

KNM GROUP BERHAD

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

INTERIM FINANCIAL REPORT ON CONSOLIDATED RESULTS FOR THE PERIOD ENDED 30 JUNE 2016 (Unaudited)

1. CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Individual Quarter		Cumulative Period to date	
	Unaudited 3 months ended 30.06.2016 RM'000	Unaudited 3 months ended 30.06.2015 RM'000	Unaudited 30.06.2016 RM'000	Unaudited 30.06.2015 RM'000
Contract revenue	427,984	381,301	825,056	725,678
Operating profit	15,248	26,487	45,453	93,149
Financing costs	(9,069)	(8,966)	(19,950)	(18,796)
Interest income	407	752	534	858
Share of profit/ (loss) of equity accounted investees, net of tax	309	(1,851)	380	(4,881)
Profit before tax	6,895	16,422	26,417	70,330
Tax expense	(592)	(10,945)	(9,532)	(30,062)
Net profit for the period	6,303	5,477	16,885	40,268
Other comprehensive income / (loss), net of tax				
Foreign currency translation differences	39,479	86,244	(141,757)	72,477
Net investment in subsidiaries	(15,039)	18,892	(15,079)	(67,653)
Cash Flow hedge	(2,652)	5,052	4,714	1,357
Share of other comprehensive income of equity accounted investee	(8)	(21)	135	837
Other comprehensive income/ (loss) for the period, net of tax	21,780	110,167	(151,987)	7,018
Total comprehensive income/ (loss) for the period	28,083	115,644	(135,102)	47,286
Attributable to:				
Equity holders of the parent	6,792	6,106	17,579	41,158
Minority interest	(489)	(629)	(694)	(890)
	6,303	5,477	16,885	40,268
Total comprehensive income attributable to:				
Equity holders of the parent	29,015	116,136	(134,969)	48,865
Minority interest	(932)	(492)	(133)	(1,579)
Total comprehensive income/ (loss) for the period	28,083	115,644	(135,102)	47,286
Earnings per share:				
- Basic / Diluted (sen)	0.32	0.35	0.82	2.37

The notes set out on pages 5 to 14 form an integral part of and should be read in conjunction with this interim financial report

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2. CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTE	Unaudited As at 30.06.2016 RM'000	Audited As at 31.12.2015 RM'000
Assets			
Non-current assets			
Intangible Assets		498,028	539,609
Goodwill		841,994	857,340
Property, plant and equipment		1,302,488	1,049,612
Other investment, including derivative		10,500	10,522
Investments in associates		23	23
Investments in jointly-controlled entities		2,251	1,315
Deferred Tax Assets		341,314	345,428
		<u>2,996,598</u>	<u>2,803,849</u>
Current assets			
Inventories		75,031	74,675
Contracts work in progress		472,381	504,885
Trade and other receivables		643,776	724,871
Cash and cash equivalents		202,124	198,857
		<u>1,393,312</u>	<u>1,503,288</u>
TOTAL ASSETS		<u>4,389,910</u>	<u>4,307,137</u>
EQUITY AND LIABILITIES			
Equity attributable to equity holders of the parent			
Share capital		1,005,617	1,005,617
Treasury Shares		(53,419)	(53,414)
Reserves		1,634,015	1,766,591
		<u>2,586,213</u>	<u>2,718,794</u>
Non-controlling interests		<u>16,007</u>	<u>(9,099)</u>
Total Equity		<u>2,602,220</u>	<u>2,709,695</u>
Non-current liabilities			
Long term payable		31,489	47,775
Long service leave liability		6,091	6,348
Loans and borrowings	B9	559,985	336,431
Deferred taxation		186,461	218,595
		<u>784,026</u>	<u>609,149</u>
Current liabilities			
Payables and accruals		437,551	449,679
Deferred income		183,391	155,307
Loans and borrowings	B9	370,985	382,029
Current tax liabilities		11,737	1,278
		<u>1,003,664</u>	<u>988,293</u>
Total liabilities		<u>1,787,690</u>	<u>1,597,442</u>
TOTAL EQUITY AND LIABILITIES		<u>4,389,910</u>	<u>4,307,137</u>
Net assets per share attributable to equity holders of the parent (RM)		<u>1.20</u>	<u>1.26</u>

