

Quarterly rpt on consolidated results for the financial period ended 30 Jun 2017

KNM GROUP BERHAD

Financial Year End 31 Dec 2017
 Quarter 2 Qtr
 Quarterly report for the financial period ended 30 Jun 2017
 The figures have not been audited

Attachments

[KNM-Financial Results_2Q2017.pdf](#)
 471.5 kB

Default Currency	Other Currency
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Currency: Malaysian Ringgit (MYR)

SUMMARY OF KEY FINANCIAL INFORMATION 30 Jun 2017

	INDIVIDUAL PERIOD		CUMULATIVE PERIOD	
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD
	30 Jun 2017	30 Jun 2016	30 Jun 2017	30 Jun 2016
	\$\$'000	\$\$'000	\$\$'000	\$\$'000
1 Revenue	364,872	427,984	691,647	825,056
2 Profit/(loss) before tax	3,742	6,895	8,313	26,417
3 Profit/(loss) for the period	566	6,303	3,065	16,885
4 Profit/(loss) attributable to ordinary equity holders of the parent	502	6,792	2,464	17,579
5 Basic earnings/(loss) per share (Subunit)	0.02	0.32	0.12	0.82
6 Proposed/Declared dividend per share (Subunit)	0.00	0.00	0.00	0.00
	AS AT END OF CURRENT QUARTER		AS AT PRECEDING FINANCIAL YEAR END	
7 Net assets per share attributable to ordinary equity holders of the parent (\$\$)	1.1300		1.1100	

Definition of Subunit:

In a currency system, there is usually a main unit (base) and subunit that is a fraction amount of the main unit. Example for the subunit as follows:

Country	Base Unit	Subunit
Malaysia	Ringgit	Sen
United States	Dollar	Cent
United Kingdom	Pound	Pence

KNM GROUP BERHAD

(Company No:521348-H)
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2017 (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period to date	
	Unaudited 3 months ended 30.06.2017 RM'000	Unaudited 3 months ended 30.06.2016 RM'000	Unaudited 30.06.2017 RM'000	Unaudited 30.06.2016 RM'000
Contract revenue	364,872	427,984	691,647	825,056
Operating profit	9,593	15,248	24,905	45,453
Financing costs	(7,559)	(9,069)	(18,648)	(19,950)
Interest income	405	407	591	534
Share of profit of equity accounted investees, net of tax	1,033	309	1,465	380
Profit before tax	3,472	6,895	8,313	26,417
Tax expense	(2,906)	(592)	(5,248)	(9,532)
Net profit for the period	566	6,303	3,065	16,885
Other comprehensive income / (loss), net of tax				
Foreign currency translation differences	18,581	39,479	4,539	(141,757)
Net investment in subsidiaries	32,921	(15,039)	40,288	(15,079)
Cash flow hedge	1,126	(2,652)	3,428	4,714
Share of other comprehensive income of equity accounted investee	8	(8)	1,347	135
Other comprehensive income / (loss) for the period, net of tax	52,636	21,781	49,602	(151,986)
Total comprehensive income / (loss) for the period	53,202	28,084	52,667	(135,101)
Attributable to:				
Equity holders of the parent	502	6,792	2,464	17,579
Minority interest	64	(489)	601	(694)
	566	6,303	3,065	16,885
Total comprehensive income / (loss) attributable to:				
Equity holders of the parent	52,124	29,016	50,790	(134,968)
Minority interest	1,078	(932)	1,877	(133)
Total comprehensive loss for the period	53,202	28,084	52,667	(135,101)
Earnings per share:				
- Basic / Diluted (sen)	0.02	0.32	0.12	0.82

The notes set out on pages 5 to 13 form an integral part of and should be read in conjunction with this interim financial report

KNM GROUP BERHAD

(Company No:521348-H)

