(5,720)	-	(45,320)
Rental of car park paid to Aplikasi Budimas Sdn Bhd	(5,920)	(4,950)	(24,020)	(22,450)
Sale commission received from Yu Shuen Development Sdn Bhd	-	-	17,400	-
Sale of materials to Total Resilience Sdn Bhd	-	-	-	676,099
Supply of electricity by Ipoh Tower Sdn Bhd	(18,347)	(18,932)	(72,397)	(81,219)

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.

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

A14. Capital Commitments

As at
31 December 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
31 December 2018
RM

Not later than 1 year
Later than 1 year but not later than 5 years

4,280,238
3,954,965
8,235,203

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B. Additional information required by BMSB's Listing Requirements**B1. Operating Segment Review****(a) Review of Performance for 4Q18 vs 4Q17**

The Group recorded revenue of RM59.569 million for the fourth quarter ended 31 December 2018 (4Q18), decreased by RM15.257 million (or 20.4%), as compared to the revenue of RM74.826 million for the corresponding quarter ended 31 December 2017 (4Q17). The Group recorded pre-tax loss for 4Q18 of RM1.062 million as compared to the pre-tax profit of RM2.541 million for 4Q17. The lower revenue and lower pre-tax profit of the Group can be analysed as below:-

4Q18 vs 4Q17

Increase/(Decrease)	Revenue RM'000	Pre-tax profit RM'000
Investment	(7)	(6,337)
Construction	(19,723)	(1,586)
Manufacturing	1,308	(102)
Property development	3,156	4,080
Utilities	2	247
Others	7	95
	<u>(15,257)</u>	<u>(3,603)</u>

For the current 4Q18 under review, the Group recorded a pre-tax loss of RM1.062 million versus a pre-tax profit of RM2.541 million for 4Q17. Included in 4Q18's results were exceptional losses arising from fair value adjustments on investment properties of RM6.520 million (4Q17 : RM0.058 million) and impairment losses on receivables of RM0.491 million (4Q17 : reversal of impairment loss of RM1.322 million) of which the impact were partially off-set by the higher interest income of RM1.410 million (4Q17 : RM1.081 million), higher gains on disposal of property, plant and equipment of RM0.793 million (4Q17 : RM0.207 million), lower foreign exchange losses of RM0.004 million (4Q17 : RM1.072 million), lower interest expense of RM1.384 million (4Q17 : RM4.485 million), and share of profits from associates of RM0.254 million (4Q17 : RMNil).

If these were excluded, the Group would have recorded a pre-tax profit of RM4.880 million (4Q17 : RM5.546 million) on the turnover of RM59.569 million (4Q17 : RM74.826 million) with consistent margin as compared to the previous year corresponding quarter.

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B. Additional information required by BMSB's Listing Requirements (cont'd.)**B1. Operating Segment Review (cont'd.)****(b) Review of Performance to date for FY18 vs FY17**

For the current financial year ended 31 December 2018 (FY18) under review, the Group recorded a slightly lower revenue of RM217.532 million, a decrease of RM14.797 million (or 6.4%), as compared to the revenue of RM232.329 million for the same corresponding financial year ended 31 December 2017 (FY17). As for the pre-tax profit for FY18, the Group achieved a lower pre-tax profit of RM10.349 million a decrease of RM2.000 million (or 16.0%) as compared to the pre-tax profit of RM12.349 million for FY17. The lower revenue and 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	(1,210)	(6,642)
Construction	(16,026)	(2,694)
Manufacturing	6,103	143
Property development	(70)	6,673
Utilities	(711)	852
Others	(2,883)	(332)
	<u>(14,797)</u>	<u>(2,000)</u>

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 agreements, of which certain floors were remained untenanted under the financial year under review, and also a reduction in rental rate due to stiff competition from the oversupply of commercial buildings in Klang Valley and within the vicinity of Bangsar South.

The investment segment recorded a substantial pre-tax loss of RM6.356 million as compared to the pre-tax profit of RM0.285 million in the corresponding financial year due to losses arising from the fair value adjustments on investment properties of RM6.900 million (FY17 : RM0.103 million), however this was partially off-set by the exceptional gains recorded ie compensation received from former tenant of RM0.500 million (FY17 : RMNil) and foreign exchange gain of RM0.195 million (FY17 : foreign exchange losses of RM0.882 million).

If these gains/losses were excluded from the pre-tax loss, the investment segment would still registered a marginal pre-tax loss of RM0.151 million as compared to the pre-tax profit of RM1.270 million in the corresponding financial year as a result of the drop in revenue and slight increase in operating costs.

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

B1. Operating Segment Review (cont'd.)

(b) Review of Performance to date for FY18 vs FY17 (cont'd.)

Construction

The construction segment has recorded a lower pre-tax profit of RM1.049 million (FY17 : RM3.743 million) on a lower revenue of RM109.479 million (FY17 : RM125.505 million) for the current financial year under review.

For the current financial year under review, the profits contributed was from the construction projects as compared to the previous corresponding year that was partly contributed from sale of inventories which yielded higher profit margin.

