

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

Interim Financial Report
31-Dec-16

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	Page No.
Condensed Consolidated Income Statement	3
Condensed Consolidated Statement of Financial Position	4
Condensed Consolidated Statement of Changes in Equity	5
Condensed Consolidated Statement of Cash Flows	6
Notes to the Interim Financial Report	7 - 15

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

- For the quarter ended 31 December 2016

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-16 RM'000	Preceding Year Quarter 31-Dec-15 RM'000	Current Year To date 31-Dec-16 RM'000	Preceding Year To date 31-Dec-15 RM'000
Revenue	3,796	5,628	18,236	11,456
Cost of Sales	(3,647)	(4,271)	(16,771)	(9,105)
Gross Profit	149	1,357	1,465	2,351
Other Income	780	507	780	535
Selling and marketing expenses	(11)	-	(27)	-
Administrative expenses	(1,884)	(1,184)	(4,721)	(3,283)
Other operating expenses	(445)	(1,100)	(445)	(1,100)
Operating profit / (loss)	(1,411)	(420)	(2,948)	(1,497)
Interest income	1	86	24	292
Finance costs	(68)	(2)	(70)	-
Profit /(loss) before taxation	(1,478)	(336)	(2,994)	(1,205)
Taxation	(280)	550	(382)	550
Net profit/(loss) for the period	(1,758)	214	(3,376)	(655)
Other comprehensive income after tax:				
Net currency translation differences	939	3,957	932	3,957
Other comprehensive income for the period, net of tax	939	3,957	932	3,957
Total comprehensive income / (loss) for the period	(819)	4,171	(2,444)	3,302
Net profit/(loss) attributable to:				
- Owners of the parent	(1,758)	214	(3,376)	(655)
- Minority interest	-	-	-	-
	(1,758)	214	(3,376)	(655)
Total comprehensive income / (loss) attributable to:				
- Owners of the parent	(819)	4,171	(2,444)	3,302
- Minority interest	-	-	-	-
	(819)	4,171	(2,444)	3,302
Earnings / (loss) per share attributable to the owner of the Company attributable to owners of the Parent				
-Basic (sen)	(1.16)	0.14	(2.23)	(0.43)
-Diluted (sen)	(0.77)	0.09	(1.49)	(0.29)

The condensed consolidated statement of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 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 2016

	31-Dec-16 (Unaudited) RM'000	31-Dec-15 (Audited) RM'000
<u>ASSETS</u>		
Non-Current Assets		
Property, Plant and Equipment	224	72
Investment properties	28,092	26,124
	<u>28,316</u>	<u>26,196</u>
Current Assets		
Property Development Costs	27,483	23,345
Trade Receivables	6,420	6,607
Other Receivables	32,639	14,209
Fixed deposit with license bank	-	2,058
Cash & bank balances	658	1,808
	<u>67,200</u>	<u>48,027</u>
TOTAL ASSETS	<u>95,516</u>	<u>74,223</u>
Equity		
Share Capital	37,919	37,919
Reserves	7,745	10,189
Total Equity	<u>45,664</u>	<u>48,108</u>
Non Current Liabilities		
Hire Purchase	77	-
Bank borrowing	30,800	15,750
Deferred taxation	5,813	5,173
	<u>36,690</u>	<u>20,923</u>
Current Liabilities		
Trade Payables	6,971	3,986
Other Payables & Accruals	4,721	1,206
Bank borrowing	1,750	-
Hire Purchase	13	-
Provision for taxation	(293)	-
	<u>13,162</u>	<u>5,192</u>
Total Liabilities	49,852	26,115
Total Equity And Liabilities	<u>95,516</u>	<u>74,223</u>
Net assets per share (RM)	0.30	0.32

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- For the quarter ended 31 December 2016

	< ----- 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	-	-	-	-	(3,376)	(3,376)
Currency translation differences	-	932	-	-	-	932
Balance as at 31 December 2016	37,919	6,105	13,606	2,793	(14,759)	45,664

	< ----- 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 2015	37,919	1,216	13,606	2,793	(10,728)	44,806
Net loss for the period	-	-	-	-	(655)	(655)
Currency translation differences	-	3,957	-	-	-	3,957
Balance as at 31 December 2015	37,919	5,173	13,606	2,793	(11,383)	48,108

The condensed consolidated statement of changes in equity should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
- For the quarter ended 31 December 2016

