

**BINTAI KINDEN CORPORATION BERHAD**  
(Company No:290870P)

**Unaudited Condensed Consolidated Statement Of Comprehensive Income  
For Quarter And Nine Months Ended 31 December 2016**

	Note	QUARTER ENDED		CUMULATIVE YEAR TO DATE	
		31.12.16 RM'000	31.12.15 RM'000	31.12.16 RM'000	31.12.15 RM'000
<b>Continuing operations</b>					
Revenue		170,620	121,413	496,596	325,154
Cost of sales		(158,726)	(106,791)	(452,010)	(287,604)
<b>Gross profit</b>		<u>11,894</u>	<u>14,622</u>	<u>44,586</u>	<u>37,550</u>
Other income		1,130	188	2,810	1,428
Operating expenses		(13,658)	(20,273)	(44,845)	(58,802)
<b>Results from operating activities</b>		<u>(634)</u>	<u>(5,463)</u>	<u>2,551</u>	<u>(19,824)</u>
Finance income		83	74	231	277
Finance costs		(195)	(1,038)	(3,111)	(3,161)
<b>Net finance costs</b>		<u>(112)</u>	<u>(964)</u>	<u>(2,880)</u>	<u>(2,884)</u>
		(746)	(6,427)	(329)	(22,708)
Share of results in jointly controlled entities		(3)	(4)	(9)	(11)
Share of results in associates		445	(69)	454	(380)
<b>(Loss)/income before tax</b>		<u>(304)</u>	<u>(6,500)</u>	<u>116</u>	<u>(23,099)</u>
Income tax credit/(expense)	B6	18	51	(82)	(775)
<b>(Loss)/income for the period</b>		<u>(286)</u>	<u>(6,449)</u>	<u>34</u>	<u>(23,874)</u>
<b>Other comprehensive income/(loss)</b>					
Gain/(loss) on fair value changes on available for sales financial assets		-	(24)	45	(507)
Foreign currency translation differences for foreign operations		1,674	(852)	4,872	7,527
<b>Other comprehensive income/(loss) for the period</b>		<u>1,674</u>	<u>(876)</u>	<u>4,917</u>	<u>7,020</u>
<b>Total comprehensive income/(loss) for the period</b>		<u>1,388</u>	<u>(7,325)</u>	<u>4,951</u>	<u>(16,854)</u>
<b>(Loss)/income attributable to: -</b>					
Owners of the Company		(1,052)	(8,131)	(897)	(26,015)
Non-controlling interests		766	1,682	931	2,141
<b>(Loss)/income for the period</b>		<u>(286)</u>	<u>(6,449)</u>	<u>34</u>	<u>(23,874)</u>
<b>Total comprehensive income/(loss) attributable to: -</b>					
Owners of the Company		622	(9,007)	4,020	(18,995)
Non-controlling interests		766	1,682	931	2,141
<b>Total comprehensive income/(loss) for the period</b>		<u>1,388</u>	<u>(7,325)</u>	<u>4,951</u>	<u>(16,854)</u>
<b>Loss per share attributable to owners of the Company (sen)</b>					
Basic	B13	<u>(0.49)</u>	<u>(4.37)</u>	<u>(0.42)</u>	<u>(13.99)</u>
Diluted	B13	<u>(0.47)</u>	<u>(3.87)</u>	<u>(0.40)</u>	<u>(12.39)</u>

