

BINTAI KINDEN CORPORATION BERHAD
(Company No:290870P)

**Unaudited Condensed Consolidated Statement Of Comprehensive Income
For Quarter And Six Months Ended 30 September 2016**

	Note	QUARTER ENDED		CUMULATIVE YEAR TO DATE	
		30.09.16 RM'000	30.09.15 RM'000	30.09.16 RM'000	30.09.15 RM'000
Continuing operations					
Revenue		169,424	116,876	325,976	203,741
Cost of sales		(153,400)	(104,967)	(293,284)	(180,813)
Gross profit		<u>16,024</u>	<u>11,909</u>	<u>32,692</u>	<u>22,928</u>
Other income		792	434	1,680	1,240
Operating expenses		(15,064)	(24,423)	(31,187)	(38,529)
Results from operating activities		<u>1,752</u>	<u>(12,080)</u>	<u>3,185</u>	<u>(14,361)</u>
Finance income		79	143	148	203
Finance costs		(1,738)	(1,076)	(2,916)	(2,123)
Net finance costs		<u>(1,659)</u>	<u>(933)</u>	<u>(2,768)</u>	<u>(1,920)</u>
		93	(13,013)	417	(16,281)
Share of results in jointly controlled entities		(3)	(3)	(6)	(7)
Share of results in associates		(5)	(155)	9	(311)
Income/(loss) before tax		<u>85</u>	<u>(13,171)</u>	<u>420</u>	<u>(16,599)</u>
Income tax expense	B6	(50)	(821)	(100)	(826)
Income/(loss) for the period		<u>35</u>	<u>(13,992)</u>	<u>320</u>	<u>(17,425)</u>
Other comprehensive income/(loss)					
Gain/(loss) on fair value changes on available for sales financial assets		75	(458)	45	(483)
Foreign currency translation differences for foreign operations		826	5,953	3,198	8,379
Other comprehensive income/(loss) for the period		<u>901</u>	<u>5,495</u>	<u>3,243</u>	<u>7,896</u>
Total comprehensive income/(loss) for the period		<u>936</u>	<u>(8,497)</u>	<u>3,563</u>	<u>(9,529)</u>
Income/(loss) attributable to: -					
Owners of the Company		60	(14,199)	155	(17,884)
Non-controlling interests		(25)	207	165	459
Income/(loss) for the period		<u>35</u>	<u>(13,992)</u>	<u>320</u>	<u>(17,425)</u>
Total comprehensive income/(loss) attributable to: -					
Owners of the Company		961	(8,704)	3,398	(9,988)
Non-controlling interests		(25)	207	165	459
Total comprehensive income/(loss) for the period		<u>936</u>	<u>(8,497)</u>	<u>3,563</u>	<u>(9,529)</u>
Earnings/(loss) per share attributable to owners of the Company (sen)					
Basic	B13	<u>0.028</u>	<u>(8.22)</u>	<u>0.073</u>	<u>(10.36)</u>
Diluted	B13	<u>0.027</u>	<u>(7.41)</u>	<u>0.069</u>	<u>(9.34)</u>

This unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the audited financial statements for the year ended 31 March 2016

BINTAI KINDEN CORPORATION BERHAD
(Company No:290870P)

Unaudited Condensed Consolidated Statement of Financial Position as at 30 September 2016

	Unaudited As at 30.09.2016 RM'000	Audited As at 31.03.2016 RM'000
Assets		
Property, plant and equipment	9,012	9,510
Investment in jointly controlled entities	11,716	11,217
Investment in associates	969	217
Deferred tax assets	1,854	1,773
Other investments	2,359	2,243
Total Non-Current Assets	<u>25,910</u>	<u>24,960</u>
Property development expenditure	7,600	108
Inventories	69	-
Receivables	457,143	424,989
Tax recoverable	35	75
Cash and bank balances	41,419	37,475
	<u>506,266</u>	<u>462,647</u>
Total Assets	<u>532,176</u>	<u>487,607</u>
Equity		
Share capital	42,918	42,918
Reserves	16,759	13,361
Equity attributable to owners of the Company	<u>59,677</u>	<u>56,279</u>
Non-controlling interests	<u>23,386</u>	<u>23,221</u>
Total Equity	<u>83,063</u>	<u>79,500</u>
Liabilities		
Long term borrowings	B8 2,417	2,625
Total Non-Current Liability	<u>2,417</u>	<u>2,625</u>
Provisions	3,217	3,078
Payables	238,667	202,098
Tax liabilities	333	7,717
Short term borrowings	B8 204,479	192,589
Total Current Liabilities	<u>446,696</u>	<u>405,482</u>
Total Liabilities	<u>449,113</u>	<u>408,107</u>
Total Equity and Liabilities	<u>532,176</u>	<u>487,607</u>
Net asset per share attributable to owners of the Company (sen)	28	26

This unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the audited financial statements for the year ended 31 March 2016

BINTAI KINDEN CORPORATION BERHAD
(Company No:290870P)

Unaudited Condensed Consolidated Statement Of Cash Flows For The Quarter And Six Months Ended 30 September 2016

	Unaudited Period Ended 30.09.16 RM'000	Unaudited Period Ended 30.09.15 RM'000
Cash flows from operating activities		
Loss before tax	420	(16,599)
Adjustments for:-		
Net interest expense	4,344	4,037
Depreciation on property, plant & equipment	1,436	1,212
Gain on disposal of property, plant & equipment	19	9
Share of result of associates & jointly controlled entities	(3)	241
Other non-cash items	2,550	14,886
Operating cashflow before changes in working capital	8,766	3,786
Net change in current assets	(33,771)	72,307
Net change in current liabilities	36,386	(11,793)
	2,615	60,514
Cash generated from operations	11,381	64,300
Interest paid	(5,452)	(5,136)
Interest received	148	203
Income tax refund	27	-
Income tax paid	(7,626)	(979)
	(12,903)	(5,912)
Net cash (used in)/generated from operating activities	(1,522)	58,388
Cash flows from investing activities		
Investment in associates	(984)	(468)
Net cash inflow from acquisition of subsidiary company	-	6,005
Additional investment in a jointly controlled entity	-	(3,091)
Proceeds from disposal of property, plant and equipment	136	15
Purchase of property, plant and equipment	(744)	(500)
Net cash flows (used in)/generated from investing activities	(1,592)	1,961
Cash flows from financing activities		
Proceeds from bank borrowings	159,260	106,103
Repayments of bank borrowings	(153,983)	(137,637)
Increase in fixed deposits pledged with financial institutions	(109)	184
Proceeds from issue of shares	-	23,340
Rights issue expenses	-	(749)
Proceeds from hire purchase payables	256	-
Repayments of hire purchase payables	(631)	(649)
Net cash flows generated from/(used in) financing activities	4,793	(9,408)
Net increase in cash and cash equivalents	1,679	50,941
Effect of foreign exchange differences	623	2,552
Cash and cash equivalents at 1 April	24,192	25,780
Cash and cash equivalents at 30 September	26,494	79,273
Represented by:		
Deposits, bank and cash balances	41,419	91,211
Bank overdrafts	(11,726)	(9,563)
Deposits with licensed bank pledged as security	(3,199)	(2,375)
	26,494	79,273

This unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the audited financial statements for the year ended 31 March 2016

Unaudited Condensed Consolidated Statement of Changes In Equity For The Quarter And Six Months Ended 30 September 2016

	Attributable to owners of the Company										
	Non-distributable					Distributable					
	Share Capital RM'000	Capital Reserve RM'000	Share Premium RM'000	Warrant Reserve RM'000	Foreign Currency Translation Reserve RM'000	Fair Value Reserve RM'000	Treasury Shares RM'000	Accumulated loss RM'000	Total RM'000	Non-Controlling Interests RM'000	Total Equity RM'000
At 1 April 2016	42,918	21,039	1,593	10,070	10,784	(2,946)	(3,462)	(23,717)	56,279	23,221	79,500
Movements during the period											
Profit for the financial period	-	-	-	-	-	-	-	155	155	165	320
Loss on fair value changes on available for sales financial assets	-	-	-	-	-	45	-	-	45	-	45
Foreign currency translation differences for foreign operations	-	-	-	-	3,198	-	-	-	3,198	-	3,198
Total comprehensive income for the period	-	-	-	-	3,198	45	-	155	3,398	165	3,563
At 30 September 2016	42,918	21,039	1,593	10,070	13,982	(2,901)	(3,462)	(23,562)	59,677	23,386	83,063
At 1 April 2015	20,778	31,109	1,142	-	6,427	(2,313)	(3,462)	12,366	66,047	14,051	80,098
Movements during the period											
Loss for the financial period	-	-	-	-	-	-	-	(17,884)	(17,884)	459	(17,425)
Gain on fair value changes on available for sales financial assets	-	-	-	-	-	(483)	-	-	(483)	-	(483)
Foreign currency translation differences for foreign operations	-	-	-	-	8,379	-	-	-	8,379	-	8,379
Total comprehensive income for the period	-	-	-	-	8,379	(483)	-	(17,884)	(9,988)	459	(9,529)
Arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	4,790	4,790
Total transactions with non-controlling interests	-	-	-	-	-	-	-	-	-	4,790	4,790
Private placement	2,000	-	1,200	-	-	-	-	-	3,200	-	3,200
Right issue with free warrants	20,140	(10,070)	-	10,070	-	-	-	-	20,140	-	20,140
Total transactions with owners of the Company	22,140	(10,070)	1,200	10,070	-	-	-	-	23,340	-	23,340
Right issue expenses	-	-	(749)	-	-	-	-	-	(749)	-	(749)
At 30 September 2015	42,918	21,039	1,593	10,070	14,806	(2,796)	(3,462)	(5,518)	78,650	19,300	97,950

