KUMPULAN POWERNET BERHAD
(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Financial Position as at 30 June 2016

	(Unaudited) As at 30/06/16 RM'000	(Audited) As at 31/12/14 RM'000
ASSETS		
Non-Current Assets		
Property, plant and equipment	28,381	26,437
	28,381	26,437
Current Assets		
Receivables, deposits and prepayments	1,615	2,264
Inventories	2,000	4,095
Investment securities	-	8
Tax recoverable	104	277
Deposits placed with licensed banks	100	687
Cash and bank balances	1,010	536
	4,829	7,867
TOTAL ASSETS	33,210	34,304
EQUITY & LIABILITIES		
Equity attributable to owners of the parents		
Share capital	16,912	56,375
Reserves	7,509	(27,485)
	24,421	28,890
Non-controlling interests	(841)	(752)
Total Equity	23,580	28,138
Non-Current Liabilities		
Deferred taxation	494	2
Long term borrowings	3,152	4,251
	3,646	4,253
Current Liabilities		
Payables and accruals	5,110	998
Short term borrowings	874	915
	5,984	1,913
Total Liabilities	9,630	6,166
TOTAL EQUITY AND LIABILITIES	33,210	34,304
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.43	0.51

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

KUMPULAN POWERNET BERHAD
(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 18 months period ended 30 June 2016

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 18 months ended	
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15* RM'000
Continuing operations				
Revenue	545	1,375	6,737	N/A
Cost of Sales	(3,475)	(1,333)	(10,005)	N/A
	(2,930)	42	(3,268)	N/A
Other income	936	1	960	N/A
Administrative expenses	(2,060)	(632)	(5,350)	N/A
Distribution expenses	(68)	(70)	(494)	N/A
Forex gain/(losses)	(186)	39	81	N/A
Other non-operating expenses	-	-	-	N/A
Operating profit / (loss) from operations	(4,308)	(620)	(8,071)	N/A
Finance costs	(59)	(9)	(296)	N/A
Profit / (Loss) before taxation	(4,367)	(629)	(8,367)	N/A
Taxation	-	-	(114)	N/A
Profit / (Loss) for the financial period	(4,367)	(629)	(8,481)	N/A
Profit / (Loss) attributable to:				
Owners of the parent	(4,311)	(616)	(8,392)	N/A
Non-controlling interests	(56)	(13)	(89)	N/A
Earnings / (Loss) per ordinary share attributable to owners of the parent (sen)				
Basic	(7.65)	(1.09)	(14.89)	N/A
Diluted	(7.65)	(1.09)	(14.89)	N/A

* Due to the change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the 18-month financial period ended 30 June 2015.

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

KUMPULAN POWERNET BERHAD
(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Comprehensive Income for the 18 months period ended 30 June 2016

	INDIVIDUAL QUARTER 3 months ended		CUMULATIVE QUARTER 18 months ended	
	30/06/16 RM'000	30/06/15 RM'000	30/06/16 RM'000	30/06/15* RM'000
Net profit/(loss) for the financial period	(4,367)	(629)	(8,481)	N/A
Other comprehensive income/(loss):				
Revaluation of land and buildings (net of deferred tax)	3,947	-	3,947	-
Translation of foreign operations	(85)	(24)	(24)	N/A
Other comprehensive income/(loss) for the financial period	3,862	(24)	3,923	N/A
Total comprehensive income/(loss) for the financial period	(505)	(653)	(4,558)	N/A
Attributable to:				
Owners of the parent	(449)	(640)	(4,469)	N/A
Non-Controlling Interests	(56)	(13)	(89)	N/A
Total comprehensive income/(loss) for the period	(505)	(653)	(4,558)	N/A

* Due to the change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the 18-month financial period ended 30 June 2015.

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

KUMPULAN POWERNET BERHAD
(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Changes of Equity for the quarter and period ended 30 June 2016