The lower profit achieved for the current financial year was due to lower revenue recorded and further imparted by the increase in depreciation charges of RM0.645 million (FY18 : RM7.161 million vs FY17 : RM6.516 million) partially due to the revision of estimated useful life of certain types of plant and machinery and motor vehicles which takes effect from 3Q18, interest expense from amortisation of long term deposits of RM0.509 (FY17 : RMNil) and also the foreign exchange losses of RM0.112 million (FY17 : RM1.664 million).

Manufacturing

The manufacturing segment has recorded a higher pre-tax profit of RM5.885 million (FY17 : RM5.741 million) on a higher revenue of RM66.827 million (FY17 : RM60.724 million) for the current financial year under review.

Included in the pre-tax profit was gains on fair value adjustments on investment properties of RM0.380 million (FY17 : RM0.045 million), impairment losses on receivables of RM0.579 million (FY17 : RM0.012 million), the property, plant and equipment written off of RMNil (FY17 : RM0.324 million) and inventories written off of RMNil (FY17 : RM0.223 million).

If these exception gains/losses were excluded from the pre-tax profit, the overall profit margin drop slightly due to the higher depreciation charges of RM3.607 million (FY17 : RM2.310 million) partly resulted from the revision in the estimated useful life of certain types of plant and machinery and motor vehicles which takes effect from 3Q18.

Property Development

The property development segment has recorded a higher pre-tax profit of RM6.303 million (FY17 : pre-tax loss of RM0.370 million) on a turnover of RM23.217 million (FY17 : RM23.287 million).

The high pre-tax profit was due to the exceptional gains arising from the derecognition of financial liabilities of RM4.612 million (FY17 : RMNil), share of profits from associates of RM0.258 million (FY17 : RMNil) and also lower amortisation of interest expense on long term payables of RM1.591 million (FY17 : RM3.021 million) and tax penalty of RMNil (FY17 : RM0.637 million).

If these were excluded, the property development had recorded a slight drop in overall profit margin. In view of the soft market sentiment, the property development segment was focusing on clearing its existing stocks on hand and had undertaken more innovative sales promotions and marketing campaigns to clear these stocks.

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B. Additional information required by BMSB's Listing Requirements (cont'd.)**B1. Operating Segment Review (cont'd.)****(b) Review of Performance to date for FY18 vs FY17 (cont'd.)****Utilities**

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

Despite a lower revenue of RM11.930 million (FY17 : RM12.641 million), the utilities segment has recorded a higher pre-tax profit of RM3.314 million (FY17 : RM2.462 million) as compared to the previous corresponding year. The higher pre-tax profit was mainly due to the lower foreign exchange losses of RM0.252 million (FY17 : RM1.702 million), partially off-set by higher interest expense of RM0.316 million (FY17 : RM0.166 million) and higher impairment losses on receivables of RM0.148 (FY17 : RM0.128 million).

If these exceptional losses were excluded, the profit margin remained consistent.

Others

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

This segment has recorded a lower pre-tax profit of RM0.155 million (FY17 : RM0.488 million) on the back of lower revenue of RM0.877 million (FY17 : RM3.761 million). The lower revenue was mainly due to slow down in construction industry resulted in lower trading sales.

B2. Variance of Results Against Preceding Quarter

	Current Quarter 31 December 2018 RM'000	Immediate Preceding Quarter 30 September 2018 RM'000	Changes Amount RM'000
Revenue	59,569	54,112	5,457
Pre-tax profit	(1,062)	2,496	(3,558)

Despite recorded a higher revenue in 4Q18, the Group recorded a pre-tax loss as compared to the immediate preceding quarter (3Q18).

The pre-tax loss for 4Q18 was mainly due to the losses arising from the fair value adjustments on investment properties of RM6.520 million (3Q18 : RMNil) and impairment losses on receivables of RM0.491 million (3Q18: reversal of impairment losses of RM0.539 million). These losses were partially off-set by the higher gain on disposal of property, plant and equipment of RM0.793 million (3Q18 : RM0.245 million) and lower depreciation charges of RM2.586 million (3Q18 : RM5.454 million). The higher depreciation charges in 3Q18 was resulted from the revision of estimated useful life of certain types of plant and equipment and motor vehicles which takes effect from 3Q18.

If these were excluded from pre-tax profit, the Group recorded consistent results for both quarters.

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

B3. Projects

Weak sentiments for property market are expected to continue into 2019 despite the positive initiatives measures roll out by the Government to assist more Malaysian to own first residential property and possible of reducing the unsold residential units from the developers.

Due to the uncertainties in the property market, the Group will continue to intensify its efforts to reduce its inventories through more aggressive and innovative sales promotion and marketing campaigns.

Local construction industry expects to see a slower growth in 2019 due to sluggish property market as well as limited public infrastructure projects taking off due to changes in government policies. The Group will continue to improve its management efficiency, effectiveness and align its strategy to ensure sustainable revenue and profit growth.