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KNM GROUP BERHAD

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**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD
ENDED 30 JUNE 2016**

	← Attributable to equity holders of the parent →						Distributable Reserve			
	Share Capital RM'000	Treasury Share RM'000	Share Premium RM'000	Non- Distributable		Revaluation and Other Reserve RM'000	Retained Profit RM'000	Total RM'000	Minority Interest RM'000	Total equity RM'000
Hedging Reserve RM'000				Warrant Reserve RM'000						
As at 1 January 2015	774,537	(53,402)	790,135	(5,076)	44,981	(346,243)	957,114	2,162,046	(4,285)	2,157,761
Other comprehensive income for the period	-	-	-	1,357	-	6,350	-	7,707	(689)	7,018
Profit for the period	-	-	-	-	-	-	41,158	41,158	(890)	40,268
Total comprehensive income for the period	-	-	-	1,357	-	6,350	41,158	48,865	(1,579)	47,286
Transaction with owners in their capacity as owner										
Share options exercised	23	-	7	-	-	-	-	30	-	30
Issue of ordinary shares pursuant to Right Issue	161,578	-	-	-	-	-	-	161,578	-	161,578
Allocation of warrants reserve	(27,468)	-	-	-	27,468	-	-	-	-	-
Transfer to share premium for ESOS exercised	-	-	17	-	-	(17)	-	-	-	-
Share pay-back	-	(7)	-	-	-	-	-	(7)	-	(7)
Share based payment	-	-	-	-	-	2,676	-	2,676	-	2,676
Share issue expenses	-	-	(4,388)	-	-	-	-	(4,388)	-	(4,388)
As at 30 June 2015 (Unaudited)	908,670	(53,409)	785,771	(3,719)	72,449	(337,234)	998,272	2,370,800	(5,864)	2,364,936
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 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

KNM GROUP BERHAD

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW FOR THE PERIOD ENDED**30 JUNE 2016****(Unaudited)**

	30.06.2016	30.06.2015
	RM	RM
	'000	'000
Cash flows from operating activities		
Profit before tax	26,417	70,330
Adjustments for:		
Amortisation of intangible assets	17,915	16,419
Share based payment	2,428	2,676
Depreciation	4,914	4,853
Interest expense	17,566	16,010
Interest income	(534)	(858)
Gain on foreign exchange-unrealised	(14,029)	(44,754)
Property, plant and equipment written off	542	-
Share of (loss)/profit in associates and jointly-controlled entities	(380)	4,881
Change in fair value of forward contract	(12,807)	2,586
Allowance for Impairment loss of doubtful debts	-	1,280
Provision for foreseeable losses	79	-
Bad debts written off	48	-
Gain on disposal of subsidiaries	-	(22,154)
Operating profit before working capital changes	<u>42,159</u>	<u>51,269</u>
Changes in working capital:		
Inventories	(4,395)	2,974
Receivables, deposits and prepayments	123,715	70,361
Payables and accruals and long service leave liability	(152,563)	(88,363)
Cash used in operations		
Income taxes paid	(3,357)	(16,267)
Interest paid	(53)	(313)
Interest received	534	858
Net cash generated from/(used in) operating activities	<u>6,040</u>	<u>20,519</u>
Cash flows from investing activities		
Increase in pledged deposit placed in bank	41	(3,149)
Purchase of property, plant and equipment	(16,008)	(14,156)
Disposal of subsidiaries, net of cash outflow	-	(4,834)
Acquisition of subsidiaries, net of cash outflow	(69,310)	-
Acquisition of other intangible assets	(1,068)	33
Net cash generated from/(used in) investing activities	<u>(86,345)</u>	<u>(22,106)</u>
Cash flows from financing activities		
Share buy back	(5)	(7)
Net repayment of bill payable	(12,105)	(34,605)
Repayment of hire purchase liabilities	(2,051)	(3,593)
Net drawdown/ (repayment) of term loan and revolving credit	120,383	(87,423)
Interest expenses	(17,514)	(15,697)
Proceeds from issuance of shares	-	161,609
Share issue expenses	(35)	(4,388)
Net cash generated from/(used in) financing activities	<u>88,673</u>	<u>15,896</u>
Net increase in cash and cash equivalents	8,368	14,309
Cash and cash equivalents at beginning of period	193,884	193,668
Effect of foreign currency translation	(7,517)	(94,790)
Cash and cash equivalents at end of period	<u>194,735</u>	<u>113,187</u>
Cash & bank balances	199,556	116,289
Deposits with licensed banks	2,568	21,740
Less: Pledged deposits	<u>(2,418)</u>	<u>(18,458)</u>
	199,706	119,571
Bank overdraft	<u>(4,971)</u>	<u>(6,384)</u>
	<u>194,735</u>	<u>113,187</u>

