

KKB ENGINEERING BERHAD

(Company No : 26495 - D)

(Incorporated in Malaysia)

INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 12 MONTHS ENDED	
	CURRENT QUARTER ENDED 31/12/2016 RM	COMPARATIVE QUARTER ENDED 31/12/2015 RM	CURRENT PERIOD ENDED 31/12/2016 RM	COMPARATIVE PERIOD ENDED 31/12/2015 RM
Revenue	26,122,794	12,780,145	103,110,656	127,908,245
Cost of sales	<u>(29,259,658)</u>	<u>(12,914,276)</u>	<u>(99,245,923)</u>	<u>(77,737,689)</u>
Gross profit/(loss)	(3,136,864)	(134,131)	3,864,733	50,170,556
Other income	1,342,194	2,283,201	6,356,686	7,096,580
Distribution costs	(285,688)	(346,296)	(828,550)	(750,061)
Administrative expenses	(4,418,649)	(3,871,529)	(16,284,990)	(15,861,716)
Other expenses	(370,080)	(695,439)	(1,542,981)	(2,284,154)
Finance costs	(141,224)	(114,594)	(486,413)	(528,818)
Share of results of associates	370,576	524,653	(218,988)	(213,415)
Profit/(Loss) before tax	(6,639,735)	(2,354,135)	(9,140,503)	37,628,972
Taxation	<u>2,328,164</u>	<u>(1,441,733)</u>	<u>3,397,356</u>	<u>(8,523,819)</u>
Profit/(Loss) for the period	<u>(4,311,571)</u>	<u>(3,795,868)</u>	<u>(5,743,147)</u>	<u>29,105,153</u>
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income/(Expense) for the period	<u>(4,311,571)</u>	<u>(3,795,868)</u>	<u>(5,743,147)</u>	<u>29,105,153</u>
Profit/(Loss) for the period attributable to:				
Owners of the parent	(4,062,795)	(3,951,527)	(5,779,651)	26,030,968
Non-controlling interests	<u>(248,776)</u>	<u>155,659</u>	<u>36,504</u>	<u>3,074,185</u>
	<u>(4,311,571)</u>	<u>(3,795,868)</u>	<u>(5,743,147)</u>	<u>29,105,153</u>
Total Comprehensive Income/(Expense) for the period attributable to:				
Owners of the parent	(4,062,795)	(3,951,527)	(5,779,651)	26,030,968
Non-controlling interests	<u>(248,776)</u>	<u>155,659</u>	<u>36,504</u>	<u>3,074,185</u>
	<u>(4,311,571)</u>	<u>(3,795,868)</u>	<u>(5,743,147)</u>	<u>29,105,153</u>
Earnings/(Loss) per share attributable to owners the parent:				
Basic, for profit/(loss) for the period (sen)	<u>(1.58)</u>	<u>(1.53)</u>	<u>(2.24)</u>	<u>10.10</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 FOURTH QUARTER ENDED 31 DECEMBER 2016**Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 31/12/2016 RM	AS AT 31/12/2015 RM
ASSETS		
Non-current assets		
Property, plant & equipment	143,185,361	149,400,879
Investment in associates	1,778,677	2,017,664
Deferred tax assets	2,027,666	-
	<u>146,991,704</u>	<u>151,418,543</u>
Current assets		
Inventories	27,322,947	27,973,871
Trade and other receivables	17,584,698	15,006,202
Other current assets	3,818,310	987,140
Investment securities	101,315,507	121,286,411
Cash and bank balances	34,794,573	16,763,950
	<u>184,836,035</u>	<u>182,017,574</u>
TOTAL ASSETS	<u>331,827,739</u>	<u>333,436,117</u>
EQUITY AND LIABILITIES		
Current liabilities		
Amount due to customers for contract work	1,275,636	1,169,544
Loans and borrowings	7,161,470	3,227,713
Trade and other payables	20,985,781	7,692,799
Income tax payable	227,162	1,463,844
	<u>29,650,049</u>	<u>13,553,900</u>
Net Current assets	<u>155,185,986</u>	<u>168,463,674</u>
Non-current liabilities		
Loans and borrowings	4,719,244	6,772,538
Deferred tax liabilities	580,013	1,676,419
	<u>5,299,257</u>	<u>8,448,957</u>
Total liabilities	<u>34,949,306</u>	<u>22,002,857</u>
Net assets	<u>296,878,433</u>	<u>311,433,260</u>
Equity attributable to owners of the parent		
Share capital	128,896,000	128,896,000
Retained earnings	156,364,449	172,455,780
	<u>285,260,449</u>	<u>301,351,780</u>
Non-controlling interests	<u>11,617,984</u>	<u>10,081,480</u>
Total equity	<u>296,878,433</u>	<u>311,433,260</u>
TOTAL EQUITY AND LIABILITIES	<u>331,827,739</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

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 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	-	26,030,968	26,030,968	3,074,185	29,105,153
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	26,030,968	26,030,968	3,074,185	29,105,153
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 31 December 2015	<u>128,896,000</u>	<u>172,455,780</u>	<u>301,351,780</u>	<u>10,081,480</u>	<u>311,433,260</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	-	(5,779,651)	(5,779,651)	36,504	(5,743,147)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	-	(5,779,651)	(5,779,651)	36,504	(5,743,147)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(1,500,000)	(1,500,000)
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 31 December 2016	<u>128,896,000</u>	<u>156,364,449</u>	<u>285,260,449</u>	<u>11,617,984</u>	<u>296,878,433</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.)