(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	Unaudited As at 30.06.2017 RM'000	Audited As at 31.12.2016 RM'000
Assets			
Non-current assets			
Other intangible assets		516,282	512,071
Goodwill		927,261	894,502
Property, plant and equipment		1,423,012	1,404,817
Other investment, including derivative		542	525
Investments in associates		21	22
Investments in jointly-controlled entities		4,546	3,098
Deferred tax assets		345,994	347,858
		<u>3,217,658</u>	<u>3,162,893</u>
Current assets			
Inventories		93,827	73,732
Contracts work in progress		416,730	404,013
Trade and other receivables		495,045	581,638
Cash and cash equivalents		310,919	419,183
		<u>1,316,521</u>	<u>1,478,566</u>
TOTAL ASSETS		<u>4,534,179</u>	<u>4,641,459</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,005,617	1,005,617
Treasury shares		(53,425)	(53,422)
Reserves		1,484,223	1,433,223
		<u>2,436,415</u>	<u>2,385,418</u>
Non-controlling interests		<u>5,332</u>	<u>3,455</u>
Total Equity		<u>2,441,747</u>	<u>2,388,873</u>
Non-current liabilities			
Long term payables		9,778	10,589
Long service leave liability		7,463	7,097
Loans and borrowings	B9	792,909	839,695
Deferred taxation		195,356	191,054
		<u>1,005,506</u>	<u>1,048,435</u>
Current liabilities			
Payables and accruals		460,262	599,995
Deferred income		147,566	120,383
Loans and borrowings	B9	479,044	481,704
Current tax liabilities		54	2,069
		<u>1,086,926</u>	<u>1,204,151</u>
Total liabilities		<u>2,092,432</u>	<u>2,252,586</u>
TOTAL EQUITY AND LIABILITIES		<u>4,534,179</u>	<u>4,641,459</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>1.13</u>	<u>1.11</u>

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KNM GROUP BERHAD

(Company No:521348-H)
(Incorporated in Malaysia)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 30 JUNE 2017

	Attributable to equity holders of the parent						Retained Profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Hedging Reserve RM'000	Warrant Reserve RM'000	Revaluation and Other Reserve RM'000				
As at 1 January 2016	1,005,617	(53,414)	782,971	(4,343)	72,449	(91,127)	1,006,641	2,718,794	(9,099)	2,709,695
Other comprehensive income for the period	-	-	-	4,714	-	(157,262)	-	(152,548)	561	(151,987)
Profit for the period	-	-	-	-	-	-	17,579	17,579	(694)	16,885
Total comprehensive income / (loss) for the period	-	-	-	4,714	-	(157,262)	17,579	(134,969)	(133)	(135,102)
Transaction with owners in their capacity as owner										
Acquisition of equity interest in subsidiaries	-	-	-	-	-	-	-	-	25,239	25,239
Share Buy Back	-	(5)	-	-	-	-	-	(5)	-	(5)
Share based payment	-	-	-	-	-	2,428	-	2,428	-	2,428
Share issue expenses	-	-	(35)	-	-	-	-	(35)	-	(35)
As at 30 June 2016 (Unaudited)	1,005,617	(53,419)	782,936	371	72,449	(245,961)	1,024,220	2,586,213	16,007	2,602,220
As at 1 January 2017	1,005,617	(53,422)	782,971	(2,337)	72,449	(101,112)	681,252	2,385,418	3,455	2,388,873
Other comprehensive income for the period	-	-	-	3,428	-	44,898	-	48,326	1,276	49,602
Profit for the period	-	-	-	-	-	-	2,464	2,464	601	3,065
Total comprehensive income / (loss) for the period	-	-	-	3,428	-	44,898	2,464	50,790	1,877	52,667
Transaction with owners in their capacity as owner										
Share based payment	-	-	-	-	-	210	-	210	-	210
Share Buy Back	-	(3)	-	-	-	-	-	(3)	-	(3)
As at 30 June 2017 (Unaudited)	1,005,617	(53,425)	782,971	1,091	72,449	(56,004)	683,716	2,436,415	5,332	2,441,747

The notes set out on pages 5 to 13 form an integral part of and should be read in conjunction with this interim financial report

KNM GROUP BERHAD(Company No. 521348-H)
(Incorporated in Malaysia)**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED
30 JUNE 2017**

(Unaudited)

