

**KKB ENGINEERING BERHAD**

(Company No : 26495 - D)

(Incorporated in Malaysia)

**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017****Unaudited Condensed Consolidated Statements of Profit or Loss and Other Comprehensive Income**

	3 MONTHS ENDED		CUMULATIVE 9 MONTHS ENDED	
	CURRENT QUARTER ENDED 30/09/2017 RM	COMPARATIVE QUARTER ENDED 30/09/2016 RM	CURRENT PERIOD ENDED 30/09/2017 RM	COMPARATIVE PERIOD ENDED 30/09/2016 RM
Revenue	49,304,712	27,646,660	139,101,736	76,987,862
Cost of sales	(41,347,239)	(24,421,138)	(138,501,969)	(69,986,265)
<b>Gross profit</b>	<u>7,957,473</u>	<u>3,225,522</u>	<u>599,767</u>	<u>7,001,597</u>
Other income	1,857,652	1,478,456	6,999,383	5,014,492
Distribution costs	(284,576)	(153,682)	(404,960)	(542,862)
Administrative expenses	(3,456,306)	(4,011,588)	(11,146,654)	(11,866,341)
Other expenses	(299,393)	(345,577)	(846,867)	(1,172,901)
Finance costs	(75,436)	(134,755)	(454,132)	(345,189)
Share of results of associates	1,136,964	(242,012)	1,360,165	(589,564)
<b>Profit/(loss) before tax</b>	<u>6,836,378</u>	<u>(183,636)</u>	<u>(3,893,298)</u>	<u>(2,500,768)</u>
Income tax expense	(1,619,260)	210,101	993,115	1,069,192
<b>Profit/(loss) for the period</b>	<u>5,217,118</u>	<u>26,465</u>	<u>(2,900,183)</u>	<u>(1,431,576)</u>
<b>Other Comprehensive Income</b>	-	-	-	-
<b>Total Comprehensive Income/(Expense) for the period</b>	<u>5,217,118</u>	<u>26,465</u>	<u>(2,900,183)</u>	<u>(1,431,576)</u>
Profit/(loss) for the period attributable to:				
Owners of the parent	4,973,347	(135,046)	(3,703,956)	(1,716,856)
Non-controlling interests	243,771	161,511	803,773	285,280
	<u>5,217,118</u>	<u>26,465</u>	<u>(2,900,183)</u>	<u>(1,431,576)</u>
Total Comprehensive Income/(Expense) for the period attributable to:				
Owners of the parent	4,973,347	(135,046)	(3,703,956)	(1,716,856)
Non-controlling interests	243,771	161,511	803,773	285,280
	<u>5,217,118</u>	<u>26,465</u>	<u>(2,900,183)</u>	<u>(1,431,576)</u>
<b>Earnings/(loss) per share attributable to owners of the parent:</b>				
Basic, for profit/(loss) for the period (sen)	<u>1.93</u>	<u>(0.05)</u>	<u>(1.44)</u>	<u>(0.67)</u>
Diluted, for profit/(loss) 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.)

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**INTERIM FINANCIAL STATEMENTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017****Unaudited Condensed Consolidated Statements of Financial Position**

	AS AT 30/09/2017 RM	AS AT 31/12/2016 RM
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant & equipment	137,790,407	143,185,361
Investment in associates	3,138,842	1,778,677
Deferred tax assets	<u>3,849,163</u>	<u>2,027,666</u>
	<u>144,778,412</u>	<u>146,991,704</u>
<b>Current assets</b>		
Inventories	30,340,135	27,322,947
Amount due from customers for contract work	296,014	-
Trade and other receivables	57,830,997	17,584,698
Other current assets	4,185,960	3,818,310
Short term funds	85,581,577	101,315,507
Cash and bank balances	<u>9,727,179</u>	<u>34,794,573</u>
	<u>187,961,862</u>	<u>184,836,035</u>
<b>TOTAL ASSETS</b>	<b><u>332,740,274</u></b>	<b><u>331,827,739</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current liabilities</b>		
Amount due to customers for contract work	-	1,275,636
Loans and borrowings	3,674,406	7,161,470
Trade and other payables	31,993,402	20,985,781
Income tax payable	<u>824,203</u>	<u>227,162</u>
	<u>36,492,011</u>	<u>29,650,049</u>
<b>Net Current assets</b>	<u>151,469,851</u>	<u>155,185,986</u>
<b>Non-current liabilities</b>		
Loans and borrowings	1,991,621	4,719,244
Deferred tax liabilities	<u>528,392</u>	<u>580,013</u>
	<u>2,520,013</u>	<u>5,299,257</u>
<b>Total liabilities</b>	<u>39,012,024</u>	<u>34,949,306</u>
<b>Net assets</b>	<u>293,728,250</u>	<u>296,878,433</u>
<b>Equity attributable to owners of the parent</b>		
Share capital	128,896,000	128,896,000
Retained earnings	<u>152,660,493</u>	<u>156,364,449</u>
	281,556,493	285,260,449
<b>Non-controlling interests</b>	<u>12,171,757</u>	<u>11,617,984</u>
<b>Total equity</b>	<u>293,728,250</u>	<u>296,878,433</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>332,740,274</u></b>	<b><u>331,827,739</u></b>