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016

**BINTAI KINDEN CORPORATION BERHAD**  
(Company No:290870P)

**Unaudited Condensed Consolidated Statement of Financial Position as at 31 December 2016**

	Unaudited As at 31.12.16 RM'000	Audited As at 31.03.2016 RM'000
Note	<u>RM'000</u>	<u>RM'000</u>
<b>Assets</b>		
Property, plant and equipment	9,047	9,510
Investment in jointly controlled entities	11,987	11,217
Investment in associates	3,377	217
Deferred tax assets	1,898	1,773
Other investments	2,399	2,243
<b>Total Non-Current Assets</b>	<u>28,708</u>	<u>24,960</u>
Property development expenditure	8,685	108
Receivables	431,735	424,989
Tax recoverable	57	75
Cash and bank balances	56,871	37,475
	<u>497,348</u>	<u>462,647</u>
<b>Total Assets</b>	<u>526,056</u>	<u>487,607</u>
<b>Equity</b>		
Share capital	42,918	42,918
Reserves	17,381	13,361
<b>Equity attributable to owners of the Company</b>	<u>60,299</u>	<u>56,279</u>
<b>Non-controlling interests</b>	<u>24,152</u>	<u>23,221</u>
<b>Total Equity</b>	<u>84,451</u>	<u>79,500</u>
<b>Liabilities</b>		
Long term borrowings	B8 2,461	2,625
<b>Total Non-Current Liability</b>	<u>2,461</u>	<u>2,625</u>
Provisions	2,926	3,078
Payables	204,662	202,098
Tax liabilities	468	7,717
Short term borrowings	B8 231,088	192,589
<b>Total Current Liabilities</b>	<u>439,144</u>	<u>405,482</u>
<b>Total Liabilities</b>	<u>441,605</u>	<u>408,107</u>
<b>Total Equity and Liabilities</b>	<u>526,056</u>	<u>487,607</u>
<b>Net asset per share attributable to owners of the Company (sen)</b>	28	26

**This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2016**

Unaudited Condensed Consolidated Statement Of Cash Flows For The Quarter And Nine Months Ended 31 December 2016

	Unaudited Period Ended 31.12.16 RM'000	Unaudited Period Ended 31.12.15 RM'000
<b>Cash flows from operating activities</b>		
Income/(loss) before tax	116	(23,099)
<b>Adjustments for:-</b>		
Net interest expense	6,908	6,416
Depreciation on property, plant & equipment	2,183	1,902
Gain on disposal of property, plant & equipment	19	9
Share of result of associates & jointly controlled entities	(445)	391
Other non-cash items	3,457	25,632
<b>Operating cashflow before changes in working capital</b>	<u>12,238</u>	<u>11,251</u>
Net change in current assets	4,469	60,613
Net change in current liabilities	(8,841)	(41,666)
	<u>(4,372)</u>	<u>18,947</u>
<b>Cash generated from operations</b>	<u>7,866</u>	<u>30,198</u>
Interest paid	(8,282)	(7,979)
Interest received	231	277
Income tax refund	35	-
Income tax paid	(7,587)	(1,220)
	<u>(15,603)</u>	<u>(8,922)</u>
<b>Net cash (used in)/generated from operating activities</b>	<u>(7,737)</u>	<u>21,276</u>
<b>Cash flows from investing activities</b>		
Dividend received	-	14
Subscription of shares in subsidiary	-	5
Investment in associates	(3,101)	(460)
Net cash inflow from acquisition of subsidiary company	-	5,908
Additional investment in a jointly controlled entity	-	(610)
Proceeds from disposal of property, plant and equipment	136	15
Purchase of property, plant and equipment	(1,377)	(786)
<b>Net cash flows (used in)/generated from investing activities</b>	<u>(4,342)</u>	<u>4,086</u>
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	256,704	159,702
Repayments of bank borrowings	(234,490)	(207,200)
(Decrease)/increase in fixed deposits pledged with financial institutions	(540)	179
Proceeds from issue of shares	-	23,340
Rights issue expenses	-	(749)
Proceeds from hire purchase payables	643	-
Repayments of hire purchase payables	(935)	(973)
<b>Net cash flows generated from/(used in) financing activities</b>	<u>21,382</u>	<u>(25,701)</u>
Net increase/(decrease) in cash and cash equivalents	9,303	(339)
Effect of foreign exchange differences	985	2,458
Cash and cash equivalents at 1 April	24,192	25,780
<b>Cash and cash equivalents at 31 December</b>	<u><u>34,480</u></u>	<u><u>27,899</u></u>
<b>Represented by:</b>		
Deposits, bank and cash balances	56,871	41,524
Bank overdrafts	(18,516)	(11,267)
Deposits with licensed bank pledged as security	(3,875)	(2,358)
	<u><u>34,480</u></u>	<u><u>27,899</u></u>

