

UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Individual Quarter		Cumulative Quarter	
	Current quarter ended	Corresponding quarter ended	Current period-to-date ended	Corresponding period-to-date ended
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	(RM'000)	(RM'000)	(RM'000)	(RM'000)
			(UNAUDITED)	(UNAUDITED)
1 Revenue	193,481	23,228	379,411	38,676
2 Cost of sales	(154,828)	(17,718)	(303,123)	(27,929)
3 Gross profit	38,653	5,510	76,288	10,747
4 Other income	(368)	240	3,394	578
5 Administrative and staffs expenses	(5,047)	(901)	(12,526)	(1,516)
6 Profit from operations	33,238	4,849	67,156	9,809
7 Finance cost	(64)	-	(1,941)	-
8 Profit before tax	33,174	4,849	65,215	9,809
9 Taxation	(8,528)	(1,282)	(16,892)	(2,570)
10 Profit after tax ("PAT") for the period	24,646	3,567	48,323	7,239
Attributable to :				
Owners of the Company	24,584	3,567	48,261	7,239
Non-controlling Interest ("NCI")	61	-	61	-
	24,645	3,567	48,322	7,239
11 Profit per share attributable to owners of the Company:				
(i) Basic earnings per ordinary share ("EPS")(sen)*	7.07	3.93	20.56	7.98
(ii) Diluted earnings per ordinary share (sen)*	6.22	**	17.13	**

* Basic and diluted EPS were calculated based on weighted average number of shares issued. For detail calculation, please refer to Note B13.

** Diluted EPS was not calculated as the impact is anti-dilutive.

(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)



UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Quarter	
	Current quarter ended 30.06.2016 (RM'000)	Corresponding quarter ended 30.06.2015 (RM'000)	Current period-to-date ended 30.06.2016 (RM'000) (UNAUDITED)	Corresponding period-to-date ended 30.06.2015 (RM'000) (UNAUDITED)
1 PAT for the period	24,645	3,567	48,322	7,239
2 Other Comprehensive Expense:				
- Foreign currency translation differences	22	(6)	-	(8)
3 Total comprehensive income for the period	<u>24,667</u>	<u>3,561</u>	<u>48,322</u>	<u>7,231</u>
Attributable to :				
Owners of the Company	24,606	3,561	48,261	7,231
Non-controlling Interest ("NCI")	61	-	61	-
	<u>24,667</u>	<u>3,561</u>	<u>48,322</u>	<u>7,231</u>

(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30.06.2016 (RM'000) (UNAUDITED)	As at 31.12.2015 (RM'000) (AUDITED)
ASSETS		
Non Current Assets		
Property, Plant and Equipment	68,917	6,893
Investment Properties	5,920	3,725
Other Investments	43	43
Intangible Assets	25	31
Goodwill	353,134	-
Trade Debtors	85,189	7,656
Deferred tax assets	1,965	-
	515,193	18,348
Current Assets		
Inventories	43,420	45,916
Trade Debtors	184,676	66,627
Accrued billings due to property development	6,371	9,141
Other Debtors, Deposits and Prepayments	21,412	6,504
Tax Recoverables	145	73
Fixed Deposits	90,690	-
Cash and Bank Balances	43,656	11,796
	390,370	140,057
TOTAL ASSETS	905,563	158,405
EQUITY AND LIABILITIES		
Equity Attributable to Equity Holders of the Company		
Share Capital	253,417	45,861
Share Premium	328,986	375
Other Reserves	296	296
Redeemable Convertible Preference Shares ("RCPS")	36,523	-
Accumulated Profit	110,048	61,787
	729,270	108,319
Non-controlling Interest	361	-
Total Equity	729,631	108,319



UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

Non Current Liabilities

Trade Payables	36,321	3,218
RCPS	2,105	-
Deferred tax liabilities	4,724	509
	43,150	3,727

Current Liabilities

Trade Payables	113,028	28,306
Other Payables, Accruals and Liabilities	8,964	5,216
Borrowings	344	11,195
Provision for Taxation	10,446	1,642
	132,782	46,359