The notes set out on pages 5 to 14 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 2016

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 year ended 31 December 2015. 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 year ended 31 December 2015.

A2. Significant Accounting Policies

The audited financial statements of the Group for the year ended 31 December 2015 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 year ended 31 December 2015.

The Group has adopted the following Amendments and Annual improvements to standards, with a date of initial application of 1 January 2016.

MFRS 14	<i>Regulatory Deferral Accounts</i>
Amendments to MFRS 5	<i>Non-current Assets Held for Sale and Discontinued Operations (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 7	<i>Financial Instruments: Disclosures (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements and MFRS 128, Investments in Associates and Joint Ventures – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>
Amendments to MFRS 10	<i>Consolidated Financial Statements, MFRS 12, Disclosure of Interests in Other Entities and MFRS 128, Investments in Associates and Joint Ventures – Investment Entities: Applying the Consolidation Exception</i>
Amendments to MFRS 11	<i>Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations</i>
Amendments to MFRS 101	<i>Presentation of Financial Statements – Disclosure Initiative</i>
Amendments to MFRS 116	<i>Property, Plant and Equipment and MFRS 138, Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation</i>
Amendments to MFRS 119	<i>Employee Benefits (Annual Improvements 2012-2014 Cycle)</i>
Amendments to MFRS 127	<i>Separate Financial Statements – Equity Method in Separate Financial Statements</i>
Amendments to MFRS 134	<i>Interim Financial Reporting (Annual Improvements 2012-2014 Cycle)</i>

The adoption of the above pronouncements do not have any 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:

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

MFRS 9	<i>Financial Instruments (2014)</i>
MFRS 15	<i>Revenue from Contracts with Customers</i>

The adoption of MFRS 9 and MFRS 15 will result in a change in accounting policy. The Group is currently assessing the financial impact of adopting these accounting standards.

A3. Qualification of annual financial statements

There was no audit qualification in the annual financial statements of the Group for the year ended 31 December 2015.

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 year 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 share issued under the ESOS scheme.

B. As at the date of this report, the Company has repurchased a total 23,321,275 of its issued shares capital from the open market. The average price paid for the shares repurchased was RM2.29 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 67A of the Companies Act 1965.

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 30.6.2016 RM'000	Gross Profit 6 months ended 30.6.2016 RM'000	EBITDA 6 months ended 30.6.2016 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

	Revenue 6 months ended 30.6.2015 RM'000	Gross Profit 6 months ended 30.6.2015 RM'000	EBITDA 6 months ended 30.6.2015 RM'000
Asia & Oceania	200,852	41,421	81,089
Europe	478,620	95,316	52,019
Americas	46,206	10,947	7,087
	<hr/> 725,678	<hr/> 147,684	<hr/> 140,195

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 year ended 31 December 2015.

