

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

**Interim Financial Report
31-Dec-13**

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NAGAMAS INTERNATIONAL BERHAD (111365-U)
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- For the period ended 31 Dec 2013

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-13 RM'000	Preceding Year Quarter 31-Dec-12 RM'000	Current Year To date 31-Dec-13 RM'000	Preceding Year To date 31-Dec-12 RM'000
Revenue	886	1,650	6,349	10,291
Cost of Sales	(911)	(1,576)	(4,751)	(7,903)
Operating profit	(25)	74	1,598	2,388
Revaluation of Investment Properties	11,087	-	11,087	-
Other Income	18	-	38	10
Administration and general expenses	(1,316)	(1,023)	(3,708)	(3,860)
Finance costs	(51)	(59)	(165)	(132)
Profit /(loss) before taxation	9,713	(1,008)	8,850	(1,594)
Taxation	(4,209)	-	(4,209)	-
Net profit/(loss) for the period	5,504	(1,008)	4,641	(1,594)
Other comprehensive income after tax:				
Net currency translation differences	917	(319)	914	(319)
Other comprehensive income for the period, net of tax	917	(319)	914	(319)
Total comprehensive income for the period	6,421	(1,327)	5,555	(1,913)
Net profit/(loss) attributable to:				
- Owners of the parent	5,504	(1,008)	4,641	(1,594)
- Minority interest	-	-	-	-
	5,504	(1,008)	4,641	(1,594)
Total comprehensive income attributable to:				
- Owners of the parent	6,421	(1,327)	5,555	(1,913)
- Minority interest	-	-	-	-
	6,421	(1,327)	5,555	(1,913)
Earnings per share (sen) for loss attributable to owners of the Parent				
-Basic (sen)	10.81	(1.98)	9.12	(3.13)
-Diluted (sen)	N/A	N/A	N/A	N/A

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- For the period ended 31 Dec 2013

	31-Dec-13 (Unaudited) RM'000	31-Dec-12 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	101	8,785
Motor Vehicle	344	-
Investment properties	20,813	-
	<u>21,258</u>	<u>8,785</u>
Current Assets		
Property Development Costs	4,306	3,709
Trade Receivables	2,410	1,808
Accrued Billing	-	1,111
Amount due from customer on contract	-	131
Other Receivables	4,611	5,085
Tax Recoverable	-	-
Cash & Bank Balances	253	394
	<u>11,580</u>	<u>12,238</u>
TOTAL ASSETS	<u>32,838</u>	<u>21,023</u>
Equity		
Share Capital	50,895	50,895
Accumulated Losses	(30,509)	(35,150)
Translation Adjustment Account	157	(757)
Total Equity	<u>20,543</u>	<u>14,988</u>
Non Current Liabilities		
Hire Purchase	189	-
Bank borrowing	-	2,183
Deferred taxation	4,386	-
	<u>4,575</u>	<u>2,183</u>
Current Liabilities		
Trade Payables	807	461
Progress billings	179	727
Other Payables & Accruals	5,834	2,664
Bank borrowing	849	-
Hire Purchase	51	-
	<u>7,720</u>	<u>3,852</u>
Total Liabilities	12,295	6,035
Total Equity And Liabilities	<u>32,838</u>	<u>21,023</u>
Net assets per share	0.4036	0.2945

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- For the period ended 31 Dec 2013

	< ----- <i>Non-distributable</i> ----- >		<i>Distributable</i>	
	Share Capital RM'000	Translation RM'000	Accumulated RM'000	Total RM'000
Balance as at 1 January 2012	50,895	(438)	(33,556)	16,901
Currency translation differences	-	(319)	-	(319)
Net loss for the year	-	-	(1,594)	(1,594)
Balance as at 31 December 2012	50,895	(757)	(35,150)	14,988
Currency translation differences	-	-	-	-
Net profit for the quarter	-	-	300	300
Balance as at 31 March 2013	50,895	(757)	(34,850)	15,288
Currency translation differences	-	(3)	-	(3)
Net loss for the quarter	-	-	(484)	(484)
Balance as at 30 June 2013	50,895	(760)	(35,334)	14,801
Currency translation differences	-	-	-	-
Net loss for the quarter	-	-	(679)	(679)
Balance as at 30 Sept 2013	50,895	(760)	(36,013)	14,122
Currency translation differences	-	917	-	917
Net profit for the quarter	-	-	5,504	5,504
Balance as at 31 Dec 2013	50,895	157	(30,509)	20,543