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016

Unaudited Condensed Consolidated Statement of Changes In Equity For The Quarter And Nine Months Ended 31 December 2016

	Attributable to owners of the Company										
	Non-distributable					Distributable					
	Share Capital RM'000	Capital Reserve RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Accumulated loss RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 April 2016	42,918	21,039	1,593	10,070	10,784	(2,946)	(3,462)	(23,717)	56,279	23,221	79,500
Movements during the period											
(Loss)/gain for the financial period	-	-	-	-	-	-	-	(897)	(897)	931	34
Loss on fair value changes on available for sales financial assets	-	-	-	-	-	45	-	-	45	-	45
Foreign currency translation differences for foreign operations	-	-	-	-	4,872	-	-	-	4,872	-	4,872
Total comprehensive income for the period	-	-	-	-	4,872	45	-	(897)	4,020	931	4,951
At 31 December 2016	42,918	21,039	1,593	10,070	15,656	(2,901)	(3,462)	(24,614)	60,299	24,152	84,451
At 1 April 2015	20,778	31,109	1,142	-	6,427	(2,313)	(3,462)	12,366	66,047	14,051	80,098
Movements during the period											
(Loss)/gain for the financial period	-	-	-	-	-	-	-	(26,015)	(26,015)	2,141	(23,874)
Gain on fair value changes on available for sales financial assets	-	-	-	-	-	(507)	-	-	(507)	-	(507)
Foreign currency translation differences for foreign operations	-	-	-	-	7,527	-	-	-	7,527	-	7,527
Total comprehensive income for the period	-	-	-	-	7,527	(507)	-	(26,015)	(18,995)	2,141	(16,854)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	4,718	4,718
Total transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	4,718	4,718
Private placement	2,000	-	1,200	-	-	-	-	-	3,200	-	3,200
Right issue with free warrants	20,140	(10,070)	-	10,070	-	-	-	-	20,140	-	20,140
Total transactions with owners of the Company	22,140	(10,070)	1,200	10,070	-	-	-	-	23,340	-	23,340
Right issue expenses	-	-	(749)	-	-	-	-	-	(749)	-	(749)
At 31 December 2015	42,918	21,039	1,593	10,070	13,954	(2,820)	(3,462)	(13,649)	69,643	20,910	90,553

This unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016

**BINTAI KINDEN CORPORATION BERHAD (290870-P)  
UNAUDITED INTERIM FINANCIAL STATEMENTS  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**A1 Basis of preparation**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard ("FRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**") and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2016.

These explanatory notes 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 financial year ended 31 March 2016.

**A2 Changes in accounting policies**

The accounting policies applied by the Group in these unaudited condensed financial statements are consistent with those applied for the audited financial statements for the financial year 31 March 2016, except for the adoption of the following revised FRSs and Amendments to FRSs effective for financial periods beginning on or after 1 January 2016 applicable to the Group's operations:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 10	Consolidated Financial Statements, FRS 12, Disclosure of Interests in Other Entities and FRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

Adoption of the abovementioned pronouncements has no material impact on the disclosures or on the amount recognised in these condensed consolidated financial statements.

The Group has not early adopted the following new and amended FRS that have been issued by MASB that are not yet effective:

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**A2 Changes in accounting policies (cont'd)**

		<b>Effective date for financial periods beginning on or after</b>
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017
Amendments to FRS 2	Classification and Measurement of Share-based Payment transactions	1 January 2018
FRS 15	Revenue from Contracts with Customers	1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

The Group is expected to apply the abovementioned pronouncements, if applicable, when they become effective. The initial application of the abovementioned pronouncements are not expected to have any material impact to these financial statements of the Group except as mentioned below:

**FRS 15 Revenue from Contracts with Customers**

FRS 15 replaces the guidance in FRS 111 Construction Contracts, FRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programme, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transactions Involving Advertising Services.

FRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Upon adoption of FRS 15, it is expected that the timing of revenue recognition might be different as compared to current practices. The Group is in the process of assessing the financial impact of adopting FRS 15.

**FRS 9 Financial Instruments**

FRS 9 will replace FRS 139 "Financial Instruments: Recognition and Measurement".

FRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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**A2 Changes in accounting policies (cont'd)**

**FRS 9 Financial Instruments (cont'd)**

For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where fair value option is taken for financial liability, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

FRS introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

**Malaysian Financial Reporting Standards (MFRS Framework)**

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (Herein called 'Transitioning Entities').

On 28 October 2015, the MASB further announced that the mandatory effective date for adoption of the new MFRS by the Transitioning Entities be deferred from 1 January 2017 to 1 January 2018. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

Financial statements that are drawn up in accordance with the new MFRS framework will be equivalent to financial statements prepared by other jurisdiction which adopt IFRSs ("International Financial Reporting Standards").

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

Currently, the Group is in the process of assessing the gap between current Group accounting policies and the requirements of MFRS Framework and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

**A3 Seasonal or Cyclical Factors**

The Group's operations are not materially affected by any seasonal or cyclical factors in a way that the interim results under review may not correlate to the preceding year's corresponding interim results.

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**A4 Nature and amount of unusual items**

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period to-date.

**A5 Nature and amount of changes in estimates**

There were no significant changes in estimates that have had a material effect in the current quarter and financial period to-date.

**A6 Issues, cancellations, repurchase, resale and repayments of debt and equity securities**

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial period.

**A7 Dividend paid**

No dividend was paid for the period under review (FY2016: Nil).

**A8 Valuation of property, plant and equipment**

There are no fair value adjustment to the property, plant and equipment as at the date of these financial statements.



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**A9 Segmental Reporting**

Business segment information of the Group for the period ended 31 December 2016 is as follows:

	Specialised mechanical and electrical engineering services RM'000	Turnkey, infrastructure & civil and structural development RM'000	Property development RM'000	Investment holding and others RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
<b>Revenue</b>							
External	448,920	-	47,676	-	-	-	496,596
Inter segment	9,242	47,576	-	-	1,516	(58,334)	
<b>Total Revenue</b>	<b>458,162</b>	<b>47,576</b>	<b>47,676</b>	<b>-</b>	<b>1,516</b>	<b>(58,334)</b>	<b>496,596</b>
<b>Results-debit/(credit)</b>							
Segment results, profit/(loss) before taxation	1,619	723	1,414	1,717	112	(5,469)	116
Interest income	(223)	-	-	(8)	-	-	(231)
Interest paid	8,037	-	-	245	-	-	8,282
Depreciation	2,183	-	-	-	-	-	2,183
Share of results in associates	(454)	-	-	-	-	-	(454)
Share of results in jointly controlled entities	9	-	-	-	-	-	9
Other non-cash expenses:							
impairment loss on receivables	-	-	-	3,000	-	-	3,000
Unrealised (gain)/loss on foreign exchange, net	(351)	-	-	338	-	-	(13)

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**A10 Related party transactions**

The related party transactions noted below, which would have been undertaken within the mandate approved by the shareholders at the last Annual General Meeting.

	<b>Nature of transactions</b>	<b>Current quarter ended 31.12.2016 RM'000</b>	<b>Cumulative year to date 31.12.2016 RM'000</b>
Kinden Corporation	Technical & Services	55	55

**A11 Changes in the composition of the Group**

There were no changes in the Composition of the Group during the current financial quarter.