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 year to date except as follows:-

1. The de-registration/striking-off of the dormant Subsidiaries as per item B8(1) are currently ongoing.
2. On 9 March 2016, KNM Group Berhad's wholly owned subsidiary, KNM Process Systems Sdn Bhd ("KNMPS"), has *inter alia*, entered into a Joint Venture Agreement with Ho Hup Construction Company Berhad ("Ho Hup") to incorporate a joint venture company called "KHH Infrastructures Sdn Bhd" ("KHHI") on a 50% (KNMPS) : 50% (Ho Hup) basis.
3. On 6 May 2016, KNM Group Berhad's wholly owned subsidiary in Uzbekistan, KNM Technical Services LLC, has been voluntarily liquidated.

4. On 19 May 2016, KNM Renewable Energy Sdn Bhd (“KNMRE”)’s Share Purchase Agreement (“SPA”) with FE Global/Asia Clean Energy Services Fund L.P. (“FE GLOBAL”), FEGACE Asia Sub-Fund, L.P. (“FEGACE”), and Global Clean Energy Corp. SPC (“GCEC”) (collectively referred to as the “Vendors”) on 12 March 2015, for the acquisition of the Vendors' entire equity interest in ABL Bio-Fuels Limited (“ABL”) and Asia Biofuels II Ltd. (“ABL II”) [collectively referred to as the “ABL Group” which, owns a combined 72% equity interest in Impress Ethanol Co., Ltd (“IEL”) and 49% equity interest in Impress Farming Co. Ltd (“IFL”)], for a total revised cash consideration of USD\$21,600,000.00 only (equivalent to RM88,488,000) (the “Consideration”) has been deemed completed.

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	6,428	16,393

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	865
I.M.Bina Sdn Bhd (b)	
- General construction, civil mechanical works, provision of equipment and other services	7,552
Tofield Realty Development Corporation (c)	
- Office rental, administrative expense, provision funding, treasury and other support services	200
-General construction, civil mechanical work and other support services	-

(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

(c) a wholly-owned subsidiary of Asiavertek, of which Mr. Lee Swee Eng and Madam Gan Siew Liat are director and shareholder

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

B1. Review of performance

The Group achieved revenue of RM825.06 million, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) of RM94.28 million and profit after tax and minority interest of RM17.58 million for the period ended 30 June 2016. Compared to the corresponding period last year, the higher revenue this year was due to higher project percentage of completion recognised by our Asia & Oceanic and Europe segments. The Group has commenced to deliver process equipment in stages to our customers in relation to the Pengerang Integrated Complex (“PIC”) project during the period.

The Group registered a lower profit before tax for the period mainly due to recognition of one off gain arising from disposal of Australian operations in the corresponding quarter last year and loss incurred in Americas segment for current period.

Consequently, the profit before tax for the period decreased to RM26.42 million as compared with the profit before tax of RM70.33 million in the corresponding quarter last year.

Asia & Oceanic Segment

The improved revenue contribution from this segment during the period was mainly driven by the PIC related projects. The lower EBITDA during the period was due to an one off gain arising from disposal of Australian operations in the corresponding quarter last year.

Europe Segment

Europe segment’s contribution has improved due to higher progress recognised during the period.

Americas Segment

Americas segment recorded a loss during the period mainly attributable to low orders secured resulting from the uncertainties in oil sand development in North America and high project overhead costs.

B2. Variation of results against preceding quarter

The Group’s revenue of RM427.98 million for the quarter was higher by RM30.91 million as compared with the immediate preceding quarter’s revenue of RM397.07 million. The increase was primarily due to higher project percentage of completion recognised during the period.

The profit before tax reported was lower at RM6.90 million as compared with the immediate preceding quarter’s profit before tax of RM19.52 million mainly due to unrealised losses related to foreign exchange fluctuation in current quarter.

B3. Prospects

The Board is confident that the Group will remain profitable for the remaining financial year barring any unforeseen circumstances.

B4. Profit forecast

Not applicable as no profit forecast was given.

B5. Tax expense

	3 months Ended 30.6.2016 RM'000	3 months Ended 30.6.2015 RM'000	6 months Ended 30.6.2016 RM'000	6 months Ended 30.6.2015 RM'000
Current	9,293	9,735	28,094	10,490
Prior period	167	(252)	162	1,506
Deferred tax	(8,868)	1,462	(18,724)	18,066
	592	10,945	9,532	30,062

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 and the voluntary winding up process is currently on going.

