

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2016 RM	COMPARATIVE QUARTER ENDED 30/09/2015 RM	CURRENT PERIOD ENDED 30/09/2016 RM	COMPARATIVE PERIOD ENDED 30/09/2015 RM
Revenue	27,646,660	8,278,785	76,987,862	115,128,100
Cost of sales	<u>(24,421,138)</u>	<u>(9,928,192)</u>	<u>(69,986,265)</u>	<u>(64,823,413)</u>
Gross profit/(loss)	3,225,522	(1,649,407)	7,001,597	50,304,687
Other income	1,478,456	1,687,107	5,014,492	4,813,379
Distribution costs	(153,682)	(97,352)	(542,862)	(403,765)
Administrative expenses	(4,011,588)	(3,252,232)	(11,866,341)	(11,990,187)
Other expenses	(345,577)	(375,294)	(1,172,901)	(1,588,715)
Finance costs	(134,755)	(123,451)	(345,189)	(414,224)
Share of results of associates	(242,012)	(1,017,667)	(589,564)	(738,068)
Profit/(Loss) before tax	(183,636)	(4,828,296)	(2,500,768)	39,983,107
Taxation	<u>210,101</u>	<u>1,560,977</u>	<u>1,069,192</u>	<u>(7,082,086)</u>
Profit/(Loss) for the period	<u>26,465</u>	<u>(3,267,319)</u>	<u>(1,431,576)</u>	<u>32,901,021</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Expense) for the period	<u>26,465</u>	<u>(3,267,319)</u>	<u>(1,431,576)</u>	<u>32,901,021</u>
Profit/(Loss) for the period attributable to:				
Owners of the parent	(135,046)	(3,355,906)	(1,716,856)	29,982,495
Non-controlling interests	<u>161,511</u>	<u>88,587</u>	<u>285,280</u>	<u>2,918,526</u>
	<u>26,465</u>	<u>(3,267,319)</u>	<u>(1,431,576)</u>	<u>32,901,021</u>
Total Comprehensive Income/(Expense) for the period attributable to:				
Owners of the parent	(135,046)	(3,355,906)	(1,716,856)	29,982,495
Non-controlling interests	<u>161,511</u>	<u>88,587</u>	<u>285,280</u>	<u>2,918,526</u>
	<u>26,465</u>	<u>(3,267,319)</u>	<u>(1,431,576)</u>	<u>32,901,021</u>
Earnings/(Loss) per share attributable to owners the parent:				
Basic, for profit/(loss) for the period (sen)	<u>(0.05)</u>	<u>(1.30)</u>	<u>(0.67)</u>	<u>11.63</u>
Diluted, for profit for the period (sen) - Not Applicable				

(These Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

KKB ENGINEERING BERHAD

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(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2016 RM	AS AT 31/12/2015 RM
ASSETS		
Non-current assets		
Property, plant & equipment	145,039,060	149,400,879
Investment in associates	1,428,100	2,017,664
	<u>146,467,160</u>	<u>151,418,543</u>
Current assets		
Inventories	33,198,271	27,973,871
Amount due from customers for contract work	7,607,683	-
Trade and other receivables	13,519,916	15,006,202
Other current assets	3,458,281	987,140
Investment securities	94,799,041	121,286,411
Cash and bank balances	30,800,187	16,763,950
	<u>183,383,379</u>	<u>182,017,574</u>
TOTAL ASSETS	<u>329,850,539</u>	<u>333,436,117</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	-	1,169,544
Loans and borrowings	6,741,959	3,227,713
Trade and other payables	16,155,016	7,692,799
Income tax payable	189,183	1,463,844
	<u>23,086,158</u>	<u>13,553,900</u>
Net Current assets	<u>160,297,221</u>	<u>168,463,674</u>
Non-current liabilities		
Loans and borrowings	4,251,788	6,772,538
Deferred tax liabilities	572,589	1,676,419
	<u>4,824,377</u>	<u>8,448,957</u>
Total liabilities	<u>27,910,535</u>	<u>22,002,857</u>
Net assets	<u>301,940,004</u>	<u>311,433,260</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	160,427,244	172,455,780
	<u>289,323,244</u>	<u>301,351,780</u>
Non-controlling interests	<u>12,616,760</u>	<u>10,081,480</u>
Total equity	<u>301,940,004</u>	<u>311,433,260</u>
TOTAL EQUITY AND LIABILITIES	<u>329,850,539</u>	<u>333,436,117</u>