	30.06.2017 (Unaudited) RM '000	30.06.2016 (Unaudited) RM '000
Cash flows from operating activities		
Profit before tax	8,313	26,417
Adjustments for:		
Amortisation of intangible assets	14,761	17,915
Share based payment	210	2,428
Depreciation	4,015	4,914
Interest expense	16,556	17,566
Interest income	(591)	(534)
Gain on foreign exchange-unrealised	(10,046)	(14,029)
Property, plant and equipment written off	-	542
Share of profit in associates and jointly-controlled entities	(1,465)	(380)
Change in fair value of forward contract	(5,563)	(12,807)
Reversal for Impairment loss of doubtful debts	(6,922)	-
Provision for foreseeable losses	-	79
Bad debts written off	334	48
Reversal of provision for warranty	(4,760)	-
Loss on disposal of property, plant and equipment	68	-
Operating profit before working capital changes	<u>14,910</u>	<u>42,159</u>
Changes in working capital:		
Inventories	(19,803)	(4,395)
Receivables, deposits and prepayments	101,301	123,715
Payables and accruals and long service leave liability	(116,980)	(152,563)
Cash used in operations		
Income taxes paid	(3,825)	(3,357)
Interest paid	(302)	(53)
Interest received	591	534
Net cash (used in)/generated from operating activities	<u>(24,108)</u>	<u>6,040</u>
Cash flows from investing activities		
Increase in pledged deposit placed in bank	20	41
Purchase of property, plant and equipment	(9,808)	(16,008)
Acquisition of subsidiaries, net of cash outflow	-	(69,310)
Acquisition of other intangible assets	(14)	(1,068)
Proceeds from disposal of property, plant and equipment	140	-
Net cash used in investing activities	<u>(9,662)</u>	<u>(86,345)</u>
Cash flows from financing activities		
Share buy back	(3)	(5)
Net drawdown/(repayment) of bill payable	2,411	(12,105)
Repayment of hire purchase liabilities	(3,277)	(2,051)
(Repayment)/drawdown of term loan and revolving credit	(49,940)	120,383
Interest expenses	(16,254)	(17,514)
Share issue expenses	-	(35)
Net cash (used in)/generated from financing activities	<u>(67,063)</u>	<u>88,673</u>
Net (decrease)/increase in cash and cash equivalents	(100,833)	8,368
Cash and cash equivalents at beginning of period	411,719	193,884
Effect of foreign currency translation	(6,625)	(7,517)
Cash and cash equivalents at end of period	<u>304,261</u>	<u>194,735</u>
Cash and bank balances	308,004	199,556
Deposits with licensed banks	2,915	2,568
Less: Pledged deposits	<u>(2,534)</u>	<u>(2,418)</u>
	308,385	199,706
Bank overdraft	<u>(4,124)</u>	<u>(4,971)</u>
	<u>304,261</u>	<u>194,735</u>

The notes set out on pages 5 to 13 form an integral part of and should be read in conjunction with this interim financial report

Notes to the Quarterly Interim Financial Report – 30 June 2017

PART A: EXPLANATORY NOTES AS PER MFRS 134

A1. Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of MFRS 134: Interim Financial Reporting and paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the audited financial statements for the financial year ended 31 December 2016. These explanatory notes attached to the interim financial statements provide explanation of events and transactions that are significant for the understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2016.

A2. Significant Accounting Policies

The audited financial statements of the Group for the financial year ended 31 December 2016 were prepared in accordance with MFRS. Except for certain differences, the requirements under IFRS and MFRS are similar. The significant accounting policies adopted in preparing these interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2016 except for the adoption of new MFRSs and amendments that are mandatory for the Group for the financial year with effect from 1 January 2017:

- Amendments to MFRS 12, Disclosure of Interests in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle)
- Amendments to MFRS 107, Statement of Cash Flows – Disclosure Initiative
- Amendments to MFRS 112, Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of the above new MFRSs and amendments does not have any material impact on the financial statements of the Group.