18 months ended 30 June 2016

	Non-distributable						
	Share Capital RM'000	**Asset Revaluation Reserves RM'000**	**Translation Reserve RM'000**	**Accumulated (Losses)/ profit RM'000**	**Total RM'000**	**Non-Controlling Interest RM'000**	**Total Equity RM'000**
As at 1 January 2015	**56,375**	**916**	**(124)**	**(28,277)**	**28,890**	**(752)**	**28,138**
Net profit / (loss) for the period	**-**	**-**	**-**	**(8,392)**	**(8,392)**	**(89)**	**(8,481)**
Surplus on revaluation of property	**-**	**3,947**	**-**	**-**	**3,947**	**-**	**3,947**
Other comprehensive income / (loss)	**-**	**-**	**(24)**	**-**	**(24)**	**-**	**(24)**
Total comprehensive income/ (loss) for the financial period	**-**	**3,947**	**(24)**	**(8,392)**	**(4,469)**	**(89)**	**(4,558)**
Reduction in par value of ordinary share	**(39,463)**	**-**	**-**	**39,463**	**-**	**-**	**-**
As at 30 June 2016	**16,912**	**4,863**	**(148)**	**2,794**	**24,421**	**(841)**	**23,580**
As at 1 January 2014	56,375	916	(48)	(24,410)	32,833	(624)	32,209
Net profit / (loss) for the period	-	-	-	(3,867)	(3,867)	(127)	(3,994)
Surplus on revaluation of property	-	-	-	-	-	-	-
Other comprehensive income / (loss)	-	-	(76)	-	(76)	(1)	(77)
Total comprehensive income/ (loss) for the financial period	-	-	(76)	(3,867)	(3,943)	(128)	(4,071)
As at 31 December 2014	56,375	916	(124)	(28,277)	28,890	(752)	28,138

The Unaudited Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

KUMPULAN POWERNET BERHAD

(Company No.: 419227-X)

Unaudited Condensed Consolidated Statements of Cash Flow for the 18 months period ended 30 June 2016

	CUMULATIVE QUARTER 18 months ended	
	30/06/16	**31/06/15***
	RM'000	**RM'000**
Cash flow from operating activities		
Loss before taxation	(8,367)	N/A
Adjustments for :-		
Depreciation	2,564	N/A
Allowance for doubtful debt	(82)	N/A
Write back of inventories	(148)	N/A
Write down of inventories	2,607	N/A
Fair value gain on investment security	(2)	N/A
Gain on disposal of property, plant and equipments	(36)	N/A
Unrealised loss in foreign exchange	172	N/A
Write off on property, plant and equipment	25	N/A
Interest income	(7)	N/A
Interest expense	296	N/A
Operating loss before changes in working capital	(2,978)	N/A
Changes in working capital		
Inventories	(361)	N/A
Receivables	582	N/A
Payables	56	N/A
Net cash flows used in operation	(2,701)	N/A
Tax paid	(19)	N/A
Tax refund	86	N/A
Interest paid	(18)	N/A
Interest received	7	N/A
Net cash used in operating activities	(2,645)	N/A
Cash flow from investing activities		
Purchase of property, plant and equipment	(78)	N/A
Proceeds from sales of property, plant and equipment	36	N/A
Proceed from sale of investment security	10	N/A
Net cash used in investing activities	(32)	N/A
Cash flow from financing activities		
Interest paid	(278)	N/A
Proceed from withdrawal of fixed deposit	400	N/A
Advance from directors	4,040	N/A
Repayment of term loan	(1,216)	N/A
Net cash from financing activities	2,946	N/A
Net change in cash and cash equivalents	269	N/A
Cash and cash equivalents at beginning of financial period	**723**	N/A
Effect of currency translation differences	18	N/A
	741	N/A
Cash and cash equivalents at end of financial period	1,010	N/A
Cash and cash equivalents at the end of the financial period comprises the following :-		
Cash and bank balance	1,010	N/A
Short term deposits	100	N/A
	1,110	N/A
Less: Fixed deposits held as security value	(100)	N/A
	1,010	N/A

* Due to the change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the 18-month financial period ended 30 June 2015.

The Unaudited Condensed Consolidated Statements of Cash Flow should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

NOTES TO UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE 18 MONTHS PERIOD ENDED 30 June 2016

A. Explanatory notes to interim financial reports

A1. Basis of preparation

The interim report is unaudited and has been prepared in compliance with the requirement of MFRS 134 and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial report should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2014 and accompanying explanatory notes attached to the interim financial report.

A2. Adobtion of Standards, Amendments and Annual Improvements to Standards

(a) Application of new or revised standards

The Group and the Company have adopted the following amendments/improvements to MFRSs that are mandatory for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards
MFRS 2	Share-based Payment
MFRS 3	Business Combinations
MFRS 8	Operating Segments
MFRS 13	Fair Value Measurement
MFRS 116	Property, Plant and Equipment
MFRS 119	Employee Benefits
MFRS 124	Related Party Disclosures
MFRS 138	Intangible Assets
MFRS 140	Investment Property

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company, and did not result in significant changes to the Group’s and the Company’s existing accounting policies.

