

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Financial Position as at 31 December 2016**

	<b>(Unaudited)</b> <b>As at</b> <b>31/12/16</b> <b>RM'000</b>	<b>(Audited)</b> <b>As at</b> <b>30/06/16</b> <b>RM'000</b>
<b>ASSETS</b>		
<b>Non-Current Assets</b>		
Property, plant and equipment	18,313	19,031
Investment properties	8,818	8,762
	<u>27,131</u>	<u>27,793</u>
<b>Current Assets</b>		
Receivables, deposits and prepayments	1,462	1,615
Inventories	1,916	2,000
Tax recoverable	103	191
Deposits placed with licensed banks	100	100
Cash and bank balances	765	1,010
Non-current asset held for sale	-	588
	<u>4,346</u>	<u>5,504</u>
<b>TOTAL ASSETS</b>	<u>31,477</u>	<u>33,297</u>
<b>EQUITY &amp; LIABILITIES</b>		
<b>Equity attributable to owners of the parents</b>		
Share capital	16,913	16,913
Reserves	5,348	7,238
	<u>22,261</u>	<u>24,151</u>
<b>Non-controlling interests</b>	(490)	(477)
<b>Total Equity</b>	<u>21,771</u>	<u>23,674</u>
<b>Non-Current Liabilities</b>		
Deferred taxation	458	400
Long term borrowings	2,991	3,152
	<u>3,449</u>	<u>3,552</u>
<b>Current Liabilities</b>		
Payables and accruals	5,371	5,197
Short term borrowings	886	874
	<u>6,257</u>	<u>6,071</u>
<b>Total Liabilities</b>	9,706	9,623
<b>TOTAL EQUITY AND LIABILITIES</b>	<u>31,477</u>	<u>33,297</u>
Net assets per share attributable to ordinary equity holders of the Company (RM)	0.39	0.43

The Unaudited Condensed Consolidated Statements of Financial Position should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income for the 6 months period ended 31 December 2016**

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	3 months ended		6 months ended	
	31/12/16	31/12/15	31/12/16	31/12/15
	RM'000	RM'000	RM'000	RM'000
<b>Continuing operations</b>				
Revenue	904	1,237	1,638	2,385
Cost of Sales	(1,059)	(1,075)	(1,975)	(2,675)
	(155)	162	(337)	(290)
Other income	67	22	163	32
Administrative expenses	(894)	(557)	(1,667)	(1,140)
Distribution expenses	(133)	(83)	(181)	(194)
(Loss)/ Gain in foreign exchange	31	68	29	167
Other non-operating expenses	-	(54)	-	(95)
Operating loss from operations	(1,084)	(442)	(1,993)	(1,520)
Finance costs	(41)	(187)	(81)	(195)
Loss before taxation	(1,125)	(629)	(2,074)	(1,715)
Taxation	(35)	-	(86)	-
Loss for the financial period	(1,160)	(629)	(2,160)	(1,715)
Loss attributable to:				
Owners of the parent	(1,154)	(626)	(2,147)	(1,705)
Non-controlling interests	(6)	(3)	(13)	(10)
Loss per ordinary share attributable to owners of the parent (sen)				
Basic	(2.05)	(1.11)	(3.81)	(3.02)
Diluted	(2.05)	(1.11)	(3.81)	(3.02)

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Comprehensive Income for the 6 months period ended 31 December 2016**

	<b>INDIVIDUAL QUARTER</b>		<b>CUMULATIVE QUARTER</b>	
	<b>3 months ended</b>		<b>6 months ended</b>	
	<b>31/12/16</b>	<b>31/12/15</b>	<b>31/12/16</b>	<b>31/12/15</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Net loss for the financial period	(1,160)	(629)	(2,160)	(1,715)
Other comprehensive loss:				
Translation of foreign operations	363	(131)	257	(191)
Other comprehensive loss for the financial period	<u>363</u>	<u>(131)</u>	<u>257</u>	<u>(191)</u>
Total comprehensive loss for the financial period	<u>(797)</u>	<u>(760)</u>	<u>(1,903)</u>	<u>(1,906)</u>
Attributable to:				
Owners of the parent	(791)	(757)	(1,890)	(1,896)
Non-Controlling Interests	<u>(6)</u>	<u>(3)</u>	<u>(13)</u>	<u>(10)</u>
Total comprehensive loss for the period	<u>(797)</u>	<u>(760)</u>	<u>(1,903)</u>	<u>(1,906)</u>