(These Condensed Consolidated Statements of Financial Position 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 2017****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
<b>At 1 January 2016</b>	128,896,000	172,455,780	301,351,780	10,081,480	311,433,260
(Loss)/profit for the period	-	(1,716,856)	(1,716,856)	285,280	(1,431,576)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive (expense)/income for the period	-	(1,716,856)	(1,716,856)	285,280	(1,431,576)
Dividend paid to non-controlling interests	-	-	-	(750,000)	(750,000)
First and final dividend for FYE 31 December 2015	-	(10,311,680)	(10,311,680)	-	(10,311,680)
Capital contribution by non-controlling interests	-	-	-	3,000,000	3,000,000
<b>At 30 September 2016</b>	<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>
<b>At 1 January 2017</b>	128,896,000	156,364,449	285,260,449	11,617,984	296,878,433
(Loss)/profit for the period	-	(3,703,956)	(3,703,956)	803,773	(2,900,183)
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive (expense)/income for the period	-	(3,703,956)	(3,703,956)	803,773	(2,900,183)
Dividend paid to non-controlling interest of a subsidiary	-	-	-	(250,000)	(250,000)
<b>At 30 September 2017</b>	<u>128,896,000</u>	<u>152,660,493</u>	<u>281,556,493</u>	<u>12,171,757</u>	<u>293,728,250</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 2017****Unaudited Condensed Consolidated Statements of Cash Flows**

	CUMULATIVE 9 MONTHS ENDED 30/09/2017 RM	CUMULATIVE 9 MONTHS ENDED 30/09/2016 RM
Loss before taxation	(3,893,298)	(2,500,768)
Adjustments for:		
Depreciation of property, plant & equipment	9,482,851	9,131,428
Interest expense	454,132	345,189
Property, plant & equipment written off	4,058	1
Gain on disposal of property, plant & equipment	(47)	-
Reversal of bad debts written off	(115,402)	-
Impairment loss on trade receivables	7,685	108,955
Dividend income	(1,201,941)	(1,947,880)
Fair value changes in short term funds	(1,464,915)	(1,297,964)
Unrealised foreign exchange gain	(7,772)	(17,586)
Interest income	(2,828,299)	(227,538)
Share of results of associates	(1,360,165)	589,564
Total adjustments	<u>2,970,185</u>	<u>6,684,169</u>
Operating cash flows before changes in working capital	(923,113)	4,183,401
Changes in working capital		
Increase in inventories	(3,017,188)	(5,224,400)
Increase in amount due from customers for contract work	(296,014)	(7,607,683)
Decrease in amount due to customers for contract work	(1,275,636)	(1,169,544)
(Increase)/decrease in receivables	(40,063,730)	1,488,783
Increase in payables	11,015,393	8,479,803
Increase in other current assets	(6,044)	(5,872)
Cash flows used in operations	<u>(34,566,332)</u>	<u>144,488</u>
Interest paid	(454,132)	(345,189)
Taxation paid, net of refund	(644,567)	(3,794,568)
Net cash flows used in operating activities	<u>(35,665,031)</u>	<u>(3,995,269)</u>
Investing activities		
Proceeds from disposal of property, plant & equipment	515	-
Acquisition of property, plant & equipment	(4,092,423)	(4,769,610)
Net proceeds from short term funds	18,400,786	29,733,214
Capital contribution by non-controlling interests	-	3,000,000
Interest received	2,753,447	116,086
Dividend received from an associate	-	20,000
Net cash flows from investing activities	<u>17,062,325</u>	<u>28,099,690</u>
Financing activities		
Dividend paid to shareholders of the Company	-	(10,311,680)
Dividend paid to non-controlling interests	(250,000)	(750,000)
Net (repayment of)/proceeds from bankers' acceptances	(3,400,000)	3,400,000
Repayment of lease instalments	(2,814,688)	(2,406,504)
Net cash flows used in financing activities	<u>(6,464,688)</u>	<u>(10,068,184)</u>
Net (decrease)/increase in cash and cash equivalents	(25,067,394)	14,036,237
Cash and cash equivalents at the beginning of the period	34,794,573	16,763,950
Cash and cash equivalents at the end of the period	<u><u>9,727,179</u></u>	<u><u>30,800,187</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 2016. 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 2016.