A2. Adobtion of Standards, Amendments and Annual Improvements to Standards (continued)

(b) New MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRSs and amendments/improvements to MFRSs that have been issued, but yet to be effective:

New MFRSs		Effective Date
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019
Amendments/Improvements to MFRSs		
MFRS 5	Non-current Asset Held for Sale and Discontinued Operations	1 January 2016
MFRS 7	Financial Instruments: Disclosures	1 January 2016
MFRS 10	Consolidated Financial Statements	Deferred/ 1 January 2016
MFRS 11	Joint Arrangements	1 January 2016
MFRS 12	Disclosure of Interest in Other Entities	1 January 2016
MFRS 101	Presentation of Financial Statements	1 January 2016
MFRS 107	Statement of Cash Flows	1 January 2017
MFRS 112	Income Taxes	1 January 2017
MFRS 116	Property, Plant and Equipment	1 January 2016
MFRS 119	Employee Benefits	1 January 2016
MFRS 127	Separate financial statements	1 January 2016
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2016
MFRS 138	Intangible Assets	1 January 2016
MFRS 141	Agriculture	1 January 2016

A brief discussion on the above significant new MFRSs and amendments/improvements to MFRSs are summarised below. Due to the complexity of these new MFRSs and amendments/improvements to MFRSs, the financial effects of their adoption are currently still being assessed by the Group and the Company.

Except as otherwise indicated below, the adoption of the above new standards, amendments and interpretation are not expect to have significant impact on the financial statements of the Group and of the Company.

MFRS 9 Financial Instruments

Key requirements of MFRS 9:-

MFRS 9 introduces an approach for classification of financial assets which is driven by cash flow characteristics and the business model in which an asset is held. The new model also results in a single impairment model being applied to all financial instruments.

In essence, if a financial asset is a simple debt instrument and the objective of the entity's business model within which it is held is to collect its contractual cash flows, the financial asset is measured at amortised cost. In contrast, if that asset is held in a business model the objective of which is achieved by both collecting contractual cash flows and selling financial assets, then the financial asset is measured at fair value in the statements of financial position, and amortised cost information is provided through profit or loss. If the business model is neither of these, then fair value information is increasingly important, so it is provided both in the profit or loss and in the statements of financial position.

A2. Adobtion of Standards, Amendments and Annual Improvements to Standards (continued)

Impairment

MFRS 9 introduces a new, expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, this Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis. The model requires an entity to recognise expected credit losses at all times and to update the amount of expected credit losses recognised at each reporting date to reflect changes in the credit risk of financial instruments. This model eliminates the threshold for the recognition of expected credit losses, so that it is no longer necessary for a trigger event to have occurred before credit losses are recognised.

Hedge accounting

MFRS 9 introduces a substantially-reformed model for hedge accounting, with enhanced disclosures about risk management activity. The new model represents a significant overhaul of hedge accounting that aligns the accounting treatment with risk management activities, enabling entities to better reflect these activities in their financial statements. In addition, as a result of these changes, users of the financial statements will be provided with better information about risk management and the effect of hedge accounting on the financial statements.

MFRS 15 Revenue from Contracts with Customers

The core principle of MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:

- Identify the contracts with a customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations in the contract.
- Recognise revenue when (or as) the entity satisfies a performance obligation.

MFRS 15 also includes new disclosures that would result in an entity providing users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The following MFRSs and IC Interpretations will be withdrawn on the application of MFRS 15:

MFRS 111	Construction Contracts
MFRS 118	Revenue
IC Interpretation 13	Customer Loyalty Programmes
IC Interpretation 15	Agreements for the Construction of Real Estate
IC Interpretation 18	Transfers of Assets from Customers
IC Interpretation 131	Revenue – Barter Transactions Involving Advertising Services

A3. Audit report of preceding annual financial statements

The audited statements for the financial year ended 31 December 2014 were not subjected to any qualifications.

A4. Seasonal or cyclical factors

The demands for the Group's products are not subject to seasonal or cyclical factors during the current financial period under review.

A5. Unusual items

There were no items affecting the assets, liabilities, equity, net income, or cash flow that were unusual because of their nature, size, or incidence during the current financial period under review.

A6. Material changes in accounting estimates

There were no changes in the estimates of amount reported in prior financial period that had a material effect in the current financial period under review.

A7. Issuance, cancellations, repurchase, resale and repayments of debts and equity securities

Save as disclosed below, there were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the current financial period under review.

