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 2017.

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 2017.

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 2017, except for the adoption of the following revised FRSs and Amendments to FRSs effective for financial periods beginning on or after 1 January 2017 applicable to the Group's operations:

Amendments to FRS 12	Disclosures of Interests in Other Entities
Amendments to FRS 107	Disclosure Initiative
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses

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:

		Effective date for financial periods beginning on or after
Amendments to FRS 1	Annual Improvements to FRSs 2014-2016 Cycle	1 January 2018
Amendments to FRS 128	Annual Improvements to FRSs 2014-2016 Cycle	1 January 2018
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 140	Transfer of Investment Property	1 January 2018
Amendments to FRS 4	Applying FRS 9 *Financial Instruments* with FRS 4 *Insurance Contracts*	1 January 2018*
FRS 16	Leases	1 January 2019
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

**Entities that meet the specific criteria in FRS 4, para 20B, may choose to defer the application of FRS 9 until the earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 01.01.2021*

A2 Changes in accounting policies (cont'd).

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.

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 9 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.

A2 Changes in accounting policies (cont'd).

FRS 16 Leases

FRS 16 'Leases' supersedes FRS 117 'Leases' and the related interpretations. Under FRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration. It eliminates the classification of leases by the lessee as finance leases (on balance sheet) or operating leases (off balance sheet). It requires a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases.

The right-of-use is depreciated in accordance with the principle in FRS 116 "Property, Plant and Equipment" and the lease liability is accreted over time with interest expense recognised in the income statement.

For lessors, FRS 16 retains most of the requirements in FRS 117. Lessors continue to classify all leases as either operating leases or finance leases and account for them differently.

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 financial year ended results under review may not correlate to the preceding year’s results.

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 year 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 year 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 (FY2017: 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.

A9 Segment information

Business segment information of the Group for the period ended 30 June 2017 is as follows:

	Specialised mechanical and electrical engineering services RM'000	Turnkey, infrastructure & civil and structural RM'000	Property development RM'000	Investment holding and others RM'000	Concession arrangement RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External	122,095	-	2,637	-	-	-	124,732
Inter segment	1,382	-	-	-	-	(1,382)	-
Total Revenue	123,477	-	2,637	-	-	(1,382)	124,732
Results-debit/(credit)							
Segment results, profit/(loss) before taxation	(6,372)	625	1,884	(1,336)	(36)	(1,456)	(6,691)
Interest income	(168)	-	-	(2)	-	-	(170)
Interest paid	2,423	-	-	59	-	-	2,482
Depreciation	836	-	-	-	-	-	836
Share of results in associates	(278)	-	-	-	-	-	(278)
Share of results in jointly controlled entities	3	-	-	-	-	-	3
Other non-cash expenses:							
Impairment loss on receivables	-	-	-	1,000	-	-	1,000
Unrealised (gain)/loss on foreign exchange, net	151	-	-	(105)	-	-	46

A10 Related party transactions

There were no related party transactions for the current financial period.

A11 Changes in the composition of the Group

On 7 April 2017, Bintai Kindenko Pte Ltd, a 69.82% owned subsidiary of the Company incorporated a new wholly-owned subsidiary company limited by shares in Singapore, known as Bintai Integrated Facilities Management Pte Ltd with an issued and paid-up share capital of Singapore Dollar 1,000.

A12 Capital commitments

Capital commitments not provided for in the interim financial report as at 30 June 2017 were as follows:

Approved and contracted for investment properties	
- Sales and Purchase Agreements	RM4,313,025
Approved and contracted for property, plant and equipment	
- Sales and Purchase Agreement	RM3,058,888

Additional information required by the listing requirements of Bursa Malaysia

B1 Review of performance

The Group posted a revenue of RM124.73 million against preceding year's corresponding quarter of RM156.55 million. Loss before taxation is RM6.69 million against profit before taxation of RM0.335 million a year ago.

Revenue from property development for the current quarter is minimal compared to previous quarters as near full recognition of development revenue had been made previously. The mechanical and electrical engineering segment also recorded lower revenue. The lower revenue resulted in lower quantum of gross profit of RM12.41 million against RM16.67 million in the preceding year's corresponding quarter. Together with higher operating expenses for the current quarter of RM19.06 million against RM16.12 million in the preceding year's corresponding quarter, loss before taxation is higher.

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

The Group's revenue for the quarter under review is RM124.73 million against RM186.19 million in the immediate preceding quarter.

For the current quarter under review, the Group recorded a loss before taxation of RM6.69 million against loss before taxation of RM13.56 million in the immediate preceding quarter. Gross profit quantum is higher at RM12.41 million against RM10.94 million in the immediate preceding quarter. Together with lower operating expenses of RM19.06 million for the current quarter against RM23.12 million in the immediate preceding quarter, loss before taxation for the current quarter under review is lower.

B3 Prospects

The Group will maintain and continue its endeavour in securing more businesses and opportunities within Asia and beyond. One of its strategies is to engage in business collaboration with active key players in the industries within the region. Undoubtedly, the Group will continue vigorously being competitive and innovative to ensure a supportable growth in this current perplexing market. Furthermore, the complexity of divergent regulations, local laws and compliances in countries we are currently present, will be pore over to ensure smooth and successful running of operations.

Subsequently, the Group remains prudent in the management of its assets and remains converge at maintaining core competencies at the highest possible standard. Notwithstanding, all concerted effort in charting our business to great heights of success, we are fully aware and endow to face the current uncertainties in the overall regional and global economy.