This unaudited Condensed Consolidated Statement of Changes In Equity should be read in conjunction with the audited financial statements for the year ended 31 March 2016

**BINTAI KINDEN CORPORATION BERHAD (290870-P)
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2016**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

A1 Basis of preparation

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with the requirements of Financial Reporting Standard (“FRS”) 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”) and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Malaysia”) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 March 2016.

These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 March 2016.

A2 Changes in accounting policies

The accounting policies applied by the Group in these unaudited condensed financial statements are consistent with those applied for the audited financial statements for the financial year 31 March 2016, except for the adoption of the following revised FRSs and Amendments to FRSs effective for financial periods beginning on or after 1 January 2016 applicable to the Group's operations:

FRS 14	Regulatory Deferral Accounts
Amendments to FRS 5	Non-current Assets Held for Sales and Discontinued Operations (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 7	Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 10	Consolidated Financial Statements, FRS 12, Disclosure of Interests in Other Entities and FRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception
Amendments to FRS 11	Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations
Amendments to FRS 101	Presentation of Financial Statements – Disclosure Initiative
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 119	Employee Benefits (Annual Improvements 2012-2014 Cycle)
Amendments to FRS 127	Equity Method in Separate Financial Statements
Amendments to FRS 134	Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)

Adoption of the abovementioned pronouncements has no material impact on the disclosures or on the amount recognised in these condensed consolidated financial statements.

The Group has not early adopted the following new and amended FRS that have been issued by MASB that are not yet effective:

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A2 Changes in accounting policies (cont'd)

		Effective date for financial periods beginning on or after
Amendments to FRS 112	Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
Amendments to FRS 107	Disclosure Initiative	1 January 2017
FRS 15	Revenue from Contracts with Customers	1 January 2018
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1 January 2018
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The Group is expected to apply the abovementioned pronouncements, if applicable, when they become effective. The initial application of the abovementioned pronouncements are not expected to have any material impact to these financial statements of the Group except as mentioned below:

FRS 15 Revenue from Contracts with Customers

FRS 15 replaces the guidance in FRS 111 Construction Contracts, FRS 118 Revenue, IC Interpretation 13 Customer Loyalty Programme, IC Interpretation 15 Agreements for Construction of Real Estate, IC Interpretation 18 Transfers of Assets from Customers and IC Interpretation 131 Revenue – Barter Transactions Involving Advertising Services.

FRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service.

Upon adoption of FRS 15, it is expected that the timing of revenue recognition might be different as compared to current practices. The Group is in the process of assessing the financial impact of adopting FRS 15.

FRS 9 Financial Instruments

FRS 9 will replace FRS 139 "Financial Instruments: Recognition and Measurement".

FRS 9 retains but simplifies the mixed measurement model in FRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial assets. Investment in equity instruments are required to be measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

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A2 Changes in accounting policies (cont'd)

FRS 9 Financial Instruments (cont'd)

For liabilities, the standard retains most of the FRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where fair value option is taken for financial liability, the part of a fair value change due to an entity's own credit risk is recorded in OCI rather than the income statement, unless this creates an accounting mismatch.

FRS introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in FRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

The adoption of FRS 9 will result in a change in accounting policy. The Group is currently examining the financial impact of adopting FRS 9.