During the financial period, the Company has reduced its issued and fully paid up share capital via the cancellation of RM0.70 of the par value of every existing ordinary share of RM1.00 each in KPB pursuant to Section 64 of the Companies Act, 1965 ("Par Value Reduction"). The Par Value Reduction was completed on 24 June 2016.

A8. Dividend

No interim or final dividends were declared or paid during the current financial period under review.

A9. Segmental information

Segmental analysis of the results, assets employed and liabilities for the 18 months period ended 30 June 2016 are as follows:-

	Revenue	Inter-segment Sales	Total
	RM'000	RM'000	RM'000
Manufacturing	5,435	27	5,408
Trading	8	-	8
Investment & Others	1,321	-	1,321
Consolidation	6,764	27	6,737

	Profit / (Loss) before taxation	Total assets employed	Total liabilities
	RM'000	RM'000	RM'000
Manufacturing	(8,241)	23,569	4,972
Trading	(85)	50	56
Investment & Others	(41)	9,591	4,110
	(8,367)	33,210	9,138
Elimination of inter-segment	-	-	-
Consolidation	(8,367)	33,210	9,138

A10. Valuation of property, plant and equipment

The Group had revalued certain of its freehold land and buildings based on professional valuations made by Rahim & Co, an independent firm of professional valuers using cost method of valuation via a report dated 17th March 2016. The valuation give rise to a valuation surplus of RM 4.439 million from RM9.561 to RM14 million.

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

There were no material events subsequent to the end of financial period that has not been reflected in the financial statements for the period under review.

A12. Change in composition of the Group

Save as disclosed below, there were changes in the composition of the Group during the financial period under review.

A13 Changes in contingent liabilities and contingent assets

There were no contingent liability and contingent assets which become enforceable may have a material effect on the net assets, profits or financial position of the Group for the current financial period to date.

B. **Additional information required by the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.**

B1. Review of performance

A comparison of the results of current quarter ended 30 June 2016 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/04/16 - 30/06/16 (RM'000)	Preceding Year Corresponding Quarter 01/04/15 - 30/06/15 (RM'000)	18 months Ended 30/06/16 (RM'000)	18 months Ended * 30/06/15 (RM'000)
Revenue	545	1,375	6,737	N/A
Profit/(Loss) before taxation	(4,367)	(629)	(8,367)	N/A
Profit/(Loss) after taxation (before non-controlling interest)	(4,367)	(629)	(8,481)	N/A
Profit/(Loss) after taxation (after non-controlling interest)	(4,311)	(616)	(8,392)	N/A

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/04/16 - 30/06/16 (RM'000)	Preceding Year Corresponding Quarter 01/04/15 - 30/06/15 (RM'000)	18 months Ended 30/06/16 (RM'000)	18 months Ended * 30/06/15 (RM'000)
Revenue				
- Manufacturing	369	1,040	5,408	N/A
- Trading	-	-	8	N/A
- Investment & others	176	335	1,321	N/A
	545	1,375	6,737	N/A

An analysis of the above results based on the operating segments are as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 01/04/16 - 30/06/16 (RM'000)	Preceding Year Corresponding Quarter 01/04/15 - 30/06/15 (RM'000)	18 months Ended 30/06/16 (RM'000)	18 months Ended * 30/06/15 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(4,016)	(861)	(8,241)	N/A
- Trading	(6)	-	(85)	N/A
- Investment & others	(345)	232	(41)	N/A
	(4,367)	(629)	(8,367)	N/A

* Due to the change in the current financial year end from 31 December 2015 to 30 June 2016, there were no comparative financial information available for the 18-month financial period ended 30 June 2015.

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2014.

B1. Review of performance (continued)

Revenue

Revenue for the quarter dipped by 60.3% to RM0.545 million as compared to RM1.375 million in the corresponding quarter of the preceding year. The Group has recorded a revenue of RM6.74 million for the cumulative 18 months ended 30 June 2016.

During the quarter, the manufacturing, trading, and investment segment recorded a revenue of RM0.37 million, RM0 and RM0.17 million a declined of 64.5%, 0.0% and 47.5% respectively as compared to RM1.0 million, RM0.00 million and RM0.33 million in the corresponding quarter of the preceding year. The decrease in the manufacturing segment was attributable to lower demand for our textile products. The Group's decision to cease the trading segment resulted no activities since preceding quarter. The decrease in the investment segment was due to lower intake of student tenants in the current academic year.

