

**JIANKUN INTERNATIONAL BERHAD
(111365-U)
(Incorporated in Malaysia)**

**Interim Financial Report
31 December 2017**

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JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the year ended 31 December 2017

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-17 RM'000	Preceding Year Quarter 31-Dec-16 RM'000	Current Year To date 31-Dec-17 RM'000	Preceding Year To date 31-Dec-16 RM'000
Revenue	27,128	3,796	62,287	18,236
Cost of Sales	(22,128)	(3,647)	(49,065)	(16,771)
Gross Profit	5,000	149	13,222	1,465
Other Income	1,481	804	1,481	804
Selling and marketing expenses	(7,424)	16	(9,690)	-
Administrative expenses	(2,080)	(2,454)	(6,302)	(5,291)
Operating profit / (loss)	(3,023)	(1,485)	(1,289)	(3,022)
Interest income	16	(23)	53	-
Finance costs	(4)	1	(306)	(1)
Profit / (loss) before taxation	(3,011)	(1,507)	(1,542)	(3,023)
Taxation	(1,778)	(280)	(2,004)	(382)
Net profit/(loss) for the period	(4,789)	(1,787)	(3,546)	(3,405)
Other comprehensive income after tax:				
Net currency translation differences	2,292	903	2,288	896
Other comprehensive income for the period, net of tax	2,292	903	2,288	896
Total comprehensive income for the period	(2,497)	(884)	(1,258)	(2,509)
Net profit/(loss) attributable to:				
- Owners of the parent	(4,789)	(1,787)	(3,546)	(3,405)
- Minority interest	-	-	-	-
	(4,789)	(1,787)	(3,546)	(3,405)
Total comprehensive income attributable to:				
- Owners of the parent	(2,497)	(884)	(1,258)	(2,509)
- Minority interest	-	-	-	-
	(2,497)	(884)	(1,258)	(2,509)
Earnings per share attributable to the owner of the Company (sen) attributable to owners of the Parent				
-Basic (sen)	(2.95)	(1.18)	(2.18)	(2.24)
-Diluted (sen)	(2.01)	(0.79)	(1.49)	(1.50)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- As at 31 December 2017

	31-Dec-17 (Unaudited) RM'000	31-Dec-16 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	237	224
Investment properties	26,558	28,092
	<u>26,795</u>	<u>28,316</u>
Current Assets		
Property Development Costs	32,813	27,279
Trade Receivables	11,498	7,274
Other Receivables	6,900	31,195
Tax Recoverable	-	293
Cash & Bank Balances	3,782	658
	<u>54,993</u>	<u>66,699</u>
TOTAL ASSETS	<u>81,788</u>	<u>95,015</u>
<u>EQUITY AND LIABILITIES</u>		
Equity attributable to owners of the Company		
Share Capital	41,863	37,919
Reserves	1,845	7,679
Total Equity	<u>43,708</u>	<u>45,598</u>
Non Current Liabilities		
Finance Lease Payable	70	64
Bank Borrowing	-	31,454
Deferred Taxation	5,905	5,813
	<u>5,975</u>	<u>37,331</u>
Current Liabilities		
Trade Payables	9,212	9,130
Other Payables & Accruals	7,486	1,851
Finance Lease Payable	9	9
Bank Borrowing	15,408	1,096
Provision for Taxation	(10)	-
	<u>32,105</u>	<u>12,086</u>
Total Liabilities	<u>38,080</u>	<u>49,417</u>
TOTAL EQUITY AND LIABILITIES	<u>81,788</u>	<u>95,015</u>
Net assets per share (RM)	0.27	0.30

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the year ended 31 December 2017

	< ----- Non-distributable ----- >				Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2017	37,919	6,069	13,606	2,793	(14,789)	45,598
Issuance of share	3,944	-	-	-	-	3,944
Net loss for the period	-	-	-	-	(3,546)	(3,546)
Currency translation differences	-	(2,288)	-	-	-	(2,288)
Balance as at 31 December 2017	41,863	3,781	13,606	2,793	(18,335)	43,708