- 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:

	RM'000
Short term:	
Borrowings (secured)	61,574
Borrowings (unsecured)	141,406
Bank Overdraft	4,971
Bill Payable	80,488
Hire Purchase	6,584
Revolving credit	75,962
	<u>370,985</u>
Long term :	
Borrowings (secured)	148,419
Borrowings (unsecured)	105,772
Hire Purchase	18,956
Revolving credit	286,838
	<u>559,985</u>
	<u>930,970</u>

The above are also inclusive of other borrowings in foreign currency of RMB 20.00 million, EURO 55.11 million, CAD 6.10 million, USD 64.28 million, THB 900 million and AED 6.68 million.

The exchange rates used are 1 RMB = RM 0.6058, 1 EURO = RM 4.4728, 1 CAD = RM 3.1163, 1 USD = RM4.0275, 1 THB = RM0.1147 and 1 AED = 1.0965.

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 2016 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	274,313	4,742
-1 year to 3 years	-	-
	<u>274,313</u>	<u>4,742</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 30.6.2016 RM'000	3 Months ended 30.6.2015 RM'000	6 Months ended 30.6.2016 RM'000	6 Months ended 30.6.2015 RM'000
(a)				
Profit for the period is arrived at after charging:				
Allowance for impairment loss on doubtful debt	-	811	-	1,280
Bad debts written off	42	1	48	3
Net (gain)/loss on foreign exchange	906	(554)	(11,073)	(47,836)
Net (gain)/loss on derivative	4,632	(8,823)	(12,807)	2,586
Amortisation of intangible asset	8,544	8,513	17,915	16,419
(Reversal)/Provision for warranty	1,330	(552)	-	877
Provision of late delivery charges	-	(493)	-	(493)
Provision for foreseeable losses	-	-	79	-
Gain on disposal of subsidiaries	-	-	-	(22,154)
Share based payment	1,215	1,338	2,428	2,676
And crediting:				
Interest income	407	752	534	858
(b)				
Interest expenses	9,069	8,966	19,950	18,796
(c)				
Depreciation charge for the period:				
Income statement	1,511	1,639	4,914	4,853
Construction work in progress	13,696	13,308	25,997	25,774
	<u>15,207</u>	<u>14,947</u>	<u>30,911</u>	<u>30,627</u>

B12. Realised and Unrealised Profit/Losses Disclosure

	As at 30 June 2016 RM'000	As at 31 December 2015 RM'000
Total retained profit of KNM Group and its subsidiaries		
- Realised	475,936	512,894
- Unrealised	(126,827)	(151,729)
Total share of accumulated losses from associated companies:		
- Realised	(7)	(6)
- Unrealised	-	-
Total share of retained profit / (accumulated losses) from joint venture entities:		
- Realised	(7,342)	(8,530)
- Unrealised	(18)	1,007
Add: Consolidation adjustments	682,478	653,005
Total Group retained profits as per consolidated accounts	<u>1,024,220</u>	<u>1,006,641</u>

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 June 2016	30 June 2015	30 June 2016	30 June 2015
Basic earnings per share				
Net Profit attributable to shareholders (RM'000)	6,792	6,106	17,579	41,158
Number of shares at the beginning of the year ('000)	2,156,132	1,639,035	2,156,132	1,639,035
Share option exercised ('000)	-	27	-	27
Effect of Right Issue ('000)	-	123,193	-	123,193
Effect of Share Buy Back ('000)	(23,312)	(23,293)	(23,312)	(23,293)
Weighted average number of shares ('000)	<u>2,132,820</u>	<u>1,738,962</u>	<u>2,132,820</u>	<u>1,738,962</u>
Basic earnings per share (sen)	0.32	0.35	0.82	2.37

B16. Authorisation for issue

The interim financial report was authorised for issue by the Board of Directors on 25 August 2016.