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**Additional information required by the listing requirements of Bursa Malaysia**

**B1 Review of performance**

The Group posted a revenue of RM170.62 million against previous corresponding quarter of RM121.41 million. Loss before taxation was RM304,000.00 against loss before taxation of RM6.50 million a year ago.

Despite a higher revenue posted for the current quarter, gross profit quantum is much lower at RM11.89 million against RM14.62 million in the previous corresponding quarter. However, lower operating expenses mainly due to lower impairment loss on receivables contributed to a much improved financial performance for the Group for the current quarter against previous corresponding quarter.

The Group's revenue for the financial year-to-date was RM496.59 million against RM325.15 million in previous corresponding period. Overseas operations for the mechanical and electrical engineering services continue to generate high revenue which thus resulted in higher revenue for the financial year-to-date. Lower impairment loss on receivables contributed to lower operating expenses for the financial period as compared to previous corresponding period. The higher quantum gross profit combined with lower operating expenses resulted in a profit before tax of RM116,000.00 against loss before tax of RM23.09 million in the previous corresponding period.

**B2 Review of material changes between current quarter and immediate preceding quarter**

The Group's revenue for the quarter under review is RM170.62 million compared to RM169.42 million in the immediate preceding quarter.

For the current quarter under review the Group recorded a loss before taxation of RM304,000.00 against profit before taxation of RM85,000.00 in the immediate preceding quarter. Gross profit quantum was RM11.89 million against RM16.02 million in the immediate preceding quarter. The lower margin has been compensated by lower operating expenses of RM13.66 million against RM15.06 million in the immediate preceding quarter.

**B3 Prospects**

The Group will continue to explore for new business venture and opportunities within Asia to create synergistic business collaboration while maintaining a competitive edge and sustainable growth in the currently challenging market.

The Group remains focused on prudent management of its assets and core competencies to ensure ongoing success of the Group in today's very competitive market. There are uncertainties in the overall global and regional economy due to volatile fluctuation in exchange rates.

Going forward, the Group will continue to strive to maintain and deliver value to all of its stakeholders.

**B4 Variance of actual profit from forecast profit and shortfall in the profit guarantee**

The Group has not announced or disclosed any profit forecast or profit guarantee in a public document that relates to this interim reporting period.

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**B5 Profit before tax**

	Current year quarter 31.12.2016 RM'000	Current year to-date 31.12.2016 RM'000
<b>Profit before tax is arrived at after charging/(crediting)</b>		

(a)	Interest Income	(83)	(231)
(b)	Interest expense	2,646	7,138
(c)	Depreciation	747	2,183
(d)	Impairment loss on receivables, net of reversal	1,000	2,731
(e)	Gain on disposal of quoted investment	N/A	N/A
(f)	Write off of property, plant and equipment	N/A	N/A
(g)	Net (gain)/loss on foreign exchange		
	-realized	(450)	125
	-unrealised	(1,023)	(13)
(h)	Gain or loss on derivatives	N/A	N/A
(i)	Bad debts written off	N/A	N/A

**B6 Income tax expense/(credit)**

The taxation expense for the current quarter and period ended 31 December 2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 31.12.2016 RM'000	Preceding year corresponding quarter 31.12.2015 RM'000	Current 31.12.2016 RM'000	Preceding year 31.12.2015 RM'000
<b>Income tax</b>				
- current year				
- Malaysia income tax	359	-	359	-
- Foreign income tax	-	92	-	149
- prior years				
- Malaysian income tax	-	7	105	7
- Foreign income tax	(377)	(150)	(382)	619
	(18)	(51)	82	775
<b>Deferred taxation</b>				
- current year	-	-	-	-
- prior years	-	-	-	-
	-	-	-	-
	(18)	(51)	82	775

**B7 Status of Corporate Proposals**

Save as disclosed below, there was no other material event subsequent to the end of the current quarter and up to 16 February 2017 (being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarterly report), which is expected to have an operational or financial impact on the Group:-