(These Condensed Consolidated Statements of Financial Position should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**Unaudited Condensed Consolidated Statements of Changes in Equity**

	<----- Attributable to owners of the parent ----->			Non-controlling	Total
	Non-Distributable	Distributable	Total	Interests	Equity
	Share	Retained			
	Capital	Earnings			
	RM	RM	RM	RM	RM
At 1 January 2015	128,896,000	156,736,492	285,632,492	10,007,295	295,639,787
Profit for the period	-	29,982,495	29,982,495	2,918,526	32,901,021
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	29,982,495	29,982,495	2,918,526	32,901,021
Dividend paid to non-controlling interests	-	-	-	(3,000,000)	(3,000,000)
First and final dividend for FYE 31 December 2014	-	(10,311,680)	(10,311,680)	-	(10,311,680)
At 30 September 2015	<u>128,896,000</u>	<u>176,407,307</u>	<u>305,303,307</u>	<u>9,925,821</u>	<u>315,229,128</u>
At 1 January 2016	128,896,000	172,455,780	301,351,780	10,081,480	311,433,260
Profit/(loss) for the period	-	(1,716,856)	(1,716,856)	285,280	(1,431,576)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	(1,716,856)	(1,716,856)	285,280	(1,431,576)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(750,000)	(750,000)
First and final dividend for FYE 31 December 2015	-	(10,311,680)	(10,311,680)	-	(10,311,680)
Issuance of shares	-	-	-	3,000,000	3,000,000
At 30 September 2016	<u>128,896,000</u>	<u>160,427,244</u>	<u>289,323,244</u>	<u>12,616,760</u>	<u>301,940,004</u>

(These Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

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INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2016**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2016 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2015 RM
Profit/(loss) before taxation	(2,500,768)	39,983,107
Adjustments for:		
Depreciation of property, plant & equipment	9,131,428	9,313,113
Interest expense	345,189	414,224
Property, plant & equipment written off	1	6,236
Gain on disposal of property, plant & equipment	-	(69,999)
Reversal of bad debts written off	-	(10,000)
Impairment loss on trade receivables	108,955	449,194
Dividend income	(1,947,880)	(1,515,683)
Fair value changes in investment securities	(1,297,964)	(1,336,671)
Unrealised foreign exchange gain	(17,586)	(4,846)
Interest income	(227,538)	(599,102)
Share of results of associates	589,564	738,068
Total adjustments	<u>6,684,169</u>	<u>7,384,534</u>
Operating cash flows before changes in working capital	4,183,401	47,367,641
Changes in working capital		
(Increase)/decrease in inventories	(5,224,400)	10,213,241
Increase in amount due from customers for contract work	(7,607,683)	(535,213)
Decrease in amount due to customers for contract work	(1,169,544)	(2,035,871)
Decrease in receivables	1,488,783	19,485,410
Increase/(decrease) in payables	8,479,803	(1,308,727)
Increase in other current assets	(5,872)	(5,981)
Cash flows from operations	<u>144,488</u>	<u>73,180,500</u>
Interest paid	(345,189)	(414,224)
Taxation paid, net of refund	<u>(3,794,568)</u>	<u>(9,884,414)</u>
Net cash flows (used in)/from operating activities	<u>(3,995,269)</u>	<u>62,881,862</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	70,000
Acquisition of property, plant & equipment	(4,769,610)	(2,544,621)
Additional investment in an associate	-	(860,000)
Net proceeds from/(acquisition of) investment securities	29,733,214	(22,291,802)
Proceeds from issuance of shares	3,000,000	-
Interest received	116,086	119,449
Dividend received from an associate	20,000	20,000
Net cash flows from/(used in) investing activities	<u>28,099,690</u>	<u>(25,486,974)</u>
Financing activities		
Dividend paid to shareholders of the Company	(10,311,680)	(10,311,680)
Dividend paid to non-controlling interests	(750,000)	(3,000,000)
Net proceeds from/(repayment of) bankers' acceptances	3,400,000	(11,200,000)
Repayment of lease instalments	<u>(2,406,504)</u>	<u>(3,033,761)</u>
Net cash flows used in financing activities	<u>(10,068,184)</u>	<u>(27,545,441)</u>
Net increase in cash and cash equivalents	14,036,237	9,849,447
Cash and cash equivalents at the beginning of the period	16,763,950	7,549,362
Cash and cash equivalents at the end of the period	<u><u>30,800,187</u></u>	<u><u>17,398,809</u></u>