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the period ended 31 Dec 2013

	Period Ended 31-Dec-13 RM'000	Period Ended 31-Dec-12 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	8,850	(1,594)
Adjustment for:		
Depreciation	99	47
Allowance for impairment loss on non-trade receivables	-	83
Bad Debts written off	-	146
Interest expenses	165	132
Gain on unrealised forex	(1,089)	
Interest income	-	(7)
Revaluation of investment properties	(11,087)	-
Operating profit/(loss) before working capital changes	<u>(3,062)</u>	<u>(1,193)</u>
(Increase)/Decrease in Development Properties Costs	(596)	(277)
(Increase)/Decrease in receivables	516	(1,043)
Decrease/(Increase) in payable	3,442	1,752
Decrease in amount due from customer on contract	131	-
Loss on disposal of Property, Plant and Equipment	11	-
Net cash generated from/(used in) operating activities	<u>442</u>	<u>(761)</u>
Interest received	-	7
Interest expenses	(165)	-
Tax refunded	-	40
	<u>277</u>	<u>(714)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of motor vehicle	(413)	(43)
Purchase of property, plant & equipment	-	-
Net cash used in investing	<u>(413)</u>	<u>(43)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Drawdown of bank borrowing	-	1,500
Hire Purchase	240	
Interest paid	(165)	(132)
Repayment of bank loan	(1,170)	(317)
Net cash generated from financing activities	<u>(1,095)</u>	<u>1,051</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,231)	294
EFFECT ON TRANSLATION DIFFERENCES	1,090	(319)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	394	419
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>253</u></u>	<u><u>394</u></u>

The condensed consolidated income statement should be read in conjunction with the audited financial statements for the year ended 31 December 2012 and the accompanying explanatory notes attached to the interim financial report.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
- For the period ended 31 Dec 2013

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 2012.

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 2012.

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
FRS 1	Amendment to FRS 1: Improvements to FRSs (2012)	1-Jan-13
FRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities (Amendment to FRS 7)	1-Jan-13
FRS 10	Consolidated Financial Statements	1-Jan-13
FRS 11	Joint Arrangements	1-Jan-13
FRS 12	Disclosure of Interests in Other Entities	1-Jan-13
FRS 13	Fair Value Measurement	1-Jan-13
FRS 101	Amendment to FRS 101 : Presentation of Financial Statements	1-Jan-13
FRS 116	Amendment to FRS 116: Improvements to FRSs (2012)	1-Jan-13
FRS 119	Employee Benefits	1-Jan-13
FRS 127	Separate Financial Statements	1-Jan-13
FRS 132	Amendment to FRS 132 : Improvements to FRSs (2012)	1-Jan-13
FRS 134	Amendment to FRS 134: Improvements to FRSs (2012)	1-Jan-13
FRS 10	Amendments to FRS 10: Improvements to FRSs (2012)	1-Jan-14
FRS 12	Amendments to FRS 12: Improvements to FRSs (2012)	1-Jan-14
FRS 127	Amendment to FRS 127 : Improvements to FRSs (2012)	1-Jan-14
FRS 132	Amendment to FRS 132 : Offsetting Financial Assets and Financial Liabilities	1-Jan-14
FRS 136	Amendments to FRS 136: Recoverable Amount Disclosures for Non-Financial Assets	1-Jan-14
FRS 139	Novation of Derivatives and Continuation of Hedge Accounting	1-Jan-14
IC Interpretation 21	Levies	1-Jan-14
FRS 9	Amendments to FRS 9 : Mandatory Effective Date of FRS 9 and Transition Disclosures	1-Jan-15

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

NAGAMAS INTERNATIONAL BERHAD (111365-U)

Total comprehensive income

Part A – Explanatory Notes Pursuant to FRS 134

On 19 November 2011, the Malaysian Accounting Standard Board (MASB) issued a new MASB approved accounting standards framework, the Malaysian Financial Reporting Standards ("MFRSs") that are equivalent to International Financial Reporting Standards.

The MFRSs are 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 (Agricultures) and IC Interpretation 15 (Agreements for Construction of Real Estate), including its parent, significant investor and venturer (herein called "Transitioning Entities"). The Transitioning Entities are given an option to defer the adoption of the MFRSs to annual periods beginning on or after 1 January 2015. The Group falls within the definition of Transitioning Entities and has the option to prepare its first MFRSs financial statements for the financial year ending 31 December 2015.