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**B7 Status of Corporate Proposals (cont'd)**

**(a) Introduction**

On 17 November 2016, KAF Investment Bank Berhad ("KAF IB"), on behalf of the Bintai Kinden Corporation Berhad ("BKCB" or "Company"), announced the following:-

- (i) proposed acquisition by BKCB of the entire 100% equity interest in Optimal Property Management Sdn Bhd ("OPM") comprising 100,000 ordinary shares of RM1.00 each in OPM ("OPM Shares" or "Sale Shares") for a purchase consideration of RM15.0 million ("Purchase Consideration") to be satisfied via issuance of 75,000,000 new ordinary shares of RM0.20 each in BKCB ("BKCB Shares") at an issue price of RM0.20 each ("**Proposed Acquisition**"); and
- (ii) proposed diversification of the existing business of BKCB and its subsidiaries ("BKCB Group" or "Group") to include concession arrangements business ("**Proposed Diversification**").

The Proposed Acquisition and Proposed Diversification shall hereinafter collectively referred to as the "**Proposals**".

**(b) The Proposed Acquisition**

**(i) Details on the Proposed Acquisition**

On 17 November 2016, BKCB entered into a conditional share sale agreement ("SSA") with Nusankota Development Sdn Bhd ("Nusankota"), Haryati Binti Zaharuddin and Amirul Arifin Sopiie Bin Md. Noordin (collectively referred to as "Vendors") for the Proposed Acquisition. The salient terms of the SSA are set out in Section 2.2 of this announcement.

Pursuant to the SSA, the Purchase Consideration shall be satisfied via an issuance and allotment of 75,000,000 new BKCB Shares ("Consideration Shares") at an issue price of RM0.20 each ("Issue Price").

**(ii) Proposed Diversification**

The BKCB Group is principally involved in the provision of mechanical and electrical engineering services. Upon the completion of the Proposed Acquisition, the Group, via OPM, shall be involved in concession arrangements business i.e. the maintenance and management of the entire in-campus accommodation and related facilities for Kolej Universiti Islam Melaka under the Concession in accordance with the terms and conditions as set out in the Concession Agreement. In return, the Group will be paid availability charges by Kolej Teknologi Islam Melaka Berhad in the form of monthly hostel and maintenance charges as well as annual collegiate fee over the Concession Period. Such maintenance income constitutes a new source of income to the Group over the Concession Period.

The Board anticipates that the concession arrangements business of the Group may contribute more than 25% of the net profit of the Group based on the annual maintenance income receivable in respect of the Concession.

As such, pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Listing Requirements**"), the Company will be seeking its shareholders' approval at a general meeting for the Proposed Diversification. Notwithstanding the Proposed Diversification, the Group intends to continue with its existing business in largely the same manner.

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**B7 Status of Corporate Proposals (cont'd)**

**(c) Rationale for the Proposals**

**(i) Proposed Acquisition**

The Proposed Acquisition will enable the Company to participate and be entitled to the future recurring income streams from the concession arrangements business i.e. the provision of management and maintenance services to KUIM over the tenure of the Concession. As such, the Proposed Acquisition is expected to be beneficial to the BKCB Group in view of the expected future earnings to be derived.

**(ii) Proposed Diversification**

The Group intends to diversify and expand its business activities to enhance its prospects through the Proposed Diversification. The Board believes that the Proposed Diversification would contribute positively to its future earnings and improve the financial position of the Group as well as reduce its dependency on its existing core business.

In addition, the Proposed Diversification is expected to complement the Group's existing business in property development whilst offering an advantage for the Group in the long term as the Group is able to offer a full-range of services in its business of property development, construction and project management.

The Board believes that the Proposed Diversification shall enhance the Group's future prospects and is in line with the Group's strategy of achieving growth. The additional revenue contribution from the concession arrangements activities over the Concession Period will provide the Group with additional source of earnings which is expected to enhance the Group's profitability and returns on shareholders' funds.