(These Condensed Consolidated Statements of Cash Flows should be read in conjunction with the accompanying explanatory notes attached to these interim financial statements.)

NOTES TO THE QUARTERLY FINANCIAL STATEMENTS

Selected explanatory notes pursuant to Malaysian Financial Reporting Standards (“MFRS”) 134 Interim Financial Reporting

1. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with MFRS 134 *Interim Financial Reporting* issued by the Malaysian Accounting Standards Board (“MASB”), IAS 34 *Interim Financial Reporting* issued by the International Accounting Standards Board and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited annual financial statements of the Group for the financial year ended 31 December 2015. The explanatory notes attached to the condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

2. Significant Accounting Policies

The significant accounting policies and methods of computation applied in the interim financial statements are consistent with those adopted in the most recent audited annual financial statements for the financial year ended 31 December 2015 except for the adoption of the following with effect from 1 January 2016:

- ❖ Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- ❖ Amendments to MFRS 116 and MFRS 141: Agriculture: Bearer Plants
- ❖ Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- ❖ Amendments to MFRS 127: Equity Method in Separate Financial Statements
- ❖ Amendments to MFRS 101: Disclosure Initiatives
- ❖ Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception
- ❖ MFRS 14: Regulatory Deferral Accounts
- ❖ Annual Improvements 2012-2014 Cycle
 - MFRS 7: Financial Instruments: Disclosures
 - MFRS 134: Interim Financial Reporting

The initial application of the above is not expected to have any material financial impact on the Group's results.

3. Auditors' Report on Preceding Annual Financial Statements

The auditors' report on the audited financial statements for the financial year ended 31 December 2015 was not qualified.

4. Seasonal or cyclical factors

The business operations of the Group are not significantly affected by any seasonal or cyclical factors in the current quarter and financial year to date.

5. Unusual Items Due to Their Nature, Size or Incidence

There were no unusual items affecting the assets, liabilities, equities, net income or cash flows of the Group in the current quarter and financial year to date.

6. Changes in Estimates

There were no significant changes in estimates of amounts reported in prior financial years which have a material effect in the current quarter and financial year to date.

7. Debt and equity securities

There were no issuances and repayments of debt and equity securities, share buy backs, shares cancellation, shares held as treasury shares and resale of treasury shares in the current quarter and financial year to date.

8. Dividend paid

On 13 June 2016, the Company paid a first and final single tier dividend of 4.0 sen per ordinary share of RM0.50 each, in respect of the financial year ended 31 December 2015.

9. Segmental Reporting

The information for business segments predominantly conducted in Malaysia for the current financial year to date was as follows:

RESULTS FOR PERIOD-TO-DATE ENDED 30 SEPTEMBER 2016

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	27,087,352	63,820,608	90,907,960
Less: Inter-segment revenue	(13,681,662)	(238,436)	(13,920,098)
External revenue	13,405,690	63,582,172	76,987,862
Results	1,494,133	(3,060,148)	(1,566,015)
Finance costs	(23,198)	(321,991)	(345,189)
Share of results of associates	(4,633)	(584,931)	(589,564)
Profit/(loss) before tax	1,466,302	(3,967,070)	(2,500,768)
Taxation	171,198	897,994	1,069,192
Profit/(loss) after tax	1,637,500	(3,069,076)	(1,431,576)
	=====	=====	=====
OTHER INFORMATION			
Interest income	56,323	171,215	227,538
Depreciation	811,327	8,320,101	9,131,428
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RESULTS FOR PERIOD-TO-DATE ENDED 30 SEPTEMBER 2015