	< ----- Non-distributable ----- >				Distributable	Total
	Share Capital	Foreign Exchange Translation Reserve	Warrant Reserve	Capital Reserve	Accumulated Losses	
	RM'000	RM'000	RM'000	RM'000	RM'000	
Balance as at 1 January 2016	37,919	5,173	13,606	2,793	(11,383)	48,108
Net loss for the period	-	-	-	-	(3,405)	(3,405)
Currency translation differences	-	896	-	-	-	896
Balance as at 31 December 2016	37,919	6,069	13,606	2,793	(14,788)	45,599

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

- For the year ended 31 December 2017

	Year Ended 31-Dec-17 RM'000	Year Ended 31-Dec-16 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(1,542)	(3,023)
Adjustment for:		
Depreciation	63	30
Allowance for impairment loss on non-trade receivables	-	445
Interest expenses	1,456	68
Interest income	(53)	(24)
Revaluation of investment properties	1,626	(764)
Operating profit/(loss) before working capital changes	<u>1,550</u>	<u>(3,268)</u>
(Increase)/Decrease in properties development costs	21,641	(3,934)
(Increase)/Decrease in trade receivables	(4,224)	404
(Increase)/Decrease in other receivables	(436)	(18,501)
(Decrease)/Increase in trade payables	82	4,249
(Decrease)/Increase in other payables	5,336	1,540
Net cash generated from/(used in) operating activities	<u>23,949</u>	<u>(19,510)</u>
Interest expenses	(3,601)	(68)
Interest received	53	24
Tax paid	(1,722)	(293)
	<u>18,679</u>	<u>(19,847)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(75)	(109)
Net cash used in investing activities	<u>(75)</u>	<u>(109)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown / (Repayment) of bank borrowing (net)	(17,142)	16,800
Drawdown/(Repayment) of hire purchase	6	(2)
Proceed from issuance of share	3,944	-
Decrease / (Increase) in fixed deposit place with license bank	(22)	2,058
Net cash generated / (used) from financing activities	<u>(13,214)</u>	<u>18,856</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	5,390	(1,100)
EFFECT ON TRANSLATION DIFFERENCES	(2,288)	(50)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	658	1,808
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>3,760</u></u>	<u><u>658</u></u>
Cash and cash equivalents comprise:-		
Fixed deposit with licensed bank	22	-
Cash and bank balance	3,760	658
	3,782	658
Less: Fixed deposit pledged with licensed bank	(22)	-
	<u><u>3,760</u></u>	<u><u>658</u></u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2016 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the year ended 31 December 2017

Part A – Explanatory Notes Pursuant to FRS 134

A1. Basic Of Preparation

The interim financial report has been prepared in accordance with FRS 134: Interim Financial Reporting and Paragraph 9.22 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”) and should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The accounting policies used by the Group in the quarterly report comply with the principles of the International Financial Reporting Standard (“IFRS”) adopted by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB. The quarterly report has been prepared based on the presentation, accounting policies and methods of computation consistent with those in the preparation of the audited statutory financial statement for the financial year ended 31 December 2016.

A2. Changes in Accounting Policies

Basis of accounting

The accounting principles and bases used are consistent with those previously adopted in the preparation of the audited financial statements of the Group except for the adoption of the following applicable new/revised Financial Reporting Standards (“FRS”), IC Interpretation and Amendments to FRSs effective for financial periods as stated below:-

		Effective
Amendments to FRS 107	Disclosure Initiative	1-Jan-17
Amendments to FRS 112	Recognition of Deferred Tax Asset for Unrealised losses	1-Jan-17
Annual Improvements to FRS 2014-2016 Cycle		
Amendments to FRS 12	Investment Entities: Applying the Consolidation Exception	1-Jan-17

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Group.

The standards and interpretations that are issued but not yet effective are disclosed below:

		Effective
Amendments to FRS 1		1-Jan-18
Amendments to FRS 128		1-Jan-18
FRS 9	Financial Instruments (IFRS 9 issued by IASB in July 2014)	1-Jan-18
Amendments to FRS 2	Classification and measurement of Share-based payment Transactions	1-Jan-18
Amendments to FRS 140	Transfers of Investment Property	1-Jan-18
Amendments to FRS 4	Applying FRS 9 <i>Financial Instruments</i> with FRS 4 <i>Insurance Contracts</i>	1-Jan-18 *
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1-Jan-18
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

Note:

* Entities that meet the specific criteria in FRS 4, paragraph 20B, may choose to defer the application of FRS 9 until that earlier of the application of the forthcoming insurance contracts standard or annual periods beginning before 1 January 2021.