**(d) Approval of the Proposals**

Approval has been given by Bursa Malaysia Securities Berhad vide its letter dated 8 February 2017 subject to fulfilment of the terms and conditions stated therein.

**B8 Group Borrowings and Debt Securities**

The Group's borrowings as at 31 December 2016 were as follows:

	<b>RM'000</b>
<b>Short Term</b>	
Overdrafts	18,516
Revolving credit	35,867
Term loan	76,196
Bills payable/Trust receipt	99,328
Hire purchase payables	1,181
	<u>231,088</u>

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**B8 Group Borrowings and Debt Securities (cont'd)**

	RM'000
<b>Long term</b>	
Hire purchase payables	2,461
	<u>2,461</u>
<b>Currencies in which total borrowings are denominated:</b>	
-Ringgit Malaysia	54,797
-United States Dollar	5,916
-Singapore Dollar	172,836
Total borrowings	<u>233,549</u>

**B9 Off Balance Sheet Financial Instruments**

There were no financial instruments with off balance sheet risk as at the date of this report.

**B10 Fair Value Changes of Financial Liabilities**

The Group does not have any financial liabilities measured at fair value through profit or loss as at 31 December 2016.

**B11 Material Litigations**

There have been no changes in material litigations since the last audited financial statements for the year ended 31 March 2016 except the under-mentioned:

(a) **Kejuruteraan Bintai Kinden Sdn Bhd ("KBK") v Serdang Baru Properties Sdn Bhd ("SBP")**. KBK is involved in 2 different litigation suits as follows:

(i) High Court of Malaya at Shah Alam (MT22-1685-2008) (KBK's suit for work done):

Kejuruteraan Bintai Kinden Sdn Bhd ("KBK"), a wholly-owned subsidiary of the Company, filed a suit against Serdang Baru Properties Sdn Bhd ("SBP") and three (3) others on 10<sup>th</sup> October 2008 for non-payment of construction costs and conspiracy to defraud. KBK filed an appeal to the Court of Appeal against the High Court's decision. The said appeal was dismissed. The current status of this proceeding is that KBK filed an application to stay the proceedings pending the challenge against the Arbitrator's award on 27.6.2016.

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**B11 Material Litigations (cont'd)**

(ii) Arbitration :

SBP had, on 1<sup>st</sup> April 2010, commenced arbitral proceedings against KBK for, amongst others, liquidated and ascertained damages. KBK made an application to the High Court to set aside the Final Award (dated 9 March 2016) and Final Award Corrective Notice (dated 7 April 2016) pursuant to Section 42 of the Arbitration Act 2005. On 08.12.2016, the High Court upon hearing submissions from both parties allowed KBK's application to vary the Final Award and replaced the liquidated ascertained damages awarded to SBP with an actual loss amount of RM6,233,659.55. As such, the total amount payable by SBP to KBK is RM28,220,284.44 with interest at a rate of 5% per annum from 3 June 2008 up to actual realization of the said payment by SBP. The High Court further ordered a cost of RM20,000.00 to be paid by SBP to KBK.

On 5 January 2017, SBP filed an appeal to the Court of Appeal against the order of the High Court dated 8 December 2016.

On 16 January 2017, KBK issued a Notice pursuant to Section 218 of the Companies Act, 1965 to SBP in respect of the High Court Order together with interests amounting to RM40,402,964.97.

On 6 February 2017, SBP filed an application to stay the execution of the said Court Order and currently is pending case management date for the stay application.