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Changes of Equity for the 6 months period ended 31 December 2016**

	← Non-distributable →			Accumulated (Losses)/ profit RM'000	Total RM'000	Non- Controlling Interest RM'000	Total Equity RM'000
	Share Capital RM'000	Asset Revaluation Reserves RM'000	Translation Reserve RM'000				
<b>As at 1 July 2016</b>	16,913	4,957	(148)	2,429	24,151	(477)	23,674
<b>Net loss for the period</b>	-	-	-	(2,147)	(2,147)	(13)	(2,160)
Foreign currency translation	-	-	257	-	257	-	257
<b>Total comprehensive loss for the financial period</b>	-	-	257	(2,147)	(1,890)	(13)	(1,903)
<b>As at 31 December 2016</b>	<b>16,913</b>	<b>4,957</b>	<b>109</b>	<b>282</b>	<b>22,261</b>	<b>(490)</b>	<b>21,771</b>
As at 1 January 2015	56,375	916	(124)	(28,277)	28,890	(752)	28,138
Net loss for the financial period	-	-	-	(8,392)	(8,392)	(89)	(8,481)
Revaluation of property, plant and equipment	-	4,041	-	-	4,041	-	4,041
Foreign currency translation	-	-	(24)	-	(24)	-	(24)
Total comprehensive loss for the financial period	-	4,041	(24)	(8,392)	(4,375)	(89)	(4,464)
<b>Transaction with owners</b>							
Par value reduction	(39,462)	-	-	39,462	-	-	-
Acquisition of additional interest in subsidiary	-	-	-	(364)	(364)	364	-
Total transaction with owners	(39,462)	-	-	39,098	(364)	364	-
<b>As at 30 June 2016</b>	<b>16,913</b>	<b>4,957</b>	<b>(148)</b>	<b>2,429</b>	<b>24,151</b>	<b>(477)</b>	<b>23,674</b>

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

**KUMPULAN POWERNET BERHAD**

(Company No.: 419227-X)

**Unaudited Condensed Consolidated Statements of Cash Flow for the 6 months period ended 31 December 2016**

	<b>CUMULATIVE QUARTER</b>	
	<b>6 months ended</b>	
	<b>31/12/16</b>	<b>31/12/15</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flow from operating activities</b>		
Loss before taxation	(2,074)	(1,715)
Adjustments for :-		
Depreciation	799	789
Allowance for doubtful debt	-	-
Fair value gain on investment security	-	-
Gain on disposal of property, plant and equipments	(114)	-
Unrealised loss in foreign exchange	-	(200)
Interest income	(1)	(13)
Interest expense	81	195
<b>Operating loss before changes in working capital</b>	<u>(1,309)</u>	<u>(944)</u>
<b>Changes in working capital</b>		
Inventories	85	1
Receivables	390	182
Payables	320	(61)
<b>Net cash flows used in operation</b>	<u>(514)</u>	<u>(822)</u>
Tax paid	(86)	-
Interest paid	(2)	(5)
Interest received	1	20
<b>Net cash used in operating activities</b>	<u>(601)</u>	<u>(807)</u>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(21)	-
Proceeds from sales of property, plant and equipment	700	-
Proceed from sale of investment security	-	-
Interest received	-	2
<b>Net cash used in investing activities</b>	<u>679</u>	<u>2</u>
<b>Cash flow from financing activities</b>		
Interest paid	(78)	(181)
Proceed from withdrawal of fixed deposit	-	55
Repayment to a director	(55)	-
(Repayment)/Drawdown of term loan	(201)	761
<b>Net cash from financing activities</b>	<u>(334)</u>	<u>635</u>
<b>Net change in cash and cash equivalents</b>	<u>(256)</u>	<u>(170)</u>
<b>Cash and cash equivalents at beginning of financial period</b>	1,110	737
<b>Effect of currency translation differences</b>	11	-
	<u>1,121</u>	<u>737</u>
<b>Cash and cash equivalents at end of financial period</b>	<u>865</u>	<u>567</u>
<b>Cash and cash equivalents at the end of the financial period comprises the following :-</b>		
Cash and bank balance	765	414
Short term deposits	100	403
	<u>865</u>	<u>817</u>
Less: Fixed deposits held as security value	-	(250)
	<u>865</u>	<u>567</u>

The Unaudited Condensed Consolidated Statements of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 30 June 2016.