Profit / (Loss) before taxation

The Group's losses before taxation for the quarter was higher at RM4.37 million compared to RM0.63 million in the previous quarter of preceding year. The lost was mainly due to provision for obsolete stocks of RM2.5 million and lower demand for the product during this quarter. The Group immediate attention shall be focus on increasing the revenue base while continue to cost control. The Group has implemented a Minimum Order Quantity (MOQ) set at a minimum 200 meters per order to reduce the production cost and thus increasing Group's profit margin. The Group has also implemented others measures like MOQ Surcharge and revised our pricing structure to improve our Group's profit margin.

The Group losses increased RM3.74 million to RM4.37 million or 594.4% compared to RM0.63 million in the corresponding quarter of preceding year. Manufacturing segment lost by RM3.15 million to RM4.01 million or 366.4% compared to RM0.86 million in the corresponding quarter of preceding year mainly due to provision for obsolete stocks of RM2.5 milion and lower demand for the products during this quarter. Trading decline RM0.006 million or 100.0% to compared to previous quarter of preceding year due to ceased operation. Investment segment loss of RM0.34 million compared to a gain of RM0.23 million in previous quarter of preceding year due to higher repair and maintenance cost and increased in travelling cost and lower intake of student tenants in the current quarter.

B2. Variation of results against preceding quarter

A comparison of the results of the current quarter ended 30 June 2016 against immeadiate preceding quarter is as follows:-

	Current Quarter 01/04/16 - 30/06/16 (RM'000)	**Preceding Quarter 01/01/16 - 31/03/16 (RM'000)**
Revenue	545	1,112
Profit/(Loss) before taxation	(4,367)	(743)
Profit/(Loss) after taxation (before non-controlling interest)	(4,367)	(743)
Profit/(Loss) after taxation (after non-controlling interest)	(4,311)	(741)

	Current Quarter 01/04/16 - 30/06/16 (RM'000)	**Preceding Quarter 01/01/16 - 31/03/16 (RM'000)**
Revenue		
- Manufacturing	369	952
- Trading	-	-
- Investment & others	176	160

B2. **Variation of results against preceding quarter (continued)**

Below is the analysis of the results based on the operating segments of the Group:

	Current Quarter 01/04/16 - 30/06/16	Preceding Quarter 01/01/16 - 31/03/16
Profit/ (Loss) before taxation		
- Manufacturing	(4,016)	(712)
- Trading	(6)	(2)
- Investment & others	(345)	(29)

During the quarter, the revenue of the Group decrease by 51.0% to RM0.54 million as compared to preceding quarter of RM1.112 million. Manufacturing segment recorded revenue of RM0.37 million a decrease of RM0.58 million from RM0.95 million during the quarter mainly due to lower order during the months in April and May 2016. There were no trading revenue as all sales were transacted through the manufacturing segment. Investment segment shown slight increased RM0.02 million to RM0.18 million compared to RM0.16 million in last quarter.

The manufacturing segment recorded higher losses of RM4.01 million as compared to RM0.71 million in the preceding quarter mainly due to provision on obsolete stocks of RM2.5 million and lower demand for our textile products. The trading segment has ceased operation. The investment segment recorded a higher losses of RM0.34 million compared to losses of RM0.03 million in the preceding quarter mainly due to higher repair and maintenance cost and travelling cost and lower intake of students during the quarter.

B3. **Prospects**

The market condition is expected to be challenging for the next financial year.

Despite of the market condition, the Group has taken the effort to consolidate the position of the Group through rationalizing and optimizing its current asset base, new ideas has been introduced to gain market share on existing products of the Group through increasing business from existing customers and recouping business from lost customers. The Group has also expanded services by providing commission dyeing and setting for our customers which is expected to generate higher revenue for the Group. The Group has recently managed to get a yarn supplier from Indonesia which can save our yarn cost ranging from 10% to 18% on various types of yarn. The Group is also sourcing for elastic spandex potentialy from Indonesia as well. This elastic spandex will go through dyeing, drying and setting process before selling to lingerie factories which expected to generate higher margin to the group as well as increasing the product mix.

B4. **Profit forecast**

Not applicable as no profit forecast and no profit guarantee was published.

B5. **Taxation**

	Individual Quarter 3 months ended 30/06/16 (RM'000)	Cumulative Quarter 18 months ended 30/06/16 (RM'000)
Current tax expense	-	114
Deferred tax expense	-	-
Total	-	114

This tax arised from underprovision of tax in prior year.