Malaysian Financial Reporting Standards (MFRS Framework)

On 19 November 2011, the Malaysian Accounting Standards Board (MASB) issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards (MFRS Framework).

The MFRS Framework is to be applied by all entities other than private entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (Herein called 'Transitioning Entities').

On 28 October 2015, the MASB further announced that the mandatory effective date for adoption of the new MFRS by the Transitioning Entities be deferred from 1 January 2017 to 1 January 2018. Consequently, adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

Financial statements that are drawn up in accordance with the new MFRS framework will be equivalent to financial statements prepared by other jurisdiction which adopt IFRSs ("International Financial Reporting Standards").

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 March 2019. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

Currently, the Group is in the process of assessing the gap between current Group accounting policies and the requirements of MFRS Framework and expect to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 March 2019.

A3 Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal or cyclical factors in a way that the interim results under review may not correlate to the preceding year's corresponding interim results.

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A4 Nature and amount of unusual items

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current quarter and financial period to-date.

A5 Nature and amount of changes in estimates

There were no significant changes in estimates that have had a material effect in the current quarter and financial period to-date.

A6 Issues, cancellations, repurchase, resale and repayments of debt and equity securities

There were no issuances, repurchases, cancellations, resale and repayments of debts and equity securities during the current financial period.

A7 Dividend paid

No dividend was paid for the period under review (FY2016: Nil).

A8 Valuation of property, plant and equipment

There are no fair value adjustment to the property, plant and equipment as at the date of these financial statements.

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A9 Segmental Reporting

Business segment information of the Group for the period ended 30 September 2016 is as follows:

	Specialised mechanical and electrical engineering services RM'000	Turnkey, infrastructure & civil and structural services RM'000	Property development RM'000	Investment holding and others RM'000	Trading RM'000	Elimination RM'000	Consolidated RM'000
Revenue							
External	294,962	-	31,014	-	-	-	325,976
Inter segment	7,238	32,640	-	-	1,196	(41,074)	-
Total Revenue	302,200	32,640	31,014	-	1,196	(41,074)	325,976
Results-debit/(credit)							
Segment results, profit/(loss) before taxation	334	646	1,858	3,748	71	(6,237)	420
Interest income	(142)	-	-	(6)	-	-	(148)
Interest paid	5,281	-	-	171	-	-	5,452
Depreciation	1,436	-	-	-	-	-	1,436
Share of results in associates	(9)	-	-	-	-	-	(9)
Share of results in jointly controlled entities	6	-	-	-	-	-	6
Other non-cash expenses:							
Impairment loss on receivables	-	-	-	2,000	-	-	2,000
Unrealised loss on foreign exchange, net	681	-	-	329	-	-	1,010

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A10 Related party transactions

The related party transactions noted below, which would have been undertaken within the mandate approved by the shareholders at the last Annual General Meeting.

	Nature of transactions	Current quarter ended 30.09.2016 RM'000	Cumulative year to date 30.09.2016 RM'000
Kinden Corporation	Technical & Services	Nil	Nil

A11 Changes in the composition of the Group

There were no changes in the Composition of the Group during the current financial quarter.

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Additional information required by the listing requirements of Bursa Malaysia

B1 Review of performance

The Group posted a revenue of RM169.42 million against preceding year's corresponding quarter of RM116.88 million. Profit before taxation was RM85,000.00 against loss before taxation of RM13.17million a year ago.

The improved financial performance for the current quarter under review was due to higher revenue which resulted in higher amount of gross profit of RM16.02 million compared to RM11.91 million a year ago. Also, a lower operating expenses due to lower impairment loss on receivables significantly contributed to the improved financial performance for the Group for the current quarter under review.

The Group's revenue for the financial year-to-date was RM325.98 million against RM203.74 million in the preceding year's corresponding period. Overseas operations for the mechanical and electrical engineering services continue to generate high revenue which thus resulted in higher revenue for the financial year-to-date. Operating expenses is lower for the current financial year-to-date - due to lower impairment on receivables - against preceding year. The higher quantum of gross profit together with lower operating expenses resulted in a profit before tax of RM420,000.00 against loss before tax of RM16.59 million in preceding year.

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

The Group's revenue for the quarter under review is RM169.42 million compared to RM156.55 million in the immediate preceding quarter.