# KUPMPULAN POWERNET BERHAD

(Company No. 419227-X)

## NOTES TO UNAUDITED CONSOLIDATED QUARTERLY RESULTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 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 30 June 2016 and accompanying explanatory notes attached to the interim financial report.

#### A2. Adoption 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.

##### (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:

<u>New MFRSs</u>		<u>Effective Date</u>
MFRS 9	Financial Instruments	1 January 2018
MFRS 15	Revenue from Contracts with Customers	1 January 2018
MFRS 16	Leases	1 January 2019

## A2. Adoption 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 (continued)

#### 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.

##### 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.

## **A2. Adoption of Standards, Amendments and Annual Improvements to Standards (continued)**

### 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 30 June 2016 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 quarter 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 quarter 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 quarter under review.

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

There were no issuance, cancellations, repurchase, resale and repayments of debts and equity securities during the current financial quarter under review.

## **A8. Dividend**

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



**A9. Segmental information**

Segmental analysis of the results, assets employed and liabilities for the 6 months ended 31 December 2016 are as follows:-

	<b>Revenue</b>	<b>Inter-segment Sales</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	1,323	-	1,323
Trading	-	-	-
Investment & Others	315	-	315
Consolidation	1,638	-	1,638
	<b>Profit / (Loss) before taxation</b>	<b>Total assets employed</b>	<b>Total liabilities</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Manufacturing	(2,282)	26,691	5,702
Trading	2	25	1,236
Investment & Others	206	9,334	8,810
	(2,074)	36,050	15,748
Elimination of inter-segment	-	(4,573)	(5,969)
Consolidation	(2,074)	31,477	9,779

**A10. Valuation of property, plant and equipment**

The valuation of plant, property and equipment have been brought forward without amendments from the financial statements for the quarter under review.

**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**

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 31 December 2016 is as follows:-

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	6 months Ended	6 months Ended
	01/10/16 - 31/12/16 (RM'000)	01/10/15 - 31/12/15 (RM'000)	31/12/16 (RM'000)	30/12/15 (RM'000)
Revenue	904	1,237	1,638	2,385
Profit/(Loss) before taxation	(1,125)	(629)	(2,074)	(1,715)
Profit/(Loss) after taxation (before non-controlling interest)	(1,160)	(629)	(2,160)	(1,715)
Profit/(Loss) after taxation (after non-controlling interest)	(1,154)	(626)	(2,147)	(1,705)

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	6 months Ended	6 months Ended
	01/10/16 - 31/12/16 (RM'000)	01/10/15 - 31/12/15 (RM'000)	31/12/16 (RM'000)	30/12/15 (RM'000)
Revenue				
- Manufacturing	734	980	1,323	2,018
- Trading	-	-	-	-
- Investment & others	170	257	315	367
	904	1,237	1,638	2,385

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

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter	Preceding Year Corresponding Quarter	6 months Ended	6 months Ended
	01/10/16 - 31/12/16 (RM'000)	01/10/15 - 31/12/15 (RM'000)	31/12/16 (RM'000)	30/12/15 (RM'000)
Profit/(Loss) before taxation				
- Manufacturing	(1,201)	(528)	(2,282)	(1,483)
- Trading	(1)	-	2	(50)
- Investment & others	77	(101)	206	(182)
	(1,125)	(629)	(2,074)	(1,715)

**B1. Review of performance (continued)**Revenue

Revenue for the quarter dipped by 27.0% to RM0.9 million as compared to RM0.63 million in the corresponding quarter of the preceding year. For the six months cumulative total, revenue of Group decreased by RM0.747 million or 31% to RM1.638 million compared to preceeding year corresponding period.

During the quarter, the manufacturing segment recorded a revenue of RM0.73 million, declined by 25% compared to RM0.98 million in the corresponding quarter of the preceding year. Investment segment registered a revenue of RM0.17 million, a decreased of 33.9% as compared to RM0.26 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 decreased in revenue for the investment segment was due to lower intake of student tenants during current academic year.

Profit / (Loss) before taxation

The Group's losses before taxation for the quarter was lower at RM1.12 million compared to RM0.63 million in the previous quarter of preceding year. The higher losses was due to the lower revenue and increased expenses in distribution departments.