The Group and the Company intend to adopt the above FRSs when they become effective.

The initial application of the abovementioned FRSs are not expected to have any significant impacts on the financial statements of the Group and of the Company except as mentioned below:

Part A – Explanatory Notes Pursuant to FRS 134

A2. Changes in Accounting Policies (Cont.)

FRS 9 Financial Instruments (IFRS 9 issued by IASB in July 2014)

FRS 9 (IFRS 9 issued by IASB in July 2014) replaces earlier versions of FRS 9 and introduces a package of improvements which includes a classification and measurement model, a single forward looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting. FRS 9 when effective will replace FRS 139 Financial Instruments: *Recognition and Measurement*.

FRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in FRS 139. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. FRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under FRS 139.

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

New Malaysian Financial Reporting Standards ("MFRS Framework") issued but not yet effective

On 19 November 2011, the MASB issued a new MASB approved accounting framework, the Malaysian Financial Reporting Standards ("MFRS Framework"). The MFRS Framework is to be applied by all Entities Other Than Private Entities for annual periods beginning on or after 1 January 2012, with the exception of entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 *Agreements for Construction of Real Estate*, including its parent, significant investor and venturer (hereinafter called "Transitioning Entities").

Transitioning Entities will be allowed to defer adoption of the new MFRS Framework and continue to use the existing FRS Framework. The adoption of the MFRS Framework by Transitioning Entities will be mandatory for annual periods beginning on or after 1 January 2018.

The Group and the Company fall within the scope definition of Transitioning Entities and accordingly, will be required to prepare financial statements using the MFRS Framework in their first MFRS financial statements for the financial year ending 31 December 2018. In presenting their first MFRS financial statements, the Group and the Company will be required to restate the comparative financial statements to amounts reflecting the application of the MFRS Framework. The majority of the adjustments required on transition will be made, retrospectively, against opening retained earnings.

The Group and the Company have not completed its assessment of the financial effects of the differences between FRSs and accounting standards under the MFRS Framework. Accordingly, the consolidated and separate financial performance and financial position as disclosed in these quarterly financial statements for the financial year ended 31 December 2016 could be different if prepared under the MFRS Framework.

A3. Declaration of Qualification of Audit Report

There was no qualification in the audited report for the year ended 31 December 2016.

A4. Seasonality or cyclicity of operations

The Group's operations are not subject to seasonal or cyclical factors.

A5. Nature and Amounts of Unusual Items

There were no unusual items affecting the assets, liabilities, equity, net income, or cash flows during the quarter under review.

Part A – Explanatory Notes Pursuant to FRS 134

A6. Nature and Amount of Changes in Estimates

There were no changes in estimates that have had a material effect in the current financial year-to-date results.

A7. Issuances or repayment of debt and equity securities

There were no issuances of new shares or repayment of debt and equity securities during the quarter review.

A8. Dividends

No dividend is being proposed or paid for this quarter.

A9. Segmental Information

For management purposes, the Group is organised into business units based on their products and services, and has three reportable segments as follows:

Property development and construction	Develop and provides construction services for residential, industrial and commercial property.
Project management and advisory	Provides project management services for residential, industrial and commercial property development.
Property management and investment holding	Provision of management, marketing and consultancy services.

The Group Executive Committee assesses the performance of the operating segments based on operating profit or loss which is measured differently from those disclosed in the consolidated financial statements.

Group financing (including finance costs) and income tax are managed on a group basis and are not allocated to operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

Group

	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2017						
Revenue						
External customers	-	62,153	134	62,287	-	62,287
Inter-segment	-	27,210	13	27,223	(27,223)	-
Total revenue	-	89,363	147	89,510	(27,223)	62,287
Result						
Other incomes	-	98	-	98	-	98
Fair value on investment property	-	-	1,398	1,398	-	1,398
Operating profit/(loss)	-	(1,813)	(514)	(2,327)	-	(2,327)
Profit / (loss) before taxation	-	(1,715)	884	(831)	-	(831)
Taxation	-	(1,305)	(699)	(2,004)	-	(2,004)
Segment profit / (loss)	-	(3,020)	185	(2,835)	-	(2,835)

Part A – Explanatory Notes Pursuant to FRS 134

A9. Segmental Information (Cont.)