#### **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 2016 except for the adoption of the following with effect from 1 January 2017:

- ❖ Amendments to MFRS 107: Disclosures Initiative
- ❖ Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses
- ❖ Annual Improvements to MFRS Standards 2014-2016 Cycle
  - Amendments to MFRS 12: Disclosure of Interests in Other Entities

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 2016 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

No dividend was paid in the current quarter and financial year to date.

## 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 2017

	Manufacturing RM	Engineering RM	Consolidated RM
Total revenue	16,908,073	131,057,229	147,965,302
Less: Inter-segment revenue	(7,086,110)	(1,777,456)	(8,863,566)
External revenue	9,821,963	129,279,773	139,101,736
Results	128,502	(4,927,833)	(4,799,331)
Finance costs	(101,411)	(352,721)	(454,132)
Share of results of associates	49,981	1,310,184	1,360,165
Profit/(loss) before tax	77,072	(3,970,370)	(3,893,298)
Income tax expense	67,858	925,257	993,115
Profit/(loss) after tax	144,930	(3,045,113)	(2,900,183)
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### OTHER INFORMATION

Interest income	77,955	2,750,344	2,828,299
Depreciation	739,765	8,743,086	9,482,851
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## 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)
	=====	=====	=====
<b>OTHER INFORMATION</b>			
Interest income	56,323	171,215	227,538
Depreciation	811,327	8,320,101	9,131,428
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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

There were no changes in composition of the Group for the current quarter and financial year to date.

### 12. Contingent liabilities/Contingent assets as at 30 September 2017

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

### 13. Capital Commitments

	As at 30/09/2017 RM	As At 30/09/2016 RM
Commitments in respect of capital expenditure:		
Approved and contracted for:		
Property, plant and equipment	136,781	427,025
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## 14. Related Party Transactions

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2017 RM	Comparative Quarter Ended 30/09/2016 RM	Current Period Ended 30/09/2017 RM	Comparative Period Ended 30/09/2016 RM
Transactions with an associate, Edisi Optima Sdn. Bhd.				
- Sale of fabricated and galvanized steel products	9,435	15,077	20,637	66,467
- Provision of miscellaneous services such as machineries, equipments and labour	26,966	25,540	68,924	62,212
- Rental income	6,000	6,000	18,000	18,000
- Purchase of miscellaneous services such as machineries, equipments and labour	-	12,734	15,734	35,164
Transactions with an associate, OceanMight Sdn. Bhd.				
- Rental income	72,900	90,190	242,700	281,990
- Sales of fabricated/galvanised steel products, structural steel works and other related products	15,699,359	6,862,499	41,458,857	37,001,341
- Provision of miscellaneous services such as machineries/equipment/facilities, labour/subcontract works etc	-	-	5,974	-
- Purchase of miscellaneous services such as machineries/equipment, labour etc	288,570	-	288,570	-
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	651,796	2,266,750
- Sales of steel pipes, pipe fittings, fabricated/galvanized steel products and structural steel works to PPES Works (Sarawak) Sdn. Bhd.	-	-	-	761,550
- 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.	79,304	72,672	79,304	204,117
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	7,200	19,200	21,600	57,600
Rental expense paid to a person connected with certain directors of the Company - Kho Siew Lan	4,800	4,800	14,400	11,200
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	16,260,640	9,441,568	43,084,816	40,964,911
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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. Review Of Performance

Financial review for current quarter and financial year to date

	Quarter		Changes (%)	Cumulative 9 months		Changes (%)	Year Ended
	Current Quarter	Preceding Year Corresponding Quarter		Current Period	Preceding Year Corresponding Period		
	30/09/17 RM'000	30/09/16 RM'000		30/09/17 RM'000	30/09/16 RM'000		
Revenue	49,305	27,647	78.3%	139,102	76,988	80.7%	103,111
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	10,152	3,032	234.8%	6,044	6,976	-13.4%	3,616
Profit/(loss) before interest and tax	6,912	(49)	14206.1%	(3,439)	(2,156)	-59.5%	(8,654)
Profit/(loss) before tax	6,836	(184)	3815.2%	(3,893)	(2,501)	-55.7%	(9,141)
Profit/(loss) after tax	5,217	26	19965.4%	(2,900)	(1,432)	-102.5%	(5,743)
Profit/(loss) attributable to ordinary equity holders of the parent	4,973	(135)	3783.7%	(3,704)	(1,717)	-115.7%	(5,780)