KKB ENGINEERING BERHAD

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INTERIM FINANCIAL STATEMENTS FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2016**Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 12 MONTHS ENDED 31/12/2016 RM	CUMULATIVE 12 MONTHS ENDED 31/12/2015 RM
Profit/(loss) before taxation	(9,140,503)	37,628,972
Adjustments for:		
Depreciation of property, plant & equipment	12,270,089	12,347,474
Interest expense	486,413	528,818
Property, plant & equipment written off	19,163	6,236
Gain on disposal of property, plant & equipment	-	(69,999)
Reversal of bad debts written off	-	(10,000)
Impairment loss on trade receivables	144,354	553,961
Dividend income	(2,340,976)	(2,088,137)
Fair value changes in investment securities	(1,830,223)	(1,916,925)
Unrealised foreign exchange (gain)/loss	(9,814)	12,740
Interest income	(370,034)	(1,440,037)
Share of results of associates	218,988	213,415
Total adjustments	<u>8,587,960</u>	<u>8,137,546</u>
Operating cash flows before changes in working capital	(552,543)	45,766,518
Changes in working capital		
Decrease in inventories	650,924	10,886,390
Increase/(decrease) in amount due to customers for contract work	106,092	(866,327)
(Increase)/decrease in receivables	(2,575,712)	26,834,750
Increase/(decrease) in payables	<u>13,302,796</u>	<u>(3,773,842)</u>
Cash flows from operations	10,931,557	78,847,489
Interest paid	(486,413)	(528,818)
Taxation paid, net of refund	<u>(3,794,569)</u>	<u>(10,671,803)</u>
Net cash flows from operating activities	<u>6,650,575</u>	<u>67,646,868</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	-	70,000
Acquisition of property, plant & equipment	(4,273,734)	(3,876,217)
Additional investment in an associate	-	(860,000)
Net proceeds from/(acquisition of) investment securities	24,142,103	(26,190,662)
Proceeds from issuance of shares	3,000,000	-
Interest received	222,896	788,076
Dividend received from an associate	20,000	20,000
Net cash flows from/(used in) investing activities	<u>23,111,265</u>	<u>(30,048,803)</u>
Financing activities		
Dividend paid to shareholders of the Company	(10,311,680)	(10,311,680)
Dividend paid to non-controlling interests	(1,500,000)	(3,000,000)
Net proceeds from/(repayment of) bankers' acceptances	3,400,000	(11,200,000)
Repayment of lease instalments	<u>(3,319,537)</u>	<u>(3,871,797)</u>
Net cash flows used in financing activities	<u>(11,731,217)</u>	<u>(28,383,477)</u>
Net increase in cash and cash equivalents	18,030,623	9,214,588
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>34,794,573</u>	<u>16,763,950</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 31 DECEMBER 2016

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	37,486,905	84,134,406	121,621,311
Less: Inter-segment revenue	(18,219,719)	(290,936)	(18,510,655)
External revenue	19,267,186	83,843,470	103,110,656
Results	1,810,691	(10,245,793)	(8,435,102)
Finance costs	(28,992)	(457,421)	(486,413)
Share of results of associates	23,129	(242,117)	(218,988)
Profit/(loss) before tax	1,804,828	(10,945,331)	(9,140,503)
Taxation	520,898	2,876,458	3,397,356
Profit/(loss) after tax	2,325,726	(8,068,873)	(5,743,147)
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OTHER INFORMATION			
Interest income	78,817	291,217	370,034
Depreciation	1,106,507	11,163,582	12,270,089
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RESULTS FOR PERIOD-TO-DATE ENDED 31 DECEMBER 2015

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	98,838,179	43,182,988	142,021,167
Less: Inter-segment revenue	(1,215,340)	(12,897,582)	(14,112,922)
External revenue	97,622,839	30,285,406	127,908,245
Results	35,272,770	3,098,435	38,371,205
Finance costs	(5,552)	(523,266)	(528,818)
Share of results of associates	(13,639)	(199,776)	(213,415)
Profit before tax	35,253,579	2,375,393	37,628,972
Income tax expense	(8,738,785)	214,966	(8,523,819)
Profit after tax	26,514,794	2,590,359	29,105,153
	=====	=====	=====
OTHER INFORMATION			
Interest income	199,507	1,240,530	1,440,037
Depreciation	1,497,880	10,849,594	12,347,474
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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 31 December 2016