For the current quarter under review the Group recorded a profit before taxation of RM85,000.00 against profit before taxation of RM335,000.00 in the immediate preceding quarter. Overall, the financial result for the current quarter does not deviate much against preceding quarter. The gross profit quantum generated and operating expenses for these two quarters are comparable.

B3 Prospects

The Group will continue to explore for new business venture and opportunities within Asia to create synergistic business collaboration while maintaining a competitive edge and sustainable growth in the currently challenging market. In Malaysia, opportunities are available from the infrastructure projects under the Economic Transformation Programme.

The Group remains focused on prudent management of its assets and core competencies to ensure ongoing success of the Group in today's very competitive market. There are uncertainties in the overall global and regional economy due to declining oil price and volatile fluctuation in exchange rates.

Going forward, the Group will continue to strive to maintain and deliver value to all of its stakeholders.

B4 Variance of actual profit from forecast profit and shortfall in the profit guarantee

The Group has not announced or disclosed any profit forecast or profit guarantee in a public document that relates to this interim reporting period.

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B5 Profit before tax

		Current year quarter 30.09.2016 RM'000	Current year to-date 30.09.2016 RM'000
Profit before tax is arrived at after charging/(crediting)			
(a)	Interest Income	(79)	(148)
(b)	Interest expense	2,933	4,492
(c)	Depreciation	732	1,436
(d)	Impairment loss on receivables, net of reversal	731	1,731
(e)	Gain on disposal of quoted investment	N/A	N/A
(f)	Write off of property, plant and equipment	N/A	N/A
(g)	Net loss on foreign exchange		
	-realized	565	575
	-unrealised	455	1,010
(h)	Gain or loss on derivatives	N/A	N/A
(i)	Bad debts written off	N/A	N/A

B6 Income tax expense/(credit)

The taxation expense for the current quarter and period ended 30 September 2016 are as follows:

	Individual Quarter		Cumulative Quarter	
	Current year quarter 30.09.2016 RM'000	Preceding year corresponding quarter 30.09.2015 RM'000	Current year 30.09.2016 RM'000	Preceding year 30.09.2015 RM'000
Income tax				
- current year				
- Malaysia income tax	-	-	-	-
- Foreign income tax	-	57	-	57
- prior years				
- Malaysian income tax	30	-	105	-
- Foreign income tax	20	764	(5)	769
	50	821	100	826
Deferred taxation				
- current year	-	-	-	-
- prior years	-	-	-	-
	-	-	-	-
	50	821	100	826

B7 Status of Corporate Proposals

Save as disclosed below, there was no other material event subsequent to the end of the current quarter and up to 23 November 2016 (being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this quarterly report), which is expected to have an operational or financial impact on the Group:-

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B7 Status of Corporate Proposals (cont'd)

(a) Introduction

On 17 November 2016, KAF Investment Bank Berhad ("KAF IB"), on behalf of the Bintai Kinden Corporation Berhad ("BKCB" or "Company"), announced the following:-

- (i) proposed acquisition by BKCB of the entire 100% equity interest in Optimal Property Management Sdn Bhd ("OPM") comprising 100,000 ordinary shares of RM1.00 each in OPM ("OPM Shares" or "Sale Shares") for a purchase consideration of RM15.0 million ("Purchase Consideration") to be satisfied via issuance of 75,000,000 new ordinary shares of RM0.20 each in BKCB ("BKCB Shares") at an issue price of RM0.20 each ("**Proposed Acquisition**"); and
- (ii) proposed diversification of the existing business of BKCB and its subsidiaries ("BKCB Group" or "Group") to include concession arrangements business ("**Proposed Diversification**").

The Proposed Acquisition and Proposed Diversification shall hereinafter collectively referred to as the "**Proposals**".

(b) The Proposed Acquisition

(i) Details on the Proposed Acquisition

On 17 November 2016, BKCB entered into a conditional share sale agreement ("SSA") with Nusankota Development Sdn Bhd ("Nusankota"), Haryati Binti Zaharuddin and Amirul Arifin Sovie Bin Md. Noordin (collectively referred to as "Vendors") for the Proposed Acquisition. The salient terms of the SSA are set out in Section 2.2 of this announcement.

Pursuant to the SSA, the Purchase Consideration shall be satisfied via an issuance and allotment of 75,000,000 new BKCB Shares ("Consideration Shares") at an issue price of RM0.20 each ("Issue Price").