The Group's current quarter revenue of RM49.3 million (3Q17: RM27.6 million) comprising revenue from the Engineering and Manufacturing sectors of RM45.6 million (3Q17: RM21.8 million) and RM3.7 million (3Q17: RM5.9 million) respectively. Quarter-on-quarter comparison of the Group's consolidated results saw an increase in revenue of 78.3%, while pre-tax profit rebounded sharply to register an increase of about RM7.0 million or 3,815.2% to record RM6.8 million pre-tax profit in the current quarter against a loss of RM184K registered in the preceding year corresponding quarter. The increase in revenue was mainly attributed to higher revenue recognition from the Group's Civil Construction division but offset by lower revenue from the Group's Steel Pipes manufacturing division as compared to the preceding year corresponding quarter.

Similarly, the current year cumulative nine-month's pre-tax loss has been narrowed down to RM3.9 million compared to a full year pre-tax loss of RM9.1 million recorded in financial year ended 31 December 2016.

Improved margin of the Steel Fabrication Division, mainly from the subcontract works for the fabrication of Wellhead Platforms for the Bunga Pakma project coupled with improved performance of its Associate Company attributed to the variation works for the fabrication of Wellhead Platforms

for the Kinabalu Redevelopment project have contributed to the overall improved results of the Group during the quarter and year-to-date.

#### Engineering Sector

The Sector's revenue for the quarter of RM45.6 million (3Q16: RM21.8 million) represents 92% of the overall Group's turnover. The sector's revenue increased by more than doubled, as a result of higher progress billings from on-going projects under the Civil Construction division. The Construction Division's revenue for the quarter of RM24.3 million was solely derived from the development and upgrading of the Proposed Pan Borneo Highway in the State of Sarawak (Phase 1 Works Package Contract – WPC-09) which commenced during the 4<sup>th</sup> Quarter 2016.

Revenue from the Steel Fabrication Division of RM20.0 million (3Q16: RM20.8 million) reduced marginally by 3.8%, compared to the preceding year corresponding quarter. Revenue for the quarter were mainly derived from the on-going fabrication works involving the supply of Low/High Tension Steel Poles and Mild Steel Casing, subcontract works for the fabrication of Wellhead Platforms and other on-going miscellaneous fabrication works.

The current quarter also saw improvement in Hot Dip Galvanising Division's performance. Revenue for the current quarter of RM1.3 million (3Q16: RM971K) increased by 33.9% compared to the preceding year corresponding quarter. The improved performance was mainly contributed from the supply of Hot Dip Galvanised Low and High Tension Steel Poles.

#### Manufacturing Sector

The Sector's earning for the current quarter mostly contributed from the sales of LPG cylinders. LPG Cylinders manufacturing division recorded an increase in revenue of approximately RM1.1 million (representing an increase of 45.8%) over the preceding year corresponding quarter. The Division saw the returning of supply orders to NGC Energy Sdn Bhd, with billings for the quarter worth RM2.1 million. The supply contracts of LPG cylinders to NGC Energy Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd, Petron Malaysia Refining & Marketing Bhd (formerly known as Esso Malaysia Bhd) and Mygaz Sdn Bhd have sustained the growth and performance of the Division.

Revenue from the Group's Steel Pipes Manufacturing division under the two subsidiaries reduced significantly from RM3.4 million in 3Q16 to a mere RM157K in 3Q17. Revenue for the quarter was mostly for the supply of Mild Steel Cement Lined (MSCL) Pipes and Specials to adhoc customers. The newly secured orders for the supply of MSCL Pipes and Specials worth some RM20.9 million will only be realized in 4Q17.