Total Liabilities

175,932 50,086

TOTAL EQUITY AND LIABILITIES

905,563 158,405

Net assets per share attributable to owners of the Company
 (based on ordinary shares of RM0.50 each) (RM)

1.44 1.19

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to Equity Holders of the Company						Total Equity RM'000
	----- Non-Distributable -----						
	Share Capital RM'000	Share Premium RM'000	Other Reserves RM'000	RCPS RM'000	Accumulated Profits RM'000	Non Controlling Interest RM'000	
6 MONTHS PERIOD ENDED 30 JUNE 2016							
Balance as at 1 January 2016	45,861	375	296	-	61,787	-	108,319
Total Comprehensive Income for the year	-	-	-	-	48,261	61	48,322
Issuance of shares pursuant to							
- Warrants exercised	608	461	-	-	-	-	1,069
- Acquisition of subsidiaries	18,448	24,352	-	357,843	-	300	400,943
- Private Placement	50,000	125,200	-	-	-	-	175,200
- Conversion of RCPS	138,500	182,820	-	(321,320)	-	-	-
Share issuance expenses	-	(4,222)	-	-	-	-	(4,222)
Balance as at 30 June 2016	253,417	328,986	296	36,523	110,048	361	729,631
6 MONTHS PERIOD ENDED 30 JUNE 2015							
Balance as at 1 January 2015	45,369	-	297	-	48,374	-	94,040
Total Comprehensive Income for the period	-	-	(8)	-	7,239	-	7,231
Dividend paid	-	-	-	-	(2,725)	-	(2,725)
Issuance of shares pursuant to							
- Warrants exercised	54	41	-	-	-	-	95
Balance as at 30 June 2015	45,423	41	289	-	52,888	-	98,641

Report for the Year Ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

CONSOLIDATED CASHFLOW STATEMENT

	Current period-to-date ended 30.06.2016 (RM'000) (UNAUDITED)	Corresponding period-to-date ended 30.06.2015 (RM'000) (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	65,215	9,809
Adjustment for :		
Amortisation and depreciation of property, plant and equipments	4,068	595
Non-cash items	(340)	(264)
Operating Profit Before Working Capital Changes	68,943	10,140
Changes in working capital :		
Net change in operating assets	78,286	(27,842)
Net change in operating liabilities	(139,296)	4,134
Net Cash Generated from /(Used in) Operations	7,933	(13,568)
Income tax paid	(12,086)	(1,753)
Interest paid	(859)	-
Interest received	1,113	264
Net Cash Used in Operating Activities	(3,899)	(15,057)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipments	(13,345)	(628)
Acquisition of investment properties	(2,194)	(968)
Acquisition of subsidiaries, net of cash acquired (Note 1)	(19,087)	-
Net Cash Used In Investing Activities	(34,626)	(1,596)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	170,978	54
Proceeds from exercise of warrants	1,069	41
Proceeds from issuance of ordinary shares to NCI	300	-
Repayment of short term borrowing	(11,272)	-
Dividend paid during the period	-	(2,725)
Net Cash Generated From/(Used in) Financing Activities	161,075	(2,630)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	122,550	(19,283)
EFFECT OF EXCHANGE RATE CHANGES	-	(8)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	11,796	28,627
CASH AND CASH EQUIVALENTS AT END OF PERIOD	134,346	9,336
CASH AND CASH EQUIVALENTS CARRIED FORWARD CONSIST OF:		
Cash and Bank Balances	43,656	9,336
Fixed Deposits	90,690	-
	134,346	9,336

(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2015 and the accompanying explanatory notes attached to the Interim Financial Statements)

CONSOLIDATED CASHFLOW STATEMENT (CONT'D)

Fair value for identifiable assets acquired and liabilities assumed as follows:

	(RM'000)
Fixed Assets	52,823
Deferred Tax Assets	1,719
Cash and equivalents	36,113
Trade Receivables	241,105
Other Receivables and Prepayment	30,150
Other assets	12
Short-term Borrowings	(421)
Trade Payable and accrued	(114,807)
Other payables & accruals	(15,103)
Income Tax Payable	(4,360)
Other liabilities	(118,885)
Deferred Tax	(3,480)
Total net identifiable assets	<u>104,866</u>

Goodwill

Goodwill was recognised as a result of the acquisitions as follow:

	(RM'000)
Total purchase consideration	458,000
Less: value of net identifiable assets	<u>(104,866)</u>
	<u>353,134</u>

The goodwill is attributable mainly to the skills and technical talent of the acquiree's work force and the synergies expected to be achieved from integrating the companies into the Group's existing construction business.

Note 1

The cash outflow on the acquisition is as follow:

	(RM'000)
Purchase consideration satisfied by cash	55,200
Cash and cash equivalents of subsidiaries acquired	<u>(36,113)</u>
Net cash outflow of the group	<u>19,087</u>


UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016
INFORMATION REQUIRED BY MALAYSIAN FINANCIAL REPORTING STANDARD (MFRS) 134
A1. Corporate Information

Kerjaya Prospek Group Berhad (formerly known as Fututech Berhad) is a public limited company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office is located at No. 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor. The principal place of business is located at No.1, 2nd Floor, Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

A2. Malaysian Financial Reporting Standards ("MFRS")

These consolidated financial statements for the financial year ended 30 June 2016 have been prepared in accordance with Malaysia Financial Reporting Standards (MFRS) and the requirements of the Companies Act, 1965 in Malaysia.

These consolidated financial statements have been prepared by applying accounting policies and method of computation consistent with those used in the preparation of the audited financial statements of the Group as at 31 December 2015, except for the adoption of the following new and revised Standards and Amendments.

<u>Description</u>	<u>Effective for annual period beginning on or after</u>
Amendments to MFRSs contained in the document entitled Annual Improvements 2012 - 2014 Cycle	1st January 2016
MFRS 14, Regulatory Deferral Accounts	1st January 2016
Amendments to MFRS 11, Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operation	1st January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation	1st January 2016
Amendments to MFRS 116, Property, Plant and Equipment and MFRS 141, Agriculture – Agriculture; Bearer Plants	1st January 2016
Amendments to MFRS 101, Presentation of Financial Statements - Disclosure initiative	1st January 2016
Amendments to MFRS 10, 12, 127 and 128	1st January 2016

The adoption of abovementioned Standards and Amendments will have no material impact to the financial statements of the Group and of the Company except for more extensive disclosures in the financial statements.

A3. Audit Report

The audited financial statements for the preceding financial year ended 31 December 2015 were not subject to any qualification.



UNAUDITED 2ND QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

A4. Seasonal or Cyclical Factors

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items in the current quarter under review that affecting the assets, liabilities, equity, net income or cashflow of the Group.

A6. Changes in Estimates

There were no significant changes in estimates that have a material effect to the current quarter under review.

A7. Debt and Equity Securities

Save as disclosed below, there were no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares by the Group during the financial period.