	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Assets						
Capital expenditure	-	32,813	-	32,813	-	32,813
Segment assets	-	8,248	40,727	48,975	-	48,975
Total assets	-	41,061	40,727	81,788	-	81,788
Liabilities						
Segment liabilities	-	33,326	4,756	38,082	-	38,082
Other non-cash item						
Depreciation of property, plant and equipment	-	(34)	(29)	(63)	-	(63)

Group

	Project management and advisory	Property development and construction	Property management and investment holding	Total segments	Adjustments and elimination	Total operation
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
31 December 2016						
Revenue						
External customers	201	17,936	99	18,236	-	18,236
Inter-segment	-	833	2,035	2,868	(2,868)	-
Total revenue	201	18,769	2,134	21,104	(2,868)	18,236
Result						
Other incomes	-	-	22	22	-	22
Fair value on investment property	-	-	764	764	-	764
Loss before taxation	(133)	(1,228)	(1,305)	(2,666)	(358)	(3,024)
Taxation	-	-	(382)	(382)	-	(382)
Segment profit / (loss)	(133)	(1,228)	(1,687)	(3,048)	(358)	(3,406)
Assets						
Capital expenditure	-	27,279	-	27,279	-	27,279
Segment assets	115	39,615	28,005	67,735	-	67,735
Total assets	115	66,894	28,005	95,014	-	95,014
Liabilities						
Segment liabilities	81	43,430	5,906	49,417	-	49,417
Other non-cash item						
Depreciation of property, plant and equipment	-	-	(30)	(30)	-	(30)

A10. Changes in the composition of the Group

There were no changes in the composition of the Group for the quarter under review.

A11. Changes in the contingent liabilities

There were no contingent liabilities at the end of the quarter.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the year ended 31 December 2017

Part A – Explanatory Notes Pursuant to FRS 134

A12. Significant related party transactions

Save for the related party transactions disclosed, there is no other material related party transactions for the current quarter and financial year-to-date.

(a) Related party relationship

- i) Lee Leong Kui is an Executive Director of the Company and he is also a Director and hold 30% of Juara Gred Development Sdn Bhd ("JGDSB).
- ii) Foong Kah Heng is an Executive Director of the Company and substantial shareholder of the Company with direct interest of 4.96% and an indirect equity interest of 11.13% via FS Motorsports Sdn. Bhd. He is also a Director and 40% shareholder of JGDSB

(b) Related party transactions

- i) On 26 December 2014, Nagamas Venture Sdn. Bhd. ("NVSB") had entered for the project management services agreement with JDGSB as Project Management Services Consultant to provide project management, professional and advisory services for a lump sum professional fee of RM1,000,000. ("Project Management Services")
- ii) On 20 March 2015, NVSB had accepted a Letter of Award from JGDSB for the Work, for a provisional contract sum of RM32,922,000. The provisional contract sum is based on an indicative quantity of material and labour to be supplied as per the preliminary construction drawings and is subject to quantities re-measurement based on the as-built drawings and final account upon completion of the Project. ("Letter of Award")

(c) Related party transactions status

	Contract Sum RM'000	Omission	Utilisation RM'000	Balance RM'000
Project Management Services	1,000	-	(892)	108
Letter of Award	32,922	(2,698)	(30,224)	-
	<u>33,922</u>	<u>(2,698)</u>	<u>(31,116)</u>	<u>108</u>

A13. Capital Commitments

Save for disclosed below, there was no material capital commitments for the quarter under review.

	Amount RM'000
<u>Contracted but not provided for:</u>	
Fivestar Development (Puchong) Sdn Bhd	<u>12,998</u>

The amount is the balance of entitlement after taken into consideration of payment made to Fivestar Development (Puchong) Sdn Bhd for Amani Residences project.