(ii) Proposed Diversification

The BKCB Group is principally involved in the provision of mechanical and electrical engineering services. Upon the completion of the Proposed Acquisition, the Group, via OPM, shall be involved in concession arrangements business i.e. the maintenance and management of the entire in-campus accommodation and related facilities for KUIM under the Concession in accordance with the terms and conditions as set out in the Concession Agreement. In return, the Group will be paid availability charges by KTIMB in the form of monthly hostel and maintenance charges as well as annual collegiate fee over the Concession Period. Such maintenance income constitutes a new source of income to the Group over the Concession Period.

The Board anticipates that the concession arrangements business of the Group may contribute more than 25% of the net profit of the Group based on the annual maintenance income receivable in respect of the Concession.

As such, pursuant to Paragraph 10.13(1) of the Main Market Listing Requirements of Bursa Securities ("**Listing Requirements**"), the Company will be seeking its shareholders' approval at a general meeting for the Proposed Diversification.

Notwithstanding the Proposed Diversification, the Group intends to continue with its existing business in largely the same manner.

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B7 Status of Corporate Proposals (cont'd)

(a) Rationale for the Proposals

(i) Proposed Acquisition

The Proposed Acquisition will enable the Company to participate and be entitled to the future recurring income streams from the concession arrangements business i.e. the provision of management and maintenance services to KUIM over the tenure of the Concession. As such, the Proposed Acquisition is expected to be beneficial to the BKCB Group in view of the expected future earnings to be derived.

(ii) Proposed Diversification

The Group intends to diversify and expand its business activities to enhance its prospects through the Proposed Diversification. The Board believes that the Proposed Diversification would contribute positively to its future earnings and improve the financial position of the Group as well as reduce its dependency on its existing core business.

In addition, the Proposed Diversification is expected to complement the Group's existing business in property development whilst offering an advantage for the Group in the long term as the Group is able to offer a full-range of services in its business of property development, construction and project management.

The Board believes that the Proposed Diversification shall enhance the Group's future prospects and is in line with the Group's strategy of achieving growth. The additional revenue contribution from the concession arrangements activities over the Concession Period will provide the Group with additional source of earnings which is expected to enhance the Group's profitability and returns on shareholders' funds.

B8 Group Borrowings and Debt Securities

The Group's borrowings as at 30 September 2016 were as follows:

	RM'000
Short Term	
Overdrafts	11,726
Revolving credit	37,031
Term loan	65,697
Bills payable/Trust receipt	88,925
Hire purchase payables	1,100
	<u>204,479</u>

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B8	Group Borrowings and Debt Securities (cont'd)	RM'000
	Long term	
	Hire purchase payables	2,417
		<u>2,417</u>
	Currencies in which total borrowings are denominated:	
	-Ringgit Malaysia	59,008
	-United States Dollar	5,831
	-Singapore Dollar	142,057
	Total borrowings	<u>206,896</u>

B9 Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risk as at the date of this report.

B10 Fair Value Changes of Financial Liabilities

The Group does not have any financial liabilities measured at fair value through profit or loss as at 30 September 2016.

B11 Material Litigations

There have been no changes in material litigations since the last audited financial statements for the year ended 31 March 2016 except the under-mentioned:

(a) **Kejuruteraan Bintai Kindenko Sdn Bhd ("KBK") v Serdang Baru Properties Sdn Bhd ("SBP")**. KBK is involved in 3 different litigation suits as follows:

(i) High Court of Malaya at Shah Alam (MT22-1685-2008) (KBK's suit for work done):

Kejuruteraan Bintai Kindenko Sdn Bhd ("KBK"), a wholly-owned subsidiary of the Company, filed a suit against Serdang Baru Properties Sdn Bhd ("SBP") and three (3) others on 10th October 2008 for non-payment of construction costs and conspiracy to defraud. KBK filed an appeal to the Court of Appeal against the High Court's decision. The said appeal was dismissed. The current status of this proceeding is that KBK filed an application to stay the proceedings pending the challenge against the Arbitrator's award on 27.6.2016.

(ii) Arbitration :

SBP had, on 1st April 2010, commenced arbitral proceedings against KBK for, amongst others, liquidated and ascertained damages. KBK made an application to the High Court to set aside the Final Award (dated 9 March 2016) and Final Award Corrective Notice (dated 7 April 2016) pursuant to Section 42 of the Arbitration Act 2005. On 14.11.2016, High Court heard submission and directed both parties to submit on a further point and next hearing will be on 8.12.2016 to deliver decision.