In representing its MFRSs financial statements, the Company will quantify the financial effects of the differences between the current FRSs and MFRSs.

The majority of the adjustments required on transition will be made, retrospectively, against opening retained profits.

The Group expects to be in a position to fully comply with the requirements of MFRSs for the financial year ended 31 December 2015.

A3. Declaration of Qualification of Audit Report

There was no qualification in the audited report for the year ended 31 December 2012.

A4. Seasonality or cyclical nature 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.

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 under review.

A8. Dividends

No dividend is being proposed or paid for this quarter.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
- For the period ended 31 Dec 2013

Part A – Explanatory Notes Pursuant to FRS 134

A9. Segmental Information

The Group is organised into business units based on their products and services and has two reportable operating segments as follows:

By Business Segments as at 31 December 2013

	Services	Property and Investment Holdings	Eliminations	Consolidate
	RM'000	RM'000	RM'000	RM'000
Revenue				
External sales	2,553	3,796	-	6,349
Inter-segment sales	-		-	-
Total Revenue	<u>2,553</u>	<u>3,796</u>	<u>-</u>	<u>6,349</u>
Segment result (external)	(4)	8,854		<u>8,850</u>
Profit/(loss) before taxation				<u>8,850</u>
Taxation				<u>(4,209)</u>
Profit/(Loss) after taxation				<u><u>4,641</u></u>
Segment assets	22	32,816		<u><u>32,838</u></u>
Segment liabilities	279	12,016		<u><u>12,295</u></u>

A10. Valuation of Investment Properties and Property, Plant and Equipment

There was a valuations of investment properties during the quarter under review in compliance with FRS 140 on Investment Property. However, there was no revaluation in property, plant and equipment since the last annual financial statement.

A11. Material events subsequent to the end of the period

On 2nd December 2013 and 3rd December 2013, M&A Securities Sdn Bhd ("M&A"), on behalf of the Board announced to Bursa Malaysia Securities Berhad ("Bursa Securities") that the Company proposes to undertake the Corporate Proposals as follows:

(I) Proposed par value reduction of the existing issued and paid-up share capital of Nagamas International Berhad ("Nagamas") from RM50,895,000 comprising 50,895,000 ordinary shares of RM1.00 each to RM12,723,750 comprising 50,895,000 ordinary shares of RM0.25 each pursuant to Section 64 of the Companies Act, 1965 ("Proposed Par Value Reduction").

(II) Proposed Renounceable Rights Issue of up to 101,790,000 New Ordinary Shares of RM0.25 each in Nagamas ("Right Shares") together with up to 76,342,500 New Free Detachable Warrants ("Warrants") on the basis of two (2) Rights Shares for every one (1) Ordinary Share of RM0.25 each held after the Proposed Par Value Reduction, together with three (3) warrants for every four (4) Rights Shares subscribed at an issue price to be determined later; and

(III) Proposed amendments to The Memorandum and Articles of Association of the Company.

Subsequently, on 15th January 2014, M&A, on behalf of the Board announced that Bursa Securities had vide its letter dated 13th January 2014 resolved to approve the aforesaid Corporate Proposals.

On 20th February 2014, Nagamas further announced that the Company proposes to change its name from "Nagamas International Berhad" to "Jiankun International Berhad" ("Proposed Change of Company Name"). The Proposed change of Company Name is subject to shareholders approval in the forthcoming Extraordinary General Meeting ("EGM") to be convened on 20th March 2014. The same EGM will also consider the abovementioned Corporate Proposals.

A12. Changes in the composition of the Group

There were no other changes in the composition of the Group during the quarter.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
- For the period ended 31 Dec 2013

Part A – Explanatory Notes Pursuant to FRS 134

A13. Changes in the contingent liabilities

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

A14. Significant related party transactions

(a) Related party relationship

Malaysia-Beijing Travel Services Sdn Bhd is a company in which a director and a shareholder of the Company, has substantial interest.