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B1. Review of Group Performance

	Individual Quarter			Cumulative Period		
	Current Year Quarter	Preceding Year Corresponding Quarter	Changes	Current Year To-date	Preceding year Corresponding Period	Changes
	31-Dec-17 RM'000	31-Dec-16 RM'000	RM'000	31-Dec-17 RM'000	31-Dec-16 RM'000	RM'000
Revenue	27,128	3,796	23,332	62,287	18,236	44,051
Gross profit	5,000	149	4,851	13,222	1,465	11,757
Profit / (loss) before tax	(3,011)	(1,507)	(1,504)	(1,542)	(3,023)	1,481
Profit / (loss) after tax	(4,789)	(1,787)	(3,002)	(3,546)	(3,405)	(141)

(a) Performance of the current quarter against the same quarter in the preceding year (4Q 2017 vs. 4Q 2016)

Revenue for the Group for 4Q 2017 was RM27.128 million, which was higher than the RM 3.796 million reported in 4Q2016. The Group recorded a loss before tax of RM3.011 million for 4Q2017, which was higher than the RM 1.507 million reported in 4Q2016.

(b) Performance of the current year to-date against the same year in the preceding year (4Q YTD 2017 vs. 4Q YTD 2016)

During the current financial year ended 31 December 2017, the Group recorded revenue of RM 62.287 million and gross profit of RM13.222 million, which was higher than the RM18.236 million and RM1.465 million reported respectively for the financial year ended 31 December 2016. The Group recorded a loss before tax of RM1.542 million in the current financial year as compared to the RM3.023 million reported for the financial year ended 31 December 2016.

The loss before tax incurred in the current financial year was mainly due to the new launches were at preliminary stages of constructions and had yet to contribute significantly, while the strong sales take-up rate had effected the selling and marketing expenses of RM 9.69 million incurred were as follows:-

- i. Marketing agency commission was RM5.68 million;
- ii. Marketing incentives for buyer was RM2.92 million;
- iii. Other marketing expenses was RM 1.09 million.

In addition to the above, for administrative expenses, this included GST input tax of RM 1.776 million derived from the project development costs which the Group was not allowed to charge output tax as the current residential projects undertaken were GST exempted supply.

B2. Comparison with Preceding Quarter's Results

	Current Quarter	Immediate Preceding Quarter	Changes
	31-Dec-17 RM'000	30-Sep-17 RM'000	RM'000
Revenue	27,128	13,543	13,585
Gross profit	5,000	3,514	1,486
Profit / (loss) before tax	(3,011)	539	(3,550)
Profit / (loss) after tax	(4,789)	313	(5,102)

The 4Q 2017 revenue of RM27.128 million and gross profit of RM5.000 million were respectively RM13.585 million and RM1.486 million higher than 3Q 2017 due to higher percentage of construction completion during the quarter.

The Group recorded loss of RM3.011 million for 4Q 2017 as compared with profit before tax of RM0.539 million for 3Q 2017. This was mainly due to higher selling, marketing and administrative expenses incurred in relation to the new projects.

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B3. Future Prospects

As at 31st December 2017, the Group achieved a take-up rate of 98% and 70% for its ongoing projects, namely Bayu Height 2 and Amani Residence with a total gross development value of RM217.449 million, and unbilled sales of approximately RM171.560 million. These would contribute positively to the Group's earnings when the unbilled sales to translate into higher revenue for the Group when the construction progresses further in the future.

Given the positive response the development has received and its location in one of confident that sales will pick up as construction works progress. In addition, the Management would introduce attractive marketing incentives to assist local home buyers, in order to boost the sales of the remaining unsold units.

Moving forward, the Management has been actively scouting for new development opportunities surrounding public transport hub to build up a well-diversified transit oriented development (TOD) to address the underlying needs of first time house buyers and middle income community and this product shall allow us to target a wider pool of customers.

B4. Variance on Profit Forecast / Profit Guarantee

The Group has not announced or disclosed any profit forecast in public documents.

B5. Taxation

The tax charge relates principally to the current quarter's profit made by certain profitable subsidiary companies which cannot be offset against the losses of other subsidiary companies within the Group.