The following are accounting standards, amendments and interpretations of the MFRS that have been issued by the Malaysian Accounting Standards Board (“MASB”) but have not been adopted by the Group:

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2018

- MFRS 9, *Financial Instruments (2014)*
- MFRS 15, *Revenue from Contracts with Customers*
- Clarifications to MFRS 15, *Revenue from Contracts with Customers*
- IC Interpretation 22, *Foreign Currency Transactions and Advance Consideration*
- Amendments to MFRS 1, *First-time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 2, *Share-based Payment – Classification and Measurement of Share-based Payment Transactions*
- Amendments to MFRS 4, *Insurance Contracts – Applying MFRS 9 Financial Instruments with MFRS 4 Insurance Contracts*
- Amendments to MFRS 128, *Investments in Associates and Joint Ventures (Annual Improvements to MFRS Standards 2014-2016 Cycle)*
- Amendments to MFRS 140, *Investment Property – Transfers of Investment Property*

MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2019

- MFRS 16, *Leases*

MFRSs, Interpretations and amendments effective for a date yet to be confirmed

- Amendments to MFRS 10, *Consolidated Financial Statements* and MFRS 128, *Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associates or Joint Venture*

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in respective financial years when the abovementioned accounting standards, interpretations and amendments become effective, where applicable.

A3. Qualification of annual financial statements

There was no audit qualification in the annual financial statements of the Group for the financial year ended 31 December 2016.

A4. Seasonal and cyclical factors

The Group's business operation results were not materially affected by any major seasonal or cyclical factors.

A5. Unusual nature and amount of items affecting assets, liabilities, equity, net income or cash flows

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

A6. Material changes in estimates

There were no material changes in estimates of amount reported in the current quarter.

A7. Issuances and repayment of debt and equity securities

A. There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial period to date except for shares issued under the ESOS scheme.

B. As at the date of this report, the Company has repurchased a total 23,341,275 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM2.28 per share. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares and treated in accordance with the requirement of Section 127 of the Companies Act 2016.

A8. Dividend Paid

No dividend was paid during the quarter under review.

A9. Segment information

Segmental analysis of the revenue and result:-

Geographical segments:

	Revenue 6 months ended 30.06.2017 RM'000	Gross Profit/(Loss) 6 months ended 30.06.2017 RM'000	EBITDA 6 months ended 30.06.2017 RM'000
Asia & Oceania	121,831	13,281	24,472
Europe	561,863	92,903	53,265
Americas	7,953	(5,910)	(6,543)
	<hr/> 691,647	<hr/> 100,273	<hr/> 71,194

	Revenue 6 months ended 30.06.2016 RM'000	Gross Profit/(Loss) 6 months ended 30.06.2016 RM'000	EBITDA 6 months ended 30.06.2016 RM'000
Asia & Oceania	226,656	44,873	46,994
Europe	551,228	102,775	59,587
Americas	47,172	(10,949)	(12,302)
	<hr/> 825,056	<hr/> 136,699	<hr/> 94,279

A10. Valuation of property, plant and equipment

Valuation of freehold lands of the Group have been brought forward without amendment from the financial statements for the financial year ended 31 December 2016.

There is no revaluation of property, plant and equipment during the period under review.

A11. Material events subsequent to the end of the interim period

There was no material event subsequent to the end of the reporting period and up to the date of issuance of this report.

A12. Changes in the composition of the Group

There were no changes in the composition of the Group for the current quarter and financial period to date except as follows:-

1. The de-registration/striking-off of the dormant Subsidiaries as per item B8(1) are currently ongoing

A13. Changes in contingent liabilities

There were no material changes in contingent liabilities for the Group as at the date of this announcement.

A14. Capital commitments

	Approved and contracted for RM'000	Approved but not contracted for RM'000
Property, plant and equipment	597	16,884

A15. Related party transactions

Significant related party transactions for the financial period to date are as follows:

	RM'000
Inter Merger Sdn Bhd (a)	
- Office rental, administrative expense, provision funding, treasury and other support services	775
I.M.Bina Sdn Bhd (b)	
- General construction, civil mechanical works, provision of equipment and other services	18,817

(a) a company in which Mr. Lee Swee Eng and Madam Gan Siew Liat are director

(b) a company in which Inter Merger Sdn Bhd is the holding company

PART B: ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA LISTING REQUIREMENTS

B1. Performance of the 6-month ended 30 June 2017 against 30 June 2016

The Group achieved a revenue of approximately RM691.65 million for the current period as compared with RM825.06 million achieved in corresponding period of last financial year. The lower revenue for the current period was mainly due to lower project percentage of completion recognised as the projects related to the Pengerang Integrated Petroleum Complex are delivered / near completion; and slower replenishment of new orders due to market uncertainties.