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

13. Capital Commitments

	As at 31/12/2016 RM	As At 31/12/2015 RM
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	200,367	2,362,435
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14. Related Party Transactions

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2016 RM	Comparative Quarter Ended 31/12/2015 RM	Current Period Ended 31/12/2016 RM	Comparative Period Ended 31/12/2015 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	16,347	19,631	82,814	40,281
- Provision of miscellaneous services such as machineries, equipments and labour	22,801	8,782	85,013	48,956
- Rental income	6,000	6,000	24,000	24,000
- Purchase of miscellaneous services such as machineries, equipments and labour	12,735	12,451	47,899	52,051
Transactions with an associate, OceanMight Sdn. Bhd.				
- Rental income	84,900	93,900	366,890	352,100
- Sales of fabricated/galvanized steel products, structural steel works and other related products	9,271,420	955,977	46,272,761	9,099,803
Transactions with subsidiaries of an investor, Cahya Mata Sarawak Bhd.				
- Sales of steel pipes and pipe fittings to CMS Infra Trading Sdn. Bhd.	-	3,015,828	2,266,750	83,450,995
- 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.	50,378	(3,582)	254,495	33,559
- Purchase of graded aggregates, etc. from CMS Quarries Sdn. Bhd.	8,227	-	8,227	-
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	71,400	71,400
- KKB Realty Sdn. Bhd.	17,400	17,400	69,600	69,600
- Sepang Kaya Sdn. Bhd.	30,856	30,856	123,426	123,426
Rental expense paid to a director, Dato Kho Kak Beng				
	19,200	7,200	76,800	28,800

Rental expense paid to a person connected with certain directors of the Company - Kho Siew Lan	4,800	-	16,000	-
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	9,562,914	4,182,293	50,527,825	93,510,471
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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

The Group registered a revenue of RM26.1 million in 4Q16, registering an increase of 103.9% compared to the preceding year 4th Quarter, mainly attributable by the improved revenue of the Steel Fabrication division but offset by a reduction in the Group's Steel Pipes revenue.

The Group posted a quarter pre-tax loss of RM6.6 million against pre-tax loss of RM2.4 million achieved in the preceding year 4th Quarter.

Overall, the weak performance of the Group was mainly due to the increasing cost of raw materials and higher direct overhead costs on the back of lower business volume in the absence of major projects for both the steel fabrication and construction divisions.

Engineering Sector

The Sector's 4th Quarter revenue of RM20.3 million recorded an increase of 306.0% compared to RM5.0 million in the preceding year 4th Quarter, mainly attributed to higher revenue recognized from the steel fabrication division.

The current quarter's revenue for the Steel Fabrication division improved to RM15.0 million, from RM3.7 million recorded in the preceding year 4th quarter which was mainly from spill over works from previous quarter(s). Current quarter's revenue were mainly derived from the on-going fabrication works involving the supply of Low/High Tension Steel Poles, subcontract works for the fabrication of Wellhead Platforms and other miscellaneous fabrication works.

The Construction division's revenue for the quarter of RM3.8 million was solely derived from 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) undertaken by the subsidiary Company i.e KKBWCT Joint Venture Sdn Bhd which has just commenced during the 4th Quarter 2016 and is still at the early stage to have any significant contribution to the Group's earnings.

HDG division quarter's revenue of RM1.5 million (4Q15: RM1.2 million) recorded an increase of 25%, mainly contributed from the supply of Hot-Dip Galvanised Steel Poles.

Manufacturing Sector

The sector's revenue for the quarter of RM5.9 million (4Q15: RM7.8 million) was 24.4% lower compared to the preceding year corresponding quarter, mainly due to slower demand of steel pipe resulting in a much lower revenue contribution from the Group's Steel Pipes division.

LPG Cylinders sales for the current quarter shows an increase of 22.5%, with revenue of RM4.9 million (4Q15: RM4.0 million) mainly due to higher sales volume recorded compared to the preceding year 4th Quarter. 4Q16 revenue was for the supply of LPG cylinders to Petron Malaysia Refining & Marketing Bhd (formerly known as Esso Malaysia Bhd), Mygaz Sdn Bhd and for export of LPG cylinders to Brunei Shell Marketing Company Sdn Bhd.

Revenue from the Group's Steel Pipes manufacturing business under the two subsidiary companies, Harum Bidang Sdn Bhd ("HBSB") and KKB Industries (Sabah) Sdn Bhd ("KKBIS") decreased by 75.9%. The current quarter's sales of RM890K compared to RM3.7 million recorded in 4Q15 were mainly for sales to ad-hoc customers while contracts for the supply of MSCL Pipes and Specials to its major customer, CMS Infra Trading Sdn Bhd had mostly been fulfilled.