**(b) Court of Appeal: Civil Appeal No. W-2(IM)(NCVC)-2035-11/2016  
BKCB and KBK ("the Appellants") vs. Malaysia Debt Ventures Berhad ("MDV") and others**

On 2<sup>nd</sup> December 2015, the Company together with its wholly owned subsidiary, Kejuruteraan Bintai Kinden Sdn Bhd ("KBK") and Lereno Sdn Bhd (a trade debtor in liquidation) ("Lereno") (collectively referred to as the "Plaintiffs") commenced proceedings against (i) Malaysian Debt Ventures Berhad ("MDV"), (ii) Temasek Growth Sdn Bhd ("Temasek"), (iii) Bright Integrity Sdn Bhd ("Bright Integrity") and (iv) Mr. Ong Hock An and Mr. Mok Chew Yin, the Receivers and Managers of Lereno ("R&M"), (collectively referred to as the "Defendants"). Plaintiffs filed a Notice of Application for an injunction together with the Affidavit in Support to restrain the sale of the assets of Lereno to Bright Integrity pending the disposal of the said Proceedings. High Court allowed the Plaintiffs' oral application for an 'Ad – Interim'. The Court then allowed the application of the Plaintiffs to withdraw the Injunction Application and discharged the Ad Interim Injunction.

The Defendants' striking out application was allowed by the judge on 6 October 2016 in its entirety with cost of RM59,000.00 payable to the defendants collectively. The Company had on 3 November 2016 filed a Notice of Appeal to the Court of Appeal against the whole decision given by the learned Judge. On 6 January 2017, Lereno filed a Motion amongst others to hear the Company's appeal together with its own appeal. The Motion is fixed for hearing on 10 March 2017, after which the Court of Appeal will fix a date for the hearing of both appeals proper.

**B12 Dividend**

No interim dividend is being declared for the quarter under review (FY2016: Nil).



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**B13 Loss per share**

	Quarter Ended		Year-to-date ended	
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
Loss attributable to owners of the Company (RM'000)	<u>(1,052)</u>	<u>(8,131)</u>	<u>(897)</u>	<u>(26,015)</u>
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share computation ('000)	212,594	186,004	212,594	186,004
Dilutive potential ordinary shares - Assumed exercise of Warrants ('000)	10,629	23,903	10,629	23,902
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share computation ('000)	<u>223,223</u>	<u>209,907</u>	<u>223,223</u>	<u>209,907</u>
Basic loss per share (sen)	<u>(0.49)</u>	<u>(4.37)</u>	<u>(0.42)</u>	<u>(13.99)</u>
Diluted loss per share (sen)	<u>(0.47)</u>	<u>(3.87)</u>	<u>(0.40)</u>	<u>(12.39)</u>

(a) Basic loss per share

Basic loss per share of the Group is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

(b) Diluted loss per share

The diluted loss per share of the Group is calculated by dividing the loss for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of all dilutive potential ordinary shares comprising Warrants.

**B14 Supplementary information of breakdown of Realised and Unrealised Profits or Losses pursuant to the directive issued by Bursa Malaysia**

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated loss as at the end of the reporting period, into realised and unrealised profit or loss.

On 20 December 2010, Bursa Malaysia further issued guidance on the disclosure and the prescribed format of presentation.

The breakdown of the accumulated loss of the Group as at 30 September 2016, into realised and unrealised profit/(loss), pursuant to the directive, is as follows:

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**B14 Supplementary information of breakdown of Realised and Unrealised Profits or Losses pursuant to the directive issued by Bursa Malaysia (cont'd)**

	As at 30.09.2016 RM'000	As at 31.12.2016 RM'000
Total retained earnings of the Group:		
- realised profit	72,320	70,661
- unrealised loss	(3,217)	(2,926)
 Total share of results in associates and jointly controlled entities		
- net unrealised loss	(1,295)	(852)
	<u>67,808</u>	<u>66,883</u>
Consolidation adjustments	<u>(91,370)</u>	<u>(91,497)</u>
 Total accumulated loss as per consolidated accounts	<u>(23,562)</u>	<u>(24,614)</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits/(loss) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

**B15 Disclosure on Qualification of Audit Report**

The audit report of the Group's preceding annual financial statements was not qualified.

BY ORDER OF THE BOARD

NG LAI YEE  
 Company Secretary

Date : 23 February 2017