- a) On 22nd January 2016, 36,896,552 of the Company's ordinary shares of RM0.50 each ("KPGB OS") were issued at RM1.16 per share as the result of the acquisition of the entire equity interest in Kerjaya Prospek (M) Sdn Bhd ("KPSB") for a purchase consideration of RM438 million ("KPSB Acquisition").
- b) On 22nd January 2016, 310,344,828 RCPS were issued at RM1.16 per RCPS as the result of the KPSB Acquisition. The holders of RCPS are entitled to receive dividends. RCPS do not carry the right to vote.
- c) Pursuant to the private placement ("PP") of up to 100 million new shares and the conversion of the RCPS, the Company has issued 377,000,000 KPGB OS during the financial period. The details of the issuance were as follows.
 - (i) On 30th March 2016, the Company has issued 40,000,000 KPGB OS at the issued price of RM1.65 per share to several placees under the PP exercise. Total gross proceeds raised from the placement exercise amounted to RM66,000,000.00. At the same time, 96,000,000 KPGB OS were issued at RM1.16 per share to Egovision Sdn Bhd arising from the conversion of RCPS. The conversion price of RM1.16 per RCPS was deemed settled by way of set-off against the issue price of the RCPS and no additional consideration paid on conversion ("set-off arrangement").
 - (ii) On 30th May 2016, 60,000,000 KPGB OS were issued at RM1.82 per share to several placees. The issuance being the final tranche under the PP exercise. Total gross proceeds raised from the placement exercise amounted to RM109,200,000.00. In addition, 181,000,000 KPGB OS were issued at RM1.16 per share as a result of the conversion of RCPS by the holders. The conversion price of RM1.16 per RCPS was deemed settled by way of set-off arrangement as defined in (c)(i) above.
- d) 1,215,100 KPGB OS were issued pursuant to the conversion of warrants 2007/2017 during the financial period under review at the exercise price of RM0.88 per share.

A8. Dividends Paid

No dividend has been paid during the quarter under review.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

A9. Segmental Information

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

	Construction (RM'000)	Manufacturing (RM'000)	Property Development (RM'000)	Others (RM'000)	Elimination (RM'000)	Total (RM'000)
External Revenue	364,018	7,003	7,115	-	-	378,136
Inter Segment Revenue	120,715	224	-	-	(120,939)	-
	484,733	7,227	7,115	-	(120,939)	378,136

RESULTS

Segmental Results	48,198	1,130	2,536	(3,102)	(501)	48,261
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OTHER INFORMATION

Segmental Assets	552,278	107,723	49,816	610,962	(415,216)	905,563
Segmental Liabilities	388,868	69,353	42,925	44,680	(369,894)	175,932

FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2015

	Construction (RM'000)	Manufacturing (RM'000)	Property Development (RM'000)	Others (RM'000)	Elimination (RM'000)	Total (RM'000)
External Revenue	33,252	5,424	-	-	-	38,676
Inter Segment Revenue	9,657	442	-	-	(10,099)	-
	42,909	5,866	-	-	(10,099)	38,676

RESULTS

Segmental Results	5,829	1,565	(14)	2,859	(3,000)	7,239
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OTHER INFORMATION

Segmental Assets	80,218	87,853	30,646	39,785	(109,822)	128,680
Segmental Liabilities	62,660	65,235	30,199	43,363	(171,418)	30,039

As the business of the Group is engaged entirely in Malaysia, no reporting by geographical location of operation is presented.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

A9. Segmental Information (contd.)

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable operating segments as follow:

(i) Construction - Main building construction works, supply and installation of interior fixtures, fittings, lightings, cabinetry and related products, provision of contract workmanship and other related services.

(ii) Manufacturing - Manufacture, assemble, installation and sale of light fittings, furniture, kitchen cabinetry and related products.

(iii) Property Development - Development of residential and/or commercial properties.

(iv) Others - Investment holding and dormant companies.

Segment performance for the financial period ended 30 June 2016 as compared to corresponding preceding year ended 30 June 2015

(i) Construction

The performance of the construction segment has improved significantly following the acquisition of KPSB in January 2016. KPSB has contributed approximately RM348 million external revenue from its on-going projects. Also, included in construction segment is a project on land reclamation which involves dredging works which has recognised its first revenue of approximately RM2.0 million in the current financial quarter. The segmental profit correspondingly improved from RM5.83 million in corresponding preceding quarter to RM48.20 million in current financial quarter. With the increased revenue base, machineries, manpower and orderbooks on hand, the construction segment is expected to continue delivering positive results and be the main driver of the Group's turnover and profitability moving forward.