Consequently, the Group is committed to strive in maintaining and delivering a sustainable future 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 reporting period.

B5 Loss before tax

Loss before tax is arrived at after charging/(crediting)

		Current year quarter 30.06.2017 RM'000	Current year to-date 30.06.2017 RM'000
(a)	Interest Income	(170)	(170)
(b)	Interest expense	2,208	2,208
(c)	Depreciation	836	836
(d)	Impairment loss on receivables, net of reversal	1,000	1,000
(e)	Gain on disposal of quoted investment	(16)	(16)
(f)	Write off of property, plant and equipment	N/A	N/A
(g)	Net loss on foreign exchange		
	-realized	179	179
	-unrealised	46	46
(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 30 June 2017 are as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30.06.2017 RM'000	Preceding year corresponding quarter 30.06.2016 RM'000	Current 30.06.2017 RM'000	Preceding year 30.06.2016 RM'000
Income tax				
- current year				
- Malaysia income tax	440	78	440	78
- Foreign income tax				
- prior years				
- Malaysian income tax				
- Foreign income tax	(141)	(25)	(141)	(25)
	299	50	299	50
Deferred taxation				
- current year	-	-	-	-
- prior years	-	-	-	-
	-	-	-	-
	299	50	299	50

B7 Status of Corporate Proposals

There were no corporate proposals announced but not completed subsequent to the end of the current quarter and up to 17 August 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.

B8 Borrowings and Debt Securities

The Group's borrowings as at 30 June 2017 were as follows:

	RM'000
Short Term	
Overdrafts	21,595
Revolving credit	31,483
Term loan	83,833
Bills payable/Trust receipt	99,057
Hire purchase payables	1,442
	237,410

	RM'000
Long term	
Hire purchase payables	3,307
	3,307

	RM'000
Currencies in which total borrowings are denominated:	
-Ringgit Malaysia	52,656
-United States Dollar	3,907
-Singapore Dollar	184,153
Total borrowings	240,717

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 30 June 2017.

B11 Material Litigations

There have been no changes in material litigations since the last audited financial statements for the year ended 31 March 2017 except the under-mentioned:

(a) Kejuruteraan Bintai Kindenko 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 Kindenko Sdn Bhd ("KBK"), a wholly-owned subsidiary of the Company, filed a suit against Serdang Baru Properities Sdn Bhd ("SBP") and three (3) others on 10th 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.

B11 Material Litigations (cont'd)

(ii) Arbitration

SBP had, on 1st 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 465 of the Companies Act, 2016 to SBP in respect of the High Court Order together with interests amounting to RM40,402,964.97.

KBK had on 19 May 2017 filed a Prohibitory Order and Writ for Seizure and Sale in the Kuala Lumpur High Court and is waiting to extract documents from the court.

KBK had on 19 July 2017 registered a caveat on the land.

(ii) Court of Appeal (Civil Appeal No: W-02 (C) (A) – 117 – 01/2017)

During the case management in the Court of Appeal on 19 June 2017, SBP informed the Court that they have filed an appeal against the enforcement proceedings and intend to file an application in the Court of Appeal for both appeals to be heard together. In the case management held on 31.07.2017, the Court fixed SBP's motion to consolidate the main appeal and enforcement appeal on 28.09.2017. On this date, the Court will fix the main appeal date.

(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 2nd December 2015, the Company together with its wholly owned subsidiary, Kejuruteraan Bintai Kindenko 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 Registrar has fixed next case management on 31 May 2017 on the status of the grounds of judgement.

B12 Dividend

No interim dividend is being declared for the quarter under review (FY2017: Nil).

B13 (Loss)/Earnings per share

	Quarter Ended		Year-to-date ended	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
(Loss)/Profit attributable to owners of the Company (RM'000)	(5,709)	95	(5,709)	95
Weighted average number of ordinary shares in issue for basic (loss)/earnings per share computation ('000)	287,594	212,594	287,594	212,594
Dilutive potential ordinary shares - Assumed exercise of Warrants ('000)	11,308	18,831	11,308	18,831
Weighted average number of ordinary shares in issue for diluted (loss)/earnings per share computation ('000)	298,902	231,425	298,902	231,425
Basic (loss)/earnings per share (sen)	(1.98)	0.045	(1.98)	0.045
Diluted (loss)/earnings per share (sen)	(1.91)	0.041	(1.91)	0.041

(a) Basic (loss)/earnings per share

Basic (loss)/earnings per share of the Group is calculated by dividing the (loss)/profit 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)/earnings per share

The diluted (loss)/earnings per share of the Group is calculated by dividing the (loss)/earnings 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 June 2017, into realised and unrealized profit/(loss), pursuant to the directive, is as follows:

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

	As at 31.03.2017 RM'000	As at 30.06.2017 RM'000
Total retained earnings of the Group:		
- realised profit	60,181	51,143
- unrealised loss	(3,059)	(93)
Total share of results in associates and jointly controlled entities		
- net unrealised loss	(1,328)	(1,053)
	55,794	49,997
Consolidation adjustments	(91,187)	(91,099)
Total accumulated loss as per consolidated accounts	(35,393)	(41,102)

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 financial statements for the year ended 31 March 2017 was not qualified.

BY ORDER OF THE BOARD

NG LAI YEE
Company Secretary

Date: 24 August 2017