Consequently, the Group recorded a lower Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) and profit before tax (“PBT”) of approximately RM71.19 million and RM8.31 million respectively for the current period as compared with EBITDA of RM94.28 million and PBT of RM26.42 million for the corresponding period of last financial year.

Asia & Oceanic Segment

Asia & Oceanic Segment recorded lower performance due to slower replenishment of new orders.

Europe Segment

Europe segment recorded higher revenue but was offset by higher cost of sales. Consequently, profits from Europe segment are reduced.

Americas Segment

Americas segment recorded lower loss due to lower operating expenses.

B2. Performance of the current quarter against the preceding quarter (2nd Quarter 2017 versus 1st Quarter 2017)

The Group’s operating profit was reduced by RM5.72 million but was offset by reduction in financing costs by RM3.53 million and higher interest income and share of profit of jointly controlled entities by RM0.82 million.

B3. Prospects

The Board anticipates the outlook for financial year ending 31 December 2017 will remain challenging. The Group will continue its strategy to diversify its sources of income from project-based contracts to recurring-income businesses.

B4. Profit forecast

Not applicable as no profit forecast was given.

B5. Tax expense

	3 months Ended 30.06.2017 RM'000	3 months Ended 30.06.2016 RM'000	6 months Ended 30.06.2017 RM'000	6 months Ended 30.06.2016 RM'000
Current	6,813	9,293	6,364	28,094
Prior period	(1,158)	167	(1,148)	162
Deferred tax	(2,749)	(8,868)	32	(18,724)
	2,906	592	5,248	9,532

The Group's effective tax rate for the financial period is higher than statutory tax rate mainly due to non-deductible expenses.

B6. Unquoted investments and properties

There were no significant investments or disposals in unquoted investments and properties for the current quarter and financial period to date.

B7. Quoted and marketable investments

There were no significant investments or disposals in quoted and marketable securities during the current quarter and financial period to date.

B8. Status of corporate proposals announced but not completed

- On 28 November 2013, the Company had announced the proposed dissolution of the following inactive and/or dormant subsidiaries ("Affected Subsidiaries") either by way of voluntary winding up or de-registering/striking-off the Affected Subsidiaries from the respective register of companies with the relevant authorities ("Proposed Dissolution"):-

Subsidiaries	Date of Incorporation	Paid Up Capital	% Shareholding	Status
KNM Engineering Services Private Limited	4 October 2006/ India	INR100,000	100	In progress

- On 6 November 2014, KNM Group Berhad has signed an Agreement of Mutual Termination to *inter alia*, mutually terminate the Shareholders' cum Joint Venture Agreement dated 13 December 2012 (the "Shareholders' Agreement") with HMS Oil & Gas Sdn Bhd ("HMS") in respect of the management and operations of the joint venture entity known as KNM HMS Energy Sdn Bhd ("JVCO").

The parties have agreed to voluntarily wind-up the JVCO.

- On 19 June 2015, KNM Group Berhad's ("KNM", as the "Guarantor") wholly-owned subsidiary, Splendid Investments Limited ("Splendid", as the "Issuer"), has established a multicurrency medium term note ("MTN") programme of an initial size of up to SGD300 million (the "Programme"). The Programme is unconditionally and irrevocably guaranteed by KNM and as at to-date, no notes have been issued by the Issuer under the Programme.

B9. Group borrowings and debt securities

The Group's borrowings as at the end of the reporting period were as follows:

	As at 30.06.2017 RM'000
Short term:	
Borrowings (secured)	36,785
Borrowings (unsecured)	75,112
Bank Overdraft	4,124
Bill Payable	184,785
Hire Purchase	8,939
Revolving credit	169,299
	<u>479,044</u>
Long term :	
Borrowings (secured)	89,745
Borrowings (unsecured)	396,806
Hire Purchase	19,606
Revolving credit	286,752
	<u>792,909</u>
	<u>1,271,953</u>

The above are also inclusive of other borrowings in foreign currency of RMB 43.18 million, EURO 36.43 million, CAD 7.08 million, USD 91.67 million, THB 2.68 billion and AED 22.30 million.

The exchange rates used are 1 RMB = RM 0.6330, 1 EURO = RM 4.9046, 1 CAD = RM 3.3110, 1 USD = RM4.2925, 1 THB = RM0.1265 and 1 AED = 1.1687.