(ii) Manufacturing

The manufacturing segment achieved a total revenue of RM7.00 million in current financial quarter, representing an increase of approximately 29.11% as compared to its preceding financial quarter of RM5.42 million. Despite the increase in revenue, the segmental profit has decreased marginally by approximately RM0.43 million. Market competition, material price hike as a result of the weakening of currency and overall soften of global economy has affected export sales and profitability of the manufacturing segment. During the current financial quarter, two (2) kitchen manufacturing projects have been completed and newly secured projects were at initial planning stage. This has further impacted the performance of the manufacturing segment.

(iii) Property Development

The property development segment has recognised a revenue of RM7.11 million and a profit of RM2.54 million for the current financial quarter. This was derived from the Group's maiden development project known as Vista Residences @ Genting Highlands that had been soft-launched in January 2016. For the six (6) months period ended June, the development project has achieved the take-up rate of approximately 49.0% and is at approximately 10% of the construction stage.

(iv) Others

Others refer to investment holding and dormant companies. A segmental loss of RM3.10 million recorded was mainly due to stamp duty paid on the shares transferred in relation to the acquisition of two (2) subsidiaries, processing fee incurred for securing bank facilities and interest expenses arising from the overdraft and revolving credit facilities utilised during the financial quarter.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

A10. Profit Before Tax

	Individual Quarter 30.06.2016 (RM'000)	Cumulative Quarter 30.06.2016 (RM'000)
Amortisation and depreciation of property, plant and equipment	2,131	4,068
Interest income	447	1,113
Interest expenses	378	859
Net fair value (loss)/gain	(1,580)	167

Other than the above items, there were no exceptional items that affecting the assets, liabilities, equity, net income or cashflow of the Group during the financial quarter under review.

A11. Subsequent Events

There were no material events subsequent to the balance sheet date that affect the results of the Group for the financial period.

A12. Changes in Composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group during the financial quarter under review.

- (i) On 20th January, 2016, the shareholders of the Company had on the Extraordinary General Meeting unanimously approved, amongst others, the KPSB Acquisition and the proposed acquisition of the entire equity interest in Permatang Bakti Sdn Bhd ("PBSB") for a purchase consideration of RM20.0 million ("PBSB Acquisition"). Subsequently, the KPSB Acquisition and PBSB Acquisition have been completed on 21st January, 2016 in accordance to the respective terms in the Share Sales Agreements. Accordingly, KPSB and PBSB are now wholly-owned subsidiaries of the Company.
- (ii) On 7th March, 2016, the Company's wholly-owned subsidiary KPSB acquired a 70% equity interest in a company known as Future Rock Sdn. Bhd. ("Future Rock") represented by 70 ordinary shares of RM1.00 each for a total cash consideration of RM70.00. The remaining 30% equity interest is held by Sierra Hallmark Sdn. Bhd. Future Rock was incorporated on 3rd February, 2016. Future Rock is principally engaged in construction related businesses.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

A13. Changes in Contingent Liabilities or Contingent Assets

(a) Contingent Liabilities	Cumulative Quarter 30.06.2016
Corporate guarantee given to banks for facilities granted to subsidiaries	20,000
Corporate guarantee given to third parties for credit facilities granted to subsidiaries	6,320
	<u>26,320</u>

(b) Contingent Assets

As at the date of this report, there were no contingent assets.

A14. Capital Commitments

As at the date of this report, the Group has no material capital commitments.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

For the individual quarter under review, the Group recorded a revenue of RM193.48 million as compared to its corresponding preceding individual quarter of RM23.23 million. Along with the increase in revenue, Profit Before Tax ("PBT") in the current quarter has improved from its preceding quarter of RM4.85 million to RM33.17 million. The significant leap in both revenue and PBT comparing current individual quarter and corresponding preceding individual quarter is mainly attributed to the consolidation of the results derived from two (2) active subsidiaries that were acquired in January this year.

Overall, the Group has delivered a stronger result subsequent to the acquisition exercise where the revenue and PAT has increased more than two fold to RM379.41 million and RM48.32 million respectively. The outstanding performance especially in the construction segment has mitigated the slowdown in the manufacturing segment which was due to completion of existing projects and market competition. With the encouraging take up rate in the Group's property development project, the segment is also expected to contribute positively to the Group's earnings moving forward.