(b) Related party transactions

	Current Quarter Ended 31-Dec-13 RM'000
Malaysia-Beijing Travel Services Sdn Bhd	
-Sales of Services	-
-Purchase of Services	-
-Rental expenses of premises	75
	75

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

B1. Review of Performance against Preceding Year's Corresponding Quarter

Quarter on quarter review

For the quarter under review, the Group registered a revenue of RM886,000 and a net profit after taxation of RM5.5 million compared to a revenue of RM1.65 million and a net loss after taxation of RM1.01 million in the previous year's corresponding quarter.

The quarter on quarter movements in the segment revenues are as follows (ie. quarterly movement):

	Current	Preceding	Variance	
	31-Dec-13	31-Dec-12		
	RM'000	RM'000	%	RM'000
Services	350	1,560	-77.56%	(1,210)
Property and investment holdings	536	90	495.56%	446
	886	1,650	-46.30%	(764)

The decrease in revenue as compared in preceding quarter was due to lower revenue recorded in the services (air tickets) segment, nevertheless, the property and investment segment has improve on the development of Mantin's project.

The year on year movements in the segment revenues are as follows (ie, cumulative quarterly movement):

	Current	Preceding	Variance	
	31-Dec-13	31-Dec-12		
	RM'000	RM'000	%	RM'000
Services	2,553	6,906	-63.03%	(4,353)
Property and investment holdings	3,796	3,385	12.14%	411
	6,349	10,291	-38.31%	(3,942)

The decrease in revenue was mainly due to the lower revenue recorded in the services segment for the year and also the low demand on ticketing sale. The revenue on the property and investment segment is picking up as Mantin Project is under construction. The subsidiary decide to deliver on the completed unit.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
- For the period ended 31 Dec 2013

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

B2. Comparison with Preceding Quarter's Results

Revenue recorded for current quarter was RM886,000, a decrease of RM1.08 million compared the preceding quarter on 30th September 2013 of RM1.97 million. Profit after taxation for the quarter was RM5.5 million compared to a loss after taxation of RM679,000 in the preceding quarter. The profit after tax was attributable mainly due to gain on revaluation of investment properties after taking into consideration of the deferred tax of RM4.21 million.

B3. Future Prospects

The Corporate Proposals undertaken by the Company is expected to put Nagamas in a better financial position. Upon the listing of the Rights Shares and Warrants on Bursa Securities, which is expected in middle of 2014, the Company is expected to raise a minimum sum of RM8.5 million, which can be used to fund property development costs for the Group existing development project in Mantin, working capital and future projects.

B4. Variance on Profit Forecast / Profit Guarantee

Not applicable.

B5. Taxation

The tax charge relates principally to the current year's profit made by certain profitable subsidiary companies which cannot be offset against the losses of other subsidiary companies within the Group. The subsidiary Nagamas International (HK) Limited ("NIHK") has required to provide deferred tax for the revaluate of properties in accordance to Hong Kong Accounting Standard 12 - Income Taxes.

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

There was no sale of unquoted investments and properties for the quarter under review.

B7. Purchase or Disposal of Quoted Securities

There were no purchases or disposals of quoted securities by the Group.

B8. Group Borrowings

Total group borrowings as at 30 Dec 2013 were as follows: -

	Secured RM'000	Total RM'000
Hire Purchase	240	240
Bridging loan	849	849
	<hr/>	<hr/>

B9. Off Balance Sheet Financial Instruments

None.

B10. Material Litigation

None.

NAGAMAS INTERNATIONAL BERHAD (111365-U)
- For the period ended 31 Dec 2013

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

B11. Earnings Per Share (EPS)

The EPS for the quarter was calculated base on the profit after taxation for the quarter divided by the weighted average

EPS for the quarter is as follows:-

	RM'000	
Basic in sen	<u>5,504</u>	
	50,895	
	=	10.81
Diluted		Not applicable

B12. Notes to the statement of comprehensive income

The following (gain)/loss have been included in arriving at profit/(loss) before taxation :

	Current Quarter 31-Dec-13 RM'000	Current Year to date 31-Dec-13 RM'000
Interest expenses	51	165
Depreciation and amortization	<u>10</u>	<u>99</u>

B13. Realised and Unrealised Profits/Losses Disclosure

	Current Quarter Ended 31-Dec-13 RM '000	Preceding Quarter Ended 31-Dec-12 RM '000
Total realised losses	(26,300)	(35,870)
Total unrealised profits/(loss)	(4,209)	-
Less : Consolidated adjustment	-	720
Total accumulated losses	<u>(30,509)</u>	<u>(35,150)</u>

By Order of the Board