The Group losses increased by RM0.5 million to RM1.13 million or 84% compared to RM0.63 million in the corresponding quarter of preceding year. Manufacturing segment lost by RM0.67 million to RM1.2 million compared to RM0.53 million in the corresponding quarter of preceding year mainly due to lower demand for the products during this quarter. Investment segment made a profit of RM0.08 million compared to a loss of RM0.1 million in previous quarter of preceding year due to the gain on disposal of an office unit in Manchester and lesser costs incurred during the quarter.

**B2. Variation of results against preceding quarter**

A comparison of the results of the current quarter ended 31 December 2016 against immediate preceding quarter is as follows:-

	<b>Current Quarter 01/10/16 - 31/12/16 (RM'000)</b>	<b>Preceding Quarter 01/07/16 - 30/09/16 (RM'000)</b>
Revenue	904	734
Profit/(Loss) before taxation	(1,125)	(949)
Profit/(Loss) after taxation (before non-controlling interest)	(1,160)	(1,000)
Profit/(Loss) after taxation (after non-controlling interest)	(1,154)	(993)

	<b>Current Quarter 01/10/16 - 31/12/16 (RM'000)</b>	<b>Preceding Quarter 01/07/16 - 30/09/16 (RM'000)</b>
Revenue		
- Manufacturing	734	591
- Trading	-	-
- Investment & others	170	145
	904	736
Elimination of inter-segment	-	(2)
Consolidation	904	734

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

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

	<b>Current Quarter 01/10/16 - 31/12/16</b>	<b>Preceding Quarter 01/07/16 - 30/09/16</b>
Profit/ (Loss) before taxation		
- Manufacturing	(1,201)	(1,081)
- Trading	(1)	3
- Investment & others	77	129
	(1,125)	(949)
Elimination of inter-segment	-	-
Consolidation	(1,125)	(949)

During the quarter, the revenue of the Group increased by 23% to RM0.90 million as compared to preceding quarter of RM0.73million. Manufacturing segment recorded revenue of RM0.73 million a increase of RM0.24 million from RM0.59 million during the quarter mainly due to more commissioning dyeing jobs from several new customers. There were no trading revenue as all sales were transacted through the manufacturing segment. Investment segment increased by RM0.025 million to RM0.17 million compared to RM0.15 million in last quarter.

The manufacturing segment recorded higher losses of RM1.2 million as compared to RM1.08 million in the preceding quarter mainly due to the higher administrative expenses incurred. The trading segment has ceased operation. The investment segment recorded a lower gain of RM0.08 million compared to RM0.13 million in the preceding quarter mainly due to lower intake of students for this quarter.

**B3. Prospects**

The market condition is expected to be challenging for the remaining 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 has generated higher revenue for the Group by 23% or RM0.17 million to RM0.90 million compared to preceding quarter of RM0.73 million. The Group has recently managed to get a local yarn supplier which can save 12% of our yarn cost. The Group has recently team up with a local greige manufacturer to supply greige for dyeing, drying and setting process before selling to lingerie factories both local and export markets which expected to generate higher margin to the group as well as increasing the product mix.

On 29th September 2016, joint effort between KPB and Majlis Bekas Wakil Rakyat (MUBARAK) has the honor to invite Deputy Prime Minister, YB Dato' Seri Dr. Ahmad Zahid to officiate the ground breaking ceremony of the Group maiden development in Sentul. Powernet Properties Sdn Bhd, a wholly-owned subsidiary of KPB to acquire the sole and exclusive development rights from SSF Home Builder Sdn Bhd to develop this joint venture project with MUBARAK to construct a block of 6-storey shop office. This project is currently pending vendor to fulfil conditions set by both parties.

**B4. Profit forecast**

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

**B5. Taxation**

	<b>Individual Quarter 6 months ended 31/12/16 (RM'000)</b>	<b>Cumulative Quarter 6 months ended 31/12/16 (RM'000)</b>
Current tax expense	23	(28)
Deferred tax expense	(58)	(58)
Total	<u>(35)</u>	<u>(86)</u>

**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.

On 30th August 2016, Hong Leong Investment Bank Bhd ("HLIB") announced that the Company and the Vendor had mutually agreed to extend the Conditional period of 2 months from 25th August 2016 up to 25th October 2016.