B2. Change in Results of Current Quarter Compared to Preceding Quarter

	Current Quarter ended 30.06.2016 (RM'000)	Preceding Quarter ended 31.03.2016 (RM'000)
Revenue	193,481	185,930
Profit before tax	33,174	32,041

For the current quarter under review, the Group posted a revenue and PBT of RM193.48 million and RM33.17 million respectively as compared to RM185.93 million and RM32.04 million respectively in its immediate preceding quarter. The quarter to quarter movement is relatively stable as all on going projects were at their planned progression and newly secured projects have yet to commence substantial works.

B3. Current Year Prospects

Following the completion of the previously announced proposed acquisition in January 2016, the enlarged group is now equipped with more advanced machineries and skilled manpower that enabled it to participate in the tendering of large scale projects and further gain access to a wider pool of well-established developers. As an enlarged group, our competitiveness and branding in the industry can be enhanced significantly. We will continue to exercise vigilance and prudence in achieving our objectives whilst expanding our scale in the construction activities in view of current volatile global economic environment, weakening of currency and other regulatory factors that may directly or indirectly impact the Group businesses.

Despite the Group's objective to expand its core business in construction, it will maintain the manufacturing segment as part of its integrated and complimentary business to the construction segment and will continue to complete the development project with existing landbank.

Barring any unforeseen circumstances, the Group is cautiously optimistic of its businesses performance moving forward and will continue to sharpen its competitive edge to achieve sustainable growth in the market.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

B4. Profit Forecast

There were no profit forecast prepared or profit guarantee made by the Group.

B5. Taxation

	Individual Quarter 30.06.2016 (RM'000)	Cumulative Quarter 30.06.2016 (RM'000)
Malaysia income tax		
- current year	8,359	16,450
- in respect of previous years	-	5
	<u>8,359</u>	<u>16,455</u>
Deferred tax		
- current year	169	412
- in respect of previous years	-	25
	<u>8,528</u>	<u>16,892</u>

The effective tax rate of the Group for income tax in the current financial year is higher than the statutory tax rate of 24% (2015 : 25%) due mainly to certain expenses not deductible.

B6. Quoted Securities

There were no quoted securities as at the financial quarter.

B7 Group Borrowings and Debt Securities

Details of the group borrowings as at 30th June, 2016 were as follows:

	Cumulative Quarter 30.06.2016 (RM'000)
<u>Unsecured</u>	
(i) Term Loan	<u>344</u>

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

B8. Status of Corporate Proposals Announced

Saved as disclosed below, there is no other corporate proposals announced but pending completion as at the date of this report.

The Company had successfully placed out 40,000,000 and 60,000,000 new KPGB OS on 30th March, 2016 and 30th May, 2016 respectively, pursuant to the PP exercise. Total gross proceeds raised amounted to RM175.20 million. The gross proceeds will be utilised in the following manners:

Purposes	Proposed utilisation (RM'000)	Utilisation as at 30.06.16 (RM'000)	Balance (RM'000)
(a) Repayment of borrowings	55,200	55,200	-
(b) Defray the expenses in relation to Proposals <i>*Proposals, amongst others, refer to KPSB Acquisition, PBSB Acquisition and proposed private placement</i>	9,980	9,980	-
(c) Working Capital	110,020	50,020	60,000
	175,200	115,200	60,000

B9. Changes in Material Litigation

Saved as disclosed below, there were no pending material litigations for the Group as at the date of this report.

KPSB claimed against Lembaman Development Sdn. Bhd ("LDSB") for an outstanding contract sum of RM6,346,246.10 due and owing by LDSB to KPSB, for work done and completed by KPSB in relation to a project known as "Proposed Mixed Development (Tower A, B, C, D and Block W, X, Y) on Lots 3254, 3255 and 7722, Lebuhraya Thean Teik, Mukim 13, D.T.L. Penang. LDSB in return had filed a counterclaim against KPSB claiming for, inter alia, the amount of RM2,340,000.00 as liquidated and ascertained damages, total costs (to be assessed) incurred for making good defects, general damages and costs ("Counter Claim").