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	90,555,931	38,204,842	128,760,773
Less: Inter-segment revenue	(754,360)	(12,878,313)	(13,632,673)
External revenue	89,801,571	25,326,529	115,128,100
Results	34,925,451	6,209,948	41,135,399
Finance costs	(5,542)	(408,682)	(414,224)
Share of results of associates	(8,630)	(729,438)	(738,068)
Profit before tax	34,911,279	5,071,828	39,983,107
Taxation	(8,344,695)	1,262,609	(7,082,086)
Profit after tax	26,566,584	6,334,437	32,901,021
	=====	=====	=====
OTHER INFORMATION			
Interest income	125,102	474,000	599,102
Depreciation	1,131,286	8,181,827	9,313,113
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10. Material subsequent events

There were no material subsequent events as at the date of this announcement.

11. Changes in composition of the Group

On 22 August 2016, the Company incorporated a joint venture company under the name of KKBWCT Joint Venture Sdn Bhd ("the JVCO"). The Company subscribed to 70% of the issued and paid-up share capital of the JVCO.

12. Contingent liabilities/Contingent assets as at 30 September 2016

There were no material contingent liabilities or contingent assets as at the date of this announcement.

13. Capital Commitments

	As at 30/09/2016 RM	As At 30/09/2015 RM
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	427,025	1,717,933
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14. Related Party Transactions

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2016 RM	Comparative Quarter Ended 30/09/2015 RM	Current Period Ended 30/09/2016 RM	Comparative Period Ended 30/09/2015 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	15,077	12,215	66,467	20,650
- Provision of miscellaneous services such as machineries, equipments and labour	25,540	8,528	62,212	40,174
- Rental income	6,000	6,000	18,000	18,000
- Purchase of miscellaneous services such as machineries, equipments and labour	12,734	12,127	35,164	39,600
Transactions with an associate, OceanMight Sdn. Bhd.				
- Rental income	90,190	87,900	281,990	258,200
- Sales of fabricated/galvanised steel products, structural steel works and other related products	6,862,499	830,750	37,001,341	8,143,826
Transactions with subsidiaries of an investor, Cahya Mata Sarawak Bhd.				
- Sales of steel pipes and pipe fittings to CMS Infra Trading Sdn. Bhd.	2,266,750	-	2,266,750	80,435,167
- Sales of steel pipes, pipe fittings, fabricated/galvanized steel products and structural steel works to PPES Works (Sarawak) Sdn. Bhd.	-	-	761,550	115,500
- Sales of fabricated/galvanized steel products and structural steel works to CMS Wires Sdn. Bhd.	-	-	200	-
- Purchase of steel and concrete products from CMS Concrete Products Sdn. Bhd.	72,672	37,141	204,117	37,141
Rental expense paid to companies in which certain directors of the Company have substantial financial interest and/or are also directors				
- KKB Development Sdn. Bhd.	17,850	17,850	53,550	53,550
- KKB Realty Sdn. Bhd.	17,400	17,400	52,200	52,200
- Sepang Kaya Sdn. Bhd.	30,856	30,856	92,570	92,570
Rental expense paid to a director, Dato Kho Kak Beng	19,200	7,200	57,600	21,600

Rental expense paid to a person connected with certain directors of the Company - Kho Siew Lan	4,800	-	11,200	-
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	9,441,568	1,067,967	40,964,911	89,328,178
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These transactions have been entered into with related parties on terms and conditions that are not more favourable to the related party than those generally available to the public.

Explanatory notes pursuant to Appendix 9B of Main Market Listing Requirements of Bursa Malaysia Securities Berhad

15. Detailed Review Of Performance

3rd Quarter 2016 Group revenue of RM27.6 million rose 232.5% in comparison to RM8.3 million registered in the preceding year corresponding third quarter, mainly due to higher revenue registered by both the Engineering & Manufacturing Sectors.

The increase sales along side the improve gross profit margin registered by the Group's steel pipes manufacturing business have contributed to the improved bottom line, thereby reducing the Group's pre-tax loss to RM183K against RM4.8 million registered in 3Q15.

The newly awarded project for the development and upgrading of the Proposed Pan Borneo Highway in the State of Sarawak (Phase 1 Works Package Contract – WPC-09) commenced during the 3rd Quarter 2016 is still at the preliminary stage to have any significant contribution to the Group's earnings.