On 6th September 2016, Bursa Securities had, vide its letter dated 6th September 2016 resolve to approve the listing of and quotation for 12,852,941 Consideration Shares to be issue to the Vendor pursuant to the

## B6. Status of corporate proposals

On 28th September 2016, the shareholders of KPBB has approved both the resolutions Proposed Project Acquisition and Proposed Diversification at an extra general meeting held on the same day.

On 24th October 2016, KPBB and the Vendor had mutually agreed to further extend the Conditional Period for a period of 2 months from 25th October 2016 to 25th December 2016.

22nd December 2016, KPBB and the Vendor mutually agreed to further extend the Conditional Period for a period of 1 month from 25 December 2016 to 25 January 2017.

25th January 2017, KPBB and the Vendor mutually agreed to further extend the Conditional Period for a period of 1 month from 25 January 2017 to 17 February 2017.

17th February 2017, KPBB and the Vendor mutually agreed to further extend the Conditional Period for a period of 1 month from 17 February 2017 to 3 March 2017.

As at 17 February 2017, the sole condition precedent yet to be fulfilled (which is disclosed under Section 2.1.13.1(i) of the Circular to the shareholders of KPBB dated 13 September 2016) is as follows:

(i) the Vendor having at its own costs:

(a) obtained the Landowner's written consent for the Vendor to novate the Principal Agreements to the Purchaser and for the Landowner to grant a power of attorney to the Purchaser to carry out the Project ("Landowner's Power of Attorney"); and

(b) procured the Landowner to execute the Novation Agreement and the Landowner's Power of Attorney in escrow and depositing the Novation Agreement and the Landowner's Power of Attorney with the Purchaser's solicitors to be dealt with in accordance with Clause 5.2 of the SPA;

Save for the abovementioned outstanding condition precedent, all other conditions precedent have been fulfilled. In addition, save for the abovementioned extension, the other salient terms of the SPA remain unchanged.

In addition, on behalf of the Board, HLIB wishes to announce that an application for an extension of time of 4 months until 5 July 2017 for KPBB to implement the Proposed Project Acquisition has been submitted to Bursa Malaysia Securities Berhad on 17 February 2017.

Reference is made to the announcements dated 26 February 2016, 23 March 2016, 22 April 2016, 25 May 2016, 13 June 2016, 15 July 2016, 29 July 2016, 30 August 2016, 6 September 2016, 24 October 2016, 27 October 2016, 22 December 2016, 25 January 2017 and 17 February 2017 as well as the Circular to the shareholders of KPBB dated 13 September 2016 in relation to the Proposed Project Acquisition.

On behalf of the Board of Directors of KPBB, Hong Leong Investment Bank Berhad is pleased to announce that Bursa Malaysia Securities Berhad had, vide its letter dated 23 February 2017, approved the application for an extension of time of 4 months until 5 July 2017 for KPBB to implement the Proposed Project Acquisition.

(RM'000)

## B7. Current liabilities

### Term Loan (Secured)

Long Term loan	2,991
Short Term loan	886
	<u>3,877</u>

## 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 30 June 2016 up to 28 February 2017.

**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 RM2.147 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 31 December 2016, into realised and unrealised losses is as follows:-

	<b>Current Quarter 00-01-1900 (RM'000)</b>	<b>Preceding Quarter 30/09/16 (RM'000)</b>
Realised losses	(38,045)	(36,768)
Unrealised	-	-
	<hr/>	<hr/>
	(38,045)	(36,768)
Add: Consolidation adjustments	38,328	38,204
	<hr/>	<hr/>
	283	1,436
	<hr/> <hr/>	<hr/> <hr/>

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

	<b>Individual Quarter 3 months ended 31/12/16 (RM'000)</b>	<b>Cumulative Quarter 6 months ended 31/12/16 (RM'000)</b>
(a) interest income	1	1
(b) other income including investment income	66	162
(c) interest expense	41	81
(d) depreciation and amortization	398	799
(e) provision for and write off of receivables	-	-
(f) provision for and write off of inventories	-	-
(g) gain or loss on disposal of quoted or unquoted investments or properties	-	-
(h) impairment of assets	-	-
(i) Realised gain on foreign exchange	30	32
(j) gain or loss on derivatives and	-	-
(k) exceptional items (with details)	-	-

By Order of the Board

Wong Youn Kim  
Company Secretary  
Date: 27 February 2017