KPSB has on 16th April 2015 filed an Order 14 application (i.e. summary judgement) with the Court against LDSB, claiming for, inter alia, a sum of RM6,346,246.10, together with interest and costs. The court has fixed 15th January 2016 as case management pending settlement in view that the parties are in the midst of negotiations towards settlement.

On 4th May 2016, KPSB and LDSB have reached mutual agreement after negotiation being carried out that a total of RM6,386,000 will be the final settlement amount payable by LDSB to KPSB. KPSB has received the full settlement of total RM6,386,000 from LDSB via cheques on 21st July 2016. Upon clearance of the cheques, all the present legal proceedings have been withdrawn with no order as to costs and no liberty to file afresh.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

B10. Dividend

No interim dividend has been declared for the current quarter under review.

On 19th July, 2016, the Board of Directors has approved a single-tier interim dividend of 8% per ordinary share (based on ordinary share of RM0.50 each), in respect of the current financial year ending 31 December 2016. The payment date of the said dividend amounted to approximately RM20.20 million has been set to be on 18th August, 2016.

B11. Derivatives and Fair Value Changes of Financial Liabilities

- (a) There were no derivatives as at the current quarter under review.
- (b) The fair value changes arising from discounting future retention sum receivables and payables to present value for the current quarter under review has been accounted accordingly. The net fair value loss for the financial quarter amounted to approximately RM167,000.

B12. Sales of unquoted investments and/or properties

There were no sales of unquoted investments and/or properties as at current quarter under review.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

B13. Earnings Per Share

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Earnings				
Profit attributable to owners of the Company (RM'000)	24,584	3,567	48,261	7,239
a) Basic				
Weighted average number of ordinary shares ('000)	347,882	90,737	234,716	90,737
Basic Profit per share attributable to equity holders of the Company (Sen)	<u>7.07</u>	<u>3.93</u>	<u>20.56</u>	<u>7.98</u>

b) Diluted

For the purpose of calculating diluted earnings per share, the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares issued during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. exercise of warrants

	Individual Quarter Ended		Cumulative Quarter Ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
Earnings				
Profit attributable to owners of the Company (RM'000)	24,584	3,567	48,261	7,239
Weighted average number of ordinary shares ('000)	347,882	N/A*	234,716	N/A*
Effect of dilution of warrants ('000)	14,192	N/A*	13,713	N/A*
Effect of dilution of RCPS ('000)	33,345	N/A*	33,345	N/A*
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	<u>395,419</u>	<u>N/A*</u>	<u>281,774</u>	<u>N/A*</u>
Diluted Profit per share attributable to equity holders of the Company (Sen)	<u>6.22</u>	<u>N/A*</u>	<u>17.13</u>	<u>N/A*</u>

* The outstanding warrants have been excluded from the computation of fully diluted earnings per shares as the exercise of warrants to ordinary shares would be anti-dilutive. There were no other transactions involving the potential dilution of ordinary shares outstanding.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2016

B14. Realised and Unrealised Profit / Losses Disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) had issued directives to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into unrealised profits or losses.

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

Pursuant to the directives issued, the disclosure of the Group's realised and unrealised profit / losses is as follows:

	As at 30.06.2016 (RM'000) UNAUDITED	As at 31.12.2015 (RM'000) AUDITED
Total accumulated losses of the Group:		
- Realised	77,703	(1,284)
- Unrealised	(1,708)	(1,303)
	<u>75,995</u>	<u>(2,587)</u>
Less: Consolidated Adjustments	34,053	64,374
Total accumulated profits	<u>110,048</u>	<u>61,787</u>

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures 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 profit is solely for the purpose of complying with the disclosure requirements stipulated in the directives of Bursa Securities and not to be applied for any other purposes.