Sale of quarry products and related products is expected to remain challenging with more intense competition from the existing and new players, as well as the negative impact of subdued property market. Nevertheless, the Group anticipates that more infrastructure works by the local authority can mitigate the adverse market scenario and working towards in getting more market shares.

Taking into consideration of the above-mentioned and barring unforeseen circumstances, the directors expect the Group's operating environment to remain competitive and challenging and the profitability to be modest for 2019.

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

B4. Income tax expense

	Current Quarter 3 months ended 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM	RM	RM
Current income tax:				
Malaysia income tax	875,535	1,485,329	3,845,618	4,418,005
Under provision in prior years	-	3,476,163	187,870	3,405,207
	<u>875,535</u>	<u>4,961,492</u>	<u>4,033,488</u>	<u>7,823,212</u>
Deferred income tax:				
Relating to origination and reversal of temporary differences	522,483	204,211	(48,662)	(436,992)
Under/(Over) provision in prior years	16,579	(1,566,931)	(310,525)	(1,522,301)
	<u>539,062</u>	<u>(1,362,720)</u>	<u>(359,187)</u>	<u>(1,959,293)</u>
Withholding tax	<u>292,142</u>	<u>142,514</u>	<u>292,142</u>	<u>142,514</u>
Income tax expense	<u>1,706,739</u>	<u>3,741,286</u>	<u>3,966,443</u>	<u>6,006,433</u>

Current income tax is calculated at the Malaysian corporate statutory tax rate ranges from 20% to 24% of the estimated assessable profit for the Year of Assessment 2017 and Year of Assessment 2018. The reduction in the income tax rate is based on the percentage of increase in chargeable income as compared to the immediate preceding year of assessment.

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 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit before tax	(1,061,610)	2,541,461	10,348,654	12,348,593
Taxation at applicable tax rates	(254,786)	609,950	2,483,677	2,963,662
Income not subject to tax	(576,316)	(621,244)	(1,844,661)	(2,075,602)
Expenses not deductible for tax purposes	2,157,362	1,215,074	3,621,538	2,983,317
Difference in tax rate of foreign subsidiaries	(54,354)	(7,832)	(159,698)	(122,081)
Effect of changes in tax rate	(617)	20,257	(12,484)	-
Foreign withholding tax	262,555	142,514	292,142	142,514
Deferred tax on undistributed earnings from foreign subsidiary	(24,346)	514,199	(24,346)	514,199
Deferred tax assets not recognised	-	457	2,382	5,253
Deferred tax losses recognised as deferred tax assets in current year	(161,742)	-	(171,120)	-
Deferred tax on fair value adjustment	605,871	(2,916)	605,871	(2,916)
Utilisation of previously unrecognised deferred tax assets	(263,955)	(38,405)	(704,978)	(284,819)
Current year tax losses that cannot be carried forward	488	-	775	-
Under/(Over) provision of current tax in prior years	-	3,476,163	187,870	3,405,207
(Over)/Under provision of deferred tax in prior years	16,579	(1,566,931)	(310,525)	(1,522,301)
Income tax expense	1,706,739	3,741,286	3,966,443	6,006,433

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.

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

B6. Borrowing and Debt Securities

	As at 31 December	
	2018	2017
	RM	RM
Short term borrowings		
Hire purchase liabilities (secured)	2,877,017	3,861,680
Term loans (secured)	7,000,004	5,000,004
Bank overdrafts (secured)	5,382,067	4,847,292
Bank overdrafts (unsecured)	-	15,063
Revolving credit (secured)	3,000,000	3,000,000
Bankers' acceptances (unsecured)	833,364	3,322,000
	<u>19,092,452</u>	<u>20,046,039</u>
Long term borrowings		
Hire purchase liabilities (secured)	1,157,177	1,412,178
Term loans and bridging loan (secured)	55,049,208	63,020,030
	<u>56,206,385</u>	<u>64,432,208</u>
Total borrowings	<u>75,298,837</u>	<u>84,478,247</u>

Loans and borrowings at the reporting date are denominated in the following currencies:

	As at 31 December	
	2018	2017
	RM	RM
Ringgit Malaysia	69,916,770	79,630,955
Lao Kip	5,382,067	4,847,292
	<u>75,298,837</u>	<u>84,478,247</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 final single tier dividend of 3.00 sen (2017 : 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 (2017 : 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.

DKLS INDUSTRIES BERHAD
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(Incorporated in Malaysia)

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 31 December		Financial Year 12 months ended 31 December	
	2018	2017	2018	2017
	RM	RM	RM	RM
Profit attributable to owners of the Company	(3,056,706)	(1,354,935)	5,467,104	5,505,454
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	(3.30)	(1.46)	5.90	5.94

(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 RM17.5 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 31 December 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 measured at fair value			
Investment properties	-	-	116,690,000

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)	36,926	-	-
- Unit trust fund (quoted)	-	29,561,084	-
- Short term investments with a licensed bank (unquoted)	-	2,000,000	-
	<hr/>	<hr/>	<hr/>
Financial liabilities			
Other commitments	-	2,306,526	-
	<hr/>	<hr/>	<hr/>

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.

Dated : 26 February 2019