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

Financial review for current quarter compared with immediate preceding quarter

	Current Quarter	Immediate Preceding Quarter	Changes (%)
	30/09/17	30/06/17	
	RM'000	RM'000	
Revenue	49,305	46,873	5.2%
Earnings Before Interest, Taxes, Depreciation and Amortisation (EBITDA)	10,152	(5,899)	272.1%
Profit/(loss) before interest and tax	6,912	(9,021)	176.6%
Profit/(loss) before tax	6,836	(9,240)	174.0%
Profit/(loss) after tax	5,217	(6,889)	175.7%
Profit/(loss) attributable to ordinary equity holders of the parent	4,973	(7,202)	169.1%

The Group's current quarter pre-tax profit of RM6.8 million improved significantly by 174.0% against a pre-tax loss of RM9.2 million recorded in the preceding quarter, mainly due to an improved margin of the Steel Fabrication Division coupled with improved performance of its Associate Company attributed to the variation works for the fabrication of Wellhead Platforms for the Kinabalu Redevelopment project.

**17. Prospects**

The Group weathered a tough 1H2017, but we saw a positive sign of recovery towards the 2H2017.

Amid the threat of adverse effect from the volatility of raw material steel prices and foreign exchange rates on its performance, the risk of which is constantly being managed, the Group maintains its effort on cost management, product quality and operational efficiency to further improve its operating results.

The Group will continue to bid for new contracts/projects, particularly the government infrastructure projects whenever the opportunity arises and identify new strategic and potential business opportunities in the Major Onshore Fabrication, in collaboration with OceanMight Sdn Bhd and other strategic partner(s).

With its existing contracts in hand for the supply of Mild Steel Cement Lined Pipes and Specials, LPG cylinders and Steel Fabrication works, together with the on-going construction works for the development and upgrading of the Proposed Pan Borneo Highway in the State of Sarawak (Phase 1 Works Package Contract – WPC-09), the Group anticipated to achieving a satisfactory performance in the remaining last quarter of 2017, barring any unforeseen circumstances.

**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. Income Tax Expense

	3 Months Ended		Cumulative 9 Months Ended	
	Current Quarter Ended 30/09/2017 RM	Comparative Quarter Ended 30/09/2016 RM	Current Period Ended 30/09/2017 RM	Comparative Period Ended 30/09/2016 RM
Malaysian taxation				
- Current year	134,856	342,076	653,557	365,900
- Prior year	226,445	(331,262)	226,445	(331,262)
Deferred tax	1,257,959	(220,915)	(1,873,117)	(1,103,830)
	-----	-----	-----	-----
	1,619,260	(210,101)	(993,115)	(1,069,192)
	=====	=====	=====	=====

The lower effective tax expense for the current quarter and higher effective tax credit for financial year to date were primarily due to share of results from associates and under 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 2017 were as follows: -

Loans and Borrowings (denominated in Ringgit Malaysia)	Secured RM
<u>Current</u>	
Lease payables	3,674,406
	-----
<u>Non-Current</u>	
Lease payables	1,991,621
	-----
Total borrowings	5,666,027
	=====

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 30/09/2017	Comparative Quarter Ended 30/09/2016	Current Period Ended 30/09/2017	Comparative Period Ended 30/09/2016
Net profit/(loss) attributable to owners of the parent (RM)	<u>4,973,347</u>	<u>(135,046)</u>	<u>(3,703,956)</u>	<u>(1,716,856)</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>1.93</u>	<u>(0.05)</u>	<u>(1.44)</u>	<u>(0.67)</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 30/09/2017 RM	As at 31/12/2016 RM
Total retained profits of the Company and its subsidiaries:		
- Realised	152,294,576	158,693,004
- Unrealised	11,558,565	9,685,447
	<u>163,853,141</u>	<u>168,378,451</u>
Total share of accumulated losses from associates:		
- Realised	(1,688,153)	(3,048,319)
	<u>162,164,988</u>	<u>165,330,132</u>
Less: Consolidation adjustments	(9,504,495)	(8,965,683)
Total group retained profits as per consolidated accounts	<u>152,660,493</u>	<u>156,364,449</u>

**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
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	RM	RM	RM	RM
Profit for the period is arrived at after charging/(crediting):				
Interest income	(320,170)	(84,261)	(2,828,299)	(227,538)
Realised foreign exchange (gain)/loss	(62,007)	23,724	(41,199)	(108,338)
Unrealised foreign exchange gain	-	-	(7,772)	(17,586)
Rental income	(84,900)	(108,190)	(281,200)	(335,990)
Gain on disposal of property, plant and equipment	-	-	(47)	-
Reversal of bad debts written off	(115,402)	-	(115,402)	-
Depreciation of property, plant and equipment	3,239,912	3,080,957	9,482,851	9,131,428
Interest expense	75,436	134,755	454,132	345,189
Impairment loss on trade receivables	2,304	35,494	7,685	108,955
Property, plant and equipment written off	-	-	4,058	1

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 2017.