The tax charge for the Group is as follows:-

	2017 RM'000	2016 RM'000
Current tax	1,305	-
Deferred tax	699	382
	<u>2,004</u>	<u>382</u>

B6. Profit/Loss on Sale of Unquoted Investments and/or Properties

There was no profit or loss on sale of unquoted investment and/or properties for the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There was no purchases or disposals of quoted securities by the Group for the quarter under review.

B8. Status of corporate proposals and utilisation of proceeds

Utilisation of Proceeds From Private Placement

On 4 May 2017, the Company has successfully raised RM3,943,602.00 from Private Placement of up to ten percent (10%) of the existing share capital. The utilisation of proceeds were as follows:

Purpose	Estimated Timeframe	Amounts RM'000	Adjustment RM'000	Actual Utilisation RM'000	Balance RM'000
Working Capital	Within 12 months from the listing of the shares	3,844	23	3,867	-
Estimated expenses in relation to the Proposed Private Placement	Within 2 months from the listing of the shares	100	(23)	77	-
		<u>3,944</u>	<u>-</u>	<u>3,944</u>	<u>-</u>

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B9. Group Borrowings

Total Group borrowings as at 31 December 2017 and 31 December 2016 were as follows:

	Current Year	Preceding Year
	As At	As At
	31-Dec-17	31-Dec-16
	RM '000	RM '000
Secured:		
Short term:		
Hire purchase	9	13
Bridging loan	6,163	-
Term loan	9,245	1,096
	<u>15,417</u>	<u>1,109</u>
Long term:		
Hire purchase	70	78
Term loan	-	31,454
	<u>70</u>	<u>31,532</u>

B10. Off Balance Sheet Financial Instruments

There was no off balance sheet financial instruments by the Group for the quarter under review.

B11. Material Litigation

There was no material litigation by the Group for the quarter under review.

B12. Earnings Per Share (EPS)

The EPS for the year was calculated base on the profit after taxation for the year divided by the weighted average number of ordinary shares issued during the year.

EPS for the quarter is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year	Preceding	Current Year	Preceding
	Quarter	Year Quarter	To Date	Year To Date
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	RM'000	RM'000	RM'000	RM'000
Profit / (Loss) after tax	(4,789)	(1,787)	(3,546)	(3,405)
Number of ordinary shares issued as at 1 January	151,678	151,678	151,678	151,678
Effect of shares issued from private placement	10,778	-	10,778	-
Weighted Average number of ordinary shares issued	<u>162,456</u>	<u>151,678</u>	<u>162,456</u>	<u>151,678</u>
Basic EPS (Sen)	<u>(2.95)</u>	<u>(1.18)</u>	<u>(2.18)</u>	<u>(2.24)</u>
Profit / (Loss) after tax	(4,789)	(1,787)	(3,546)	(3,405)
Weighted Average number of ordinary shares issued	162,456	151,678	162,456	151,678
Assume shares issued from exercise of warrants	75,587	75,587	75,587	75,587
Adjusted Weighted Average number of ordinary shares issued	<u>238,043</u>	<u>227,265</u>	<u>238,043</u>	<u>227,265</u>
Diluted EPS (Sen)	<u>(2.01)</u>	<u>(0.79)</u>	<u>(1.49)</u>	<u>(1.50)</u>

PART B: Explanatory Notes Pursuant to Appendix 9B of the Listing Requirements of BMSB

B13. Notes to the Statement of Comprehensive Income

	Current Year Ended 31-Dec-17 RM'000	Preceding Year Ended 31-Dec-16 RM'000
Profit for the period is arrived at after charging:		
Depreciation and amortization	<u>63</u>	<u>30</u>
and after crediting:		
Interest income	<u>53</u>	<u>24</u>

B14. Realised and Unrealised Profits/Losses Disclosure

	Current Year Ended 31-Dec-17 RM '000	Preceding Year Ended 31-Dec-16 RM '000
Total realised losses	(21,087)	(21,678)
Total unrealised profits/(loss)	<u>5,114</u>	<u>5,653</u>
	(15,973)	(16,025)
Consolidated adjustment	2,362	3,024
Total accumulated profit/(loss)	<u>(18,335)</u>	<u>(13,001)</u>

By Order of the Board
Date: 21 February 2018