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B11 Material Litigations (cont'd)

(b) On 2nd December 2015, the Company together with its wholly owned subsidiary, Kejuruteraan Bintai Kindenko Sdn Bhd ("KBK") and Lereno Sdn Bhd (a trade debtor in liquidation) ("Lereno") (collectively referred to as the "Plaintiffs") commenced proceedings against (i) Malaysian Debt Ventures Berhad ("MDV"), (ii) Temasek Growth Sdn Bhd ("Temasek"), (iii) Bright Integrity Sdn Bhd ("Bright Integrity") and (iv) Mr. Ong Hock An and Mr. Mok Chew Yin, the Receivers and Managers of Lereno ("R&M"), (collectively referred to as the "Defendants"). Plaintiffs filed a Notice of Application for an injunction together with the Affidavit in Support to restrain the sale of the assets of Lereno to Bright Integrity pending the disposal of the said Proceedings. High Court allowed the Plaintiffs' oral application for an 'Ad – Interim'. The Court then allowed the application of the Plaintiffs to withdraw the Injunction Application and discharged the Ad Interim Injunction.

The Defendants' striking out application was allowed by the judge on 6 October 2016 in its entirety with cost of RM59,000.00 payable to the defendants collectively. The Company had on 3 November 2016 filed a Notice of Appeal to the Court of Appeal against the whole decision given by the learned Judge.

B12 Dividend

No interim dividend is being declared for the quarter under review (FY2016: Nil).

B13 Earnings/(Loss) per share

	Quarter Ended		Year-to-date ended	
	30.09.2016	30.09.2015	30.09.2016	30.09.2015
Income/(Loss) attributable to owners of the Company (RM'000)	60	(14,199)	155	(17,884)
Weighted average number of ordinary shares in issue for basic earnings/(loss) per share computation ('000)	212,594	172,636	212,594	172,636
Dilutive potential ordinary shares - Assumed exercise of Warrants ('000)	10,629	18,891	10,629	18,891
Weighted average number of ordinary shares in issue for diluted earnings/(loss) per share computation ('000)	223,223	191,527	223,223	191,527
Basic earnings/(loss) per share (sen)	0.028	(8.22)	0.073	(10.36)
Diluted earnings/(loss) per share (sen)	0.027	(7.41)	0.069	(9.34)

(a) Basic earnings/(loss) per share

Basic earnings/(loss) per share of the Group is calculated by dividing the income/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period excluding treasury shares held by the Company.

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B13 Earnings/(Loss) per share (cont'd)

(b) Diluted earnings/(loss) per share

The diluted earnings/(loss) per share of the Group is calculated by dividing the income/(loss) for the period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period after adjustment for the effects of all dilutive potential ordinary shares comprising Warrants.

B14 Supplementary information of breakdown of Realised and Unrealised Profits or Losses pursuant to the directive issued by Bursa Malaysia

On 25 March 2010, Bursa Malaysia issued a directive to all listed issuers pursuant to Paragraphs 2.06 and 2.23 of Bursa Securities Main Market Listing Requirements. The directive requires all listed issuers to disclose the breakdown of the retained profits or accumulated loss as at the end of the reporting period, into realised and unrealised profit or loss.

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

The breakdown of the accumulated loss of the Group as at 30 September 2016, into realised and unrealised profit/(loss), pursuant to the directive, is as follows:

	As at 30.09.2016 RM'000	As at 30.06.2016 RM'000
Total retained earnings of the Group:		
- realised profit	72,320	71,942
- unrealised loss	(3,217)	(3,174)
Total share of results in associates and jointly controlled entities		
- net unrealised loss	(1,295)	(1,291)
	<u>67,808</u>	<u>67,477</u>
Consolidation adjustments	(91,370)	(91,099)
Total accumulated loss as per consolidated accounts	<u>(23,562)</u>	<u>(23,622)</u>

The determination of realised and unrealised profits or losses is based on the Guidance of Special Matter No.1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profits/(loss) above is solely for complying with the disclosure requirements stipulated in the directive of Bursa Malaysia Securities Berhad and should not be applied for any other purposes.

B15 Disclosure on Qualification of Audit Report

The audit report of the Group's preceding annual financial statements was not qualified.

BY ORDER OF THE BOARD

NG LAI YEE - Company Secretary

Date: 30 November 2016