B10. Financial Instruments

With the adoption of MFRS 139, financial instruments are recognized on their respective contract dates.

There are no off-balance sheet financial instruments.

The outstanding forward foreign currency exchange contracts as at 30 June 2017 are as follows:-

Type of Derivative	Contract/Notional value RM'000	(Gain) /Loss on Fair value changes RM'000
Foreign Exchange Contracts		
-Less than 1 year	109,272	185
-1 year to 3 years	19,326	(173)
	<u>128,598</u>	<u>12</u>

Exposure to foreign currency fluctuation of underlying commitments is monitored on on-going and timely basis. The Company's objective to incept derivative instrument contract is mainly to hedge against foreign exchange exposure on transactions in currencies other than its own.

Forward foreign exchange contracts are entered into with licensed banks to hedge the Group's exposure to foreign exchange risk in respect of its export sales, import purchases and other obligations by establishing the basis rate at which a foreign currency asset or liability will be settled. These contracts are executed with credit-worthy/ reputable financial institutions and as such, credit risk and liquidity risk in respect of non-performance by counterparties to these contracts is minimal.

The fair values of the forward foreign currency exchange contracts are subject to market risk and the fair values were derived from marking to available market quoted price as of the reporting period. The fair value of the forward contracts may change in accordance to the fluctuation of the exchange rate of the underlying currency resulting in gain or loss in fair value.

The cash requirement for these derivatives will be fulfilled by future contract and other proceeds on the respective maturity date.

B11. PROFIT FOR THE PERIOD

	3 Months ended 30.06.2017 RM'000	3 Months ended 30.06.2016 RM'000	6 Months ended 30.06.2017 RM'000	6 Months ended 30.06.2016 RM'000
(a)				
Profit for the period is arrived at after charging:				
Reversal for impairment loss on doubtful debt	(3,359)	-	(6,922)	-
Bad debts written off	-	42	334	48
Net (gain)/loss on foreign exchange	(4,846)	906	(12,853)	(11,073)
Net (gain)/loss on derivative	(2,575)	4,632	(5,563)	(12,807)
Amortisation of intangible asset	7,395	8,544	14,761	17,915
(Reversal)/Provision for warranty	(3,074)	1,330	(4,760)	-
Provision for foreseeable losses	-	-	-	79
Loss on disposal of property, plant and equipment	46	-	68	-
Share based payment	105	1,215	210	2,428
And crediting:				
Interest income	405	407	591	534
(b)				
Interest expenses	6,554	7,887	16,556	17,566
(c)				
Depreciation charge for the period:				
Income statement	672	1,511	4,015	4,914
Construction work in progress	14,754	13,696	27,513	25,997
	<u>15,426</u>	<u>15,207</u>	<u>31,528</u>	<u>30,911</u>

B12. Realised and Unrealised Profit/Losses Disclosure

	As at 30.06.2017 RM'000	As at 31.12.2016 RM'000
Total retained profit of KNM Group and its subsidiaries		
- Realised	79,726	71,438
- Unrealised	(170,531)	(162,416)
Total share of accumulated losses from associated companies:		
- Realised	(8)	(8)
Total share of retained profit / (accumulated losses) from joint venture entities:		
- Realised	(6,851)	(6,341)
- Unrealised	326	(720)
Add: Consolidation adjustments	781,054	779,299
Total Group retained profits as per consolidated accounts	683,716	681,252

B13. Material litigation

As at the date of this announcement, there were no material litigation since the last annual balance sheet date

B14. Dividend payable

There was no dividend declared or recommended during quarter under review.

B15. Earnings per share

	Individual Quarter		Cumulative Quarter	
	30.06.2017	30.06.2016	30.06.2017	30.06.2016
Basic earnings per share				
Net profit attributable to shareholders (RM'000)	502	6,792	2,464	17,579
Number of shares at the beginning of the year ('000)	2,156,132	2,156,132	2,156,132	2,156,132
Effect of Share Buy Back ('000)	(23,332)	(23,312)	(23,332)	(23,312)
Weighted average number of shares ('000)	2,132,800	2,132,820	2,132,800	2,132,820
Basic earnings per share (sen)	0.02	0.32	0.12	0.82

B16. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 24 August 2017.