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

The Group recorded a revenue of RM26.1 million and a pre-tax loss of RM6.6 million in 4Q16 compared to RM27.6 million revenue and pre-tax loss of RM183K in 3Q16. The reduced revenue was mainly due to lower sales recorded for its Engineering sector which contributed revenue of RM21.8 million in 3Q16 compared to RM20.3 million in 4Q16 and lower profit margin of the group's steel pipes and steel fabrication divisions have resulted in the overall decline in current quarter's result.

17. Prospects

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.

The Group's entry into the Oil & Gas sector, via associate OceanMight Sdn Bhd, will continue to tender for new projects and stay resilient and overcome this period of slower activity. It will continue to exercise its effort on prudent cost management and operational efficiency to stay competitive and focused on its effort to identify viable new strategic and business opportunities.

2017 will no doubt be another challenging year for the Group against the backdrop of continued uncertainties in the global economy. Depreciating ringgit exchange rates which are almost across-the-board will cause higher import bills and add sparks to domestic cost-push factors and inflationary pressures.

Notwithstanding, our diverse portfolio of businesses coupled with the Group's healthy financial position with low gearing will provide us with the resilience to mitigate the adverse effects under the prevailing competitive and challenging business environment.

The Board remains cautious in light of the prevailing market environment and that the Group's performance for financial year ending 2017 shall remain challenging.

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 12 Months Ended	
	Current Quarter Ended 31/12/2016 RM	Comparative Quarter Ended 31/12/2015 RM	Current Period Ended 31/12/2016 RM	Comparative Period Ended 31/12/2015 RM
Malaysian taxation				
- Current year	(307,921)	286,077	57,979	9,249,716
- Prior year	(1)	8,061	(331,263)	(448,043)
Deferred tax	(2,020,242)	1,147,595	(3,124,072)	(277,854)
	<u>(2,328,164)</u>	<u>1,441,733</u>	<u>(3,397,356)</u>	<u>8,523,819</u>
	=====	=====	=====	=====

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

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 31 December 2016 were as follows: -

Loans and Borrowings (denominated in Ringgit Malaysia)	Secured RM	Unsecured RM
<u>Current</u>		
Lease payables	3,761,470	-
Bankers' acceptances	-	3,400,000
	<u>-----</u>	<u>-----</u>
<u>Non-Current</u>		
Lease payables	4,719,244	-
	<u>-----</u>	<u>-----</u>
Total borrowings	<u>8,480,714</u>	<u>3,400,000</u>
	=====	=====

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 12 Months Ended	
	Current Quarter Ended 31/12/2016	Comparative Quarter Ended 31/12/2015	Current Period Ended 31/12/2016	Comparative Period Ended 31/12/2015
Net profit/(loss) attributable to owners of the parent (RM)	<u>(4,062,795)</u>	<u>(3,951,527)</u>	<u>(5,779,651)</u>	<u>26,030,968</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>(1.58)</u>	<u>(1.53)</u>	<u>(2.24)</u>	<u>10.10</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 31/12/2016 RM	As at 31/12/2015 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	158,693,004	179,152,861
- Unrealised	9,685,447	6,561,375
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	168,378,451	185,714,236
Total share of accumulated losses from associates:		
- Realised	(3,048,319)	(2,809,331)
- Unrealised	-	-
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	165,330,132	182,904,905
Less: Consolidation adjustments	(8,965,683)	(10,449,125)
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Total group retained profits as per consolidated accounts	156,364,449	172,455,780
	=====	=====

28. Additional Disclosures on Profit for the period

	3 Months Ended		Cumulative 12 Months Ended	
	Current Quarter Ended 31/12/2016 RM	Comparative Quarter Ended 31/12/2015 RM	Current Period Ended 31/12/2016 RM	Comparative Period Ended 31/12/2015 RM
Profit for the period is arrived at after charging/(crediting):				
Interest income	(142,496)	(840,935)	(370,034)	(1,440,037)
Realised foreign exchange loss/(gain)	19,610	(5,378)	(88,728)	(207,431)
Unrealised foreign exchange loss/(gain)	7,772	17,586	(9,814)	12,740
Rental income	(99,900)	(111,900)	(435,890)	(427,600)
Gain on disposal of property, plant and equipment	-	-	-	(69,999)
Reversal of bad debts written off	-	-	-	(10,000)
Depreciation of property, plant and equipment	3,138,661	3,034,361	12,270,089	12,347,474
Interest expense	141,224	114,594	486,413	528,818
Impairment loss on trade receivables	35,399	104,767	144,354	553,961
Property, plant and equipment written off	19,162	-	19,163	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 31 December 2016.