B6. Status of corporate proposals

On 26 February 2016, Hong Leong Investment Bank Bhd ("HLIB") had, on behalf of the Board, announced that Powernet Properties Sdn Bhd ("PPSB") had entered into a Sales and Purchase Agreement ("SPA") with SSF Home Builder Sdn Bhd ("SSF"), whereby SSF agrees to sell and PPSB agrees to purchase the sole and exclusive development rights to carry out and complete a commercial development on the Land owned by Yayasan Bekas Wakil Rakyat ("MUBARAK") Malaysia for a purchase consideration of RM6.90 million ("Proposed Acquisition").

In conjunction with the Proposed Acquisition, HLIB had on 26 February 2016, announced on behalf of the Board, that the Company proposes to undertake the following:

(i) a proposed reduction of the issued and fully paid-up share capital of KPB via the cancellation of RM0.70 of the par value of every existing ordinary share of RM1.00 each in KPB pursuant to Section 64 of the Companies Act, 1965 (“Proposed Par Value Reduction”);

(ii) a proposed private placement of up to 16,912,500 new ordinary shares of RM0.30 each in KPB (“KPB Shares”), representing 30% of the issued and paid-up share capital of KPB upon completion of the Proposed Par Value Reduction (“Proposed Private Placement”);

(iii) a proposed diversification of the existing core business of KPB and its subsidiaries (“KPB Group”) to include property development and property investment (“Proposed Diversification”); and

(iv) proposed amendments to the Memorandum and Articles of Association of KPB to facilitate the Proposed Par Value Reduction and Proposed Diversification (“Proposed Amendments”).

On 8 June 2016, the shareholders of KPB have approved the Proposed Par Value Reduction, Proposed Amendments and Proposed Private Placement at an extraordinary general meeting held on the same date.

On 24 June 2016, HLIB on behalf of the Board, announced that the Proposed Par Value Reduction and Proposed Amendments have been completed.

On 29 July 2016, HLIB on behalf of the Board of Directors of KPB, announced that the following has been submitted to Bursa Securities:-

(i) the listing application for the listing of and quotation for 12,852,941 consideration shares to be issued pursuant to the Proposed Acquisition on the Main Market of Bursa Securities; and

(ii) the draft circular to shareholders of KPB in relation to the Proposals Acquisition and Proposed Diversification.

		GBP (RM'000)
B7.	**Current liabilities**	
	<u>Term Loan (Secured)</u>	
	Long Term loan	3,152
	Short Term loan	874
		4,026

B8. **Financial instruments**

a) Derivatives
The Group does not have any outstanding derivatives as at the date of this report.

b) Gain/Loss arising from fair value changes in financial liabilities
There were no gain/loss arising from fair value changes in financial liabilities for the current financial period.

B9. **Changes in material litigation**

There were no material litigation pending since the last financial year ended 31 December 2014 up to 29 August 2016

B10. **Dividends**

The Board does not recommend any dividend for the current period under review.

B11. **Earnings / (loss) per share**

The calculation of basic earnings / (loss) per share for the current quarter under review is based on the net loss attributable to owners of parent of RM8.392 million over the number of ordinary shares in issue during the current period of 56,375,000.

B12. **Realised and unrealised profit/losses disclosure**

The breakdown of the retained profits / (accumulated losses) of the Group as at 30 June 2016, into realised and unrealised losses is as follows:-

	Current Quarter 30/06/16 (RM'000)	Preceding Quarter 31/03/16 (RM'000)
Realised losses	(62,994)	(66,033)
Unrealised	(24)	(71)
	(63,018)	(66,104)
Add: Consolidation adjustments	38,597	36,806
	(24,421)	(29,298)

B13. Disclosure pursuant to appendix 9B of main market listing requirement

	Individual Quarter 3 months ended 30/06/16 (RM'000)	Cumulative Quarter 18 months ended 30/06/16 (RM'000)
(a) interest income	1	7
(b) other Income including investment income	935	953
(c) interest expense	59	296
(d) depreciation and amortization	565	2,564
(e) provision for and write off of receivables	(82)	(82)
(f) provision for and write off of inventories	2,459	2,459
(g) gain or loss on disposal of quoted or unquoted investments or	2	2
(h) impairment of assets	-	-
(i) foreign exchange gain or (loss)	(186)	81
(j) gain or loss on derivatives and	-	-
(k) exceptional items (with details)	-	-

By Order of the Board

Wong Youn Kim
Company Secretary
Date: 29 August 2016