Engineering Sector

The Engineering Sector registered revenue of RM21.8 million as compared to RM5.8 million in the preceding year corresponding third quarter.

The Steel Fabrication Division mainly contributed the Sector's revenue for 3rd Quarter 2016, registered RM20.8 million in revenue against RM4.8 million in 3Q15, representing an increase of 333.3% over the preceding year corresponding third quarter. Current quarter's revenue were mainly derived from the on-going fabrication works involving the supply of Low/High Tension Steel Poles, supply of fabricated steel structures for Tank 7 New Jetty-PAF Projects for Petronas LNG Train 9 project, subcontract works for the fabrication of Wellhead Platforms and other miscellaneous fabrication works.

HDG Division's sales of RM971K (3Q15: RM931K) for the quarter remained fairly consistent with the preceding year corresponding quarter, mainly contributed from the supply of Hot-Dip Galvanised Steel Poles.

Manufacturing Sector

At Group level, the Sector's revenue reached RM5.9 million (3Q15: RM2.5 million), an increase of 136.0% compared to 3Q15, mainly attributed by higher sales from both the Steel Pipes and LPG cylinders manufacturing divisions.

Revenue of LPG Cylinders manufacturing division for the current quarter shows an increase of 60.0%, mainly due to a higher offtake of LPG cylinders as compared to the preceding year 3rd quarter. 3Q16 revenue of RM2.4 million (3Q15: RM1.5 million) was for the supply of LPG cylinders to Petron Malaysia Refining & Marketing Bhd (formerly known as Esso Malaysia Bhd) and for requalification works of LPG cylinders to Mygaz Sdn Bhd.

The Group's Steel Pipes manufacturing plant in Kuching, Sarawak and Kota Kinabalu, Sabah under the two subsidiary companies, Harum Bidang Sdn Bhd and KKB Industries (Sabah) Sdn Bhd saw an

increase of 249.8% in revenue. The supply of MSCL Pipes and Special to CMS Infra Trading Sdn Bhd and other ad-hoc customers in Kota Kinabalu, Sabah has enabled the Group to register RM3.4 million revenue in 3Q16 against 3Q15 revenue of RM972K.

16. Material changes in the quarterly results compared to the results of the preceding quarter

The Group's revenue for the quarter of RM27.6 million recorded a slight increase of 1.5% from the previous quarter of RM27.2 million. Group's profit before taxation ("PBT") declined 153.0%, to record a loss of RM183K in the current quarter compared to PBT of RM345K in 2Q16, mainly due to the share of losses of an associate company which was profitable in 2Q16.

17. Prospects

The Group's performance continues to be challenging on the back of prolonged uncertainties in the global economy and weakening oil prices.

The Group is continuously pursuing various engineering projects, particularly projects related to the basic social-infrastructure works for Steel Fabrication, Water Supply and related infrastructure projects that are planned to be implemented throughout Sarawak and Sabah.

In addition, the Group is actively participating in potential business opportunities in the Major Onshore Fabrication to move up the value chain in Fabrication Engineering and related disciplines, in collaboration with its associate Company i.e OceanMight Sdn Bhd and other strategic partner(s).

The continued uncertainties in the global economy, escalation of costs due to inflationary pressure, volatility of global raw material steel prices and the fluctuation of exchange rates are amongst factors that may impact the Group's performance.

18. Variances from financial estimate, forecast or projection, or profit guarantee

Not applicable to the Group as no financial estimate, forecast or projection, or profit guarantee were published.

19. Commentary on the company's progress to achieve the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document and steps taken or proposed to be taken to achieve the financial estimate, forecast, projection or internal targets

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

20. Statement of the Board of Directors' opinion as to whether the financial estimate, forecast, projection or internal targets in the remaining period to the end of the financial year and the forecast period which was previously announced or disclosed in a public document are likely to be achieved

Not applicable to the Group as no announcements or disclosures were published in a public document as to the financial estimate, forecast, projection or internal targets as at the date of this announcement.

21. Taxation

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2016 RM	Comparative Quarter Ended 30/09/2015 RM	Current Period Ended 30/09/2016 RM	Comparative Period Ended 30/09/2015 RM
Malaysian taxation				
- Current year	342,076	(90,250)	365,900	8,963,639
- Prior year	(331,262)	(453,097)	(331,262)	(456,104)
Deferred tax	(220,915)	(1,017,630)	(1,103,830)	(1,425,449)
	-----	-----	-----	-----
	(210,101)	(1,560,977)	(1,069,192)	7,082,086
	=====	=====	=====	=====

The disproportionate tax charge for the current quarter and financial year to date were primarily attributed to losses of the Company and its subsidiaries as well as the reversal of over-provision of tax in prior year.

22. Status of Corporate Proposals

There were no new or outstanding corporate proposals announced which have not been completed as at the date of this announcement.

23. Group's Borrowings and Debt Securities

Total Group's loans and borrowings as at 30 September 2016 were as follows: -

Loans and Borrowings (denominated in Ringgit Malaysia)	Secured RM	Unsecured RM
<u>Current</u>		
Lease payables	3,341,959	-
Bankers' acceptances	-	3,400,000
	-----	-----
<u>Non-Current</u>		
Lease payables	4,251,788	-
	-----	-----
Total borrowings	7,593,747	3,400,000
	=====	=====

24. Material Litigations

The hearing of the arbitration proceedings between KKB Builders Sdn Bhd (a wholly owned subsidiary of the Company) as the Claimant and Global Upline Sdn Bhd as the Respondent is on-going.

The legal opinion given by the Company's lawyers is that the Respondent's claim is without basis.

Save as disclosed above, there were no pending material litigations against the Group which might materially and adversely affect the Group's financial position.

25. Dividend

No interim dividend has been recommended for payment in the current quarter and financial year-to-date.

26. Earnings per share

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2016	Comparative Quarter Ended 30/09/2015	Current Period Ended 30/09/2016	Comparative Period Ended 30/09/2015
Net profit/(loss) attributable to owners of the parent (RM)	<u>(135,046)</u>	<u>(3,355,906)</u>	<u>(1,716,856)</u>	<u>29,982,495</u>
Weighted average number of ordinary shares in issue	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>	<u>257,792,000</u>
Basic earnings/(loss) per share for the period attributable to owners of the parent (sen)	<u>(0.05)</u>	<u>(1.30)</u>	<u>(0.67)</u>	<u>11.63</u>

There is no dilution in its earnings/(loss) per ordinary share in the current quarter and financial year to date as there are no dilutive potential ordinary shares outstanding at the end of the reporting period.

27. Realised and Unrealised Profits/Losses

	As at 30/09/2016 RM	As at 31/12/2015 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	166,150,380	179,152,861
- Unrealised	7,665,205	6,561,375
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	173,815,585	185,714,236
Total share of accumulated losses from associates:		
- Realised	(3,418,895)	(2,809,331)
- Unrealised	-	-
	-----	-----
	170,396,690	182,904,905
Less: Consolidation adjustments	(9,969,446)	(10,449,125)
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Total group retained profits as per consolidated accounts	160,427,244	172,455,780
	=====	=====

28. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 9 Months Ended	
	Current	Comparative	Current	Comparative
	Quarter Ended	Quarter Ended	Period Ended	Period Ended
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	RM	RM	RM	RM
Profit for the period is arrived at after charging/(crediting):				
Interest income	(84,261)	(136,666)	(227,538)	(599,102)
Realised foreign exchange loss/(gain)	23,724	4,514	(108,338)	(202,053)
Unrealised foreign exchange gain	-	-	(17,586)	(4,846)
Rental income	(108,190)	(105,900)	(335,990)	(315,700)
Gain on disposal of property, plant and equipment	-	(69,999)	-	(69,999)
Reversal of bad debts written off	-	(10,000)	-	(10,000)
Depreciation of property, plant and equipment	3,080,957	3,079,489	9,131,428	9,313,113
Interest expense	134,755	123,451	345,189	414,224
Impairment loss on trade receivables	35,494	105,052	108,955	449,194
Property, plant and equipment written off	-	-	1	6,236

Other than the above items which have been included in the statement of profit or loss and other comprehensive income, there were no provision for and write off of receivables, provision for and write off of inventories, gain or loss on disposal of quoted or unquoted investments, gain or loss on derivatives and exceptional items for the current quarter and period ended 30 September 2016.