	Year Ended 31-Dec-16 RM'000	Year Ended 31-Dec-15 RM'000
CASH FLOWS FROM OPERATING ACTIVITIES		
OPERATING ACTIVITIES		
Profit/(Loss) before taxation	(2,994)	(1,205)
Adjustment for:		
Depreciation	31	14
Revaluation of investment properties	(764)	1,100
Allowance for doubtful debts	445	-
Interest income	(8)	(292)
Waiver of liability	-	(526)
Operating profit/(loss) before working capital changes	<u>(3,290)</u>	<u>(909)</u>
(Increase)/Decrease in Development Properties Costs	(4,138)	(23,345)
(Increase)/Decrease in trade receivables	187	(6,607)
(Increase)/Decrease in other receivables	(18,875)	(9,317)
(Decrease)/Increase in trade payables	2,985	3,985
(Decrease)/Increase in other payables	3,516	100
Amount due to directors	-	(1,178)
Net cash generated from/(used in) operating activities	<u>(19,615)</u>	<u>(37,271)</u>
Interest received	8	292
Tax paid	(293)	-
Net cash used in operating activities	<u>(19,900)</u>	<u>(36,979)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(184)	(83)
Net cash used in investing activities	<u>(184)</u>	<u>(83)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceed from borrowing	16,800	15,750
Drawdown/(Repayment) of hire purchase	91	-
Decrease / (Increase) in fixed deposit	2,058	(2,058)
Net cash generated from financing activities	<u>18,949</u>	<u>13,692</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(1,135)	(23,370)
EFFECT ON TRANSLATION DIFFERENCES	(15)	(27)
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,808	25,205
CASH AND CASH EQUIVALENTS CARRIED FORWARD	<u><u>658</u></u>	<u><u>1,808</u></u>
Cash and cash equivalents comprise:-		
Fixed deposit with licensed bank	-	2,058
Cash and bank balance	658	1,808
	658	3,866
Less: Fixed deposit with licensed bank	-	(2,058)
	<u><u>658</u></u>	<u><u>1,808</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 2015 and the accompanying explanatory notes attached to the interim financial report.

JIANKUN INTERNATIONAL BERHAD (111365-U)

- For the quarter ended 31 December 2016

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 2015.

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 2015.

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 14	Regulatory Deferral Accounts	1-Jan-16
Amendments to FRS 11	Accounting for Acquisitions of Interests in Joint Operations	1-Jan-16
Amendment to FRS 101	Disclosure Initiative	1-Jan-16
Amendments to FRS 116 and FRS 138	Clarification of Acceptable Methods of Depreciation and Amortisation	1-Jan-16
Amendments to FRS 127	Equity Method in Separate Financial Statements	1-Jan-16
Annual Improvements to FRSs 2012 - 2014 Cycle		1-Jan-16
Amendments to FRS 10, FRS 12 and FRS 128	Investment Entities: Applying the Consolidation Exception	1-Jan-16

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
FRS 9	Financial Instruments	1-Jan-18
Amendments to FRS 10 and FRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be announced

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 2015.

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.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 31 December 2016

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 2016						
Revenue						
External customers	175	17,937	124	18,236	-	18,236
Inter-segment	-	1,221	2,035	3,256	(3,256)	-
Total revenue	175	19,158	2,159	21,492	(3,256)	18,236
Result						
Interest income	-	-	24	24	-	24
Fair value on investment property	-	-	764	764	-	764
Profit before taxation	175	19,158	2,947	22,280	(3,256)	19,024
Taxation	-	-	(382)	(382)	-	(382)
Segment profit	175	19,158	2,565	21,898	(3,256)	18,642

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 31 December 2016

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	-	27,609	28,154	55,763	-	55,763
Segment assets	121	39,295	337	39,753	-	39,753
Total assets	121	66,904	28,492	95,516	-	95,516
Liabilities						
Segment liabilities	87	43,395	6,370	49,852	-	49,852
Other non-cash item						
Depreciation of property, plant and equipment	-	(15)	(16)	(31)	-	(31)
	-	-	-	-	-	-

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 2015						
Revenue						
External customers	716	10,740		11,456	-	11,456
Inter-segment	-	-	1,410	1,410	(1,410)	-
Total revenue	716	10,740	1,410	12,866	(1,410)	11,456
Result						
Interest income	-	-	292	292	-	292
Fair value on investment property	-	-	(1,100)	(1,100)	-	(1,100)
Profit before taxation	716	10,740	602	12,058	(1,410)	10,648
Taxation	-	-	550	550	-	550
Segment profit	716	10,740	1,152	12,608	(1,410)	11,198
Assets						
Capital expenditure	-	23,345	-	23,345	-	23,345
Segment assets	785	20,527	29,565	50,877	-	50,877
Total assets	785	43,872	29,565	74,222	-	74,222
Liabilities						
Segment liabilities	307	20,424	5,384	26,115	-	26,115
Other non-cash item						
Depreciation of property, plant and equipment	-	-	(14)	(14)	-	(14)
Waiver of liability	-	-	526	526	-	526
	-	-	-	-	-	-

A12. Significant events and transactions

There were no significant events and transaction for the quarter under review.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 31 December 2016

Part A – Explanatory Notes Pursuant to FRS 134

A13. Changes in the composition of the Group

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

A14. Changes in the contingent liabilities

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

A15. Significant related party transactions

Save for the significant related party transactions disclosed below, 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

-Sales of Services -
 -Purchase of Services -

- 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-build drawings and final account upon completion of the Project. ("Letter of Award")

(c) Related party transactions status

	Contract Sum RM'000	Utilisation RM'000	Balance RM'000
Project Management Services	1,000	892	108
Letter of Award	32,922	28,676	4,246
	<u>33,922</u>	<u>29,568</u>	<u>4,354</u>

A16. Capital Commitments

There was no material capital commitments for the quarter under review.

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

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

For the quarter ended 31 December 2016, the Group recorded a revenue of RM3.80 million and loss before taxation of RM1.48 million as compared with RM5.63 million and RM0.34 million respectively for preceding year's quarter ended 31 December 2015.

The movements of the segment revenues are as follows:

	Current Year Quarter	Preceding Year Quarter	Changes	
	31-Dec-16	31-Dec-15		
	RM'000	RM'000	%	RM'000
Property development and construction	3,796	5,570	-31.85%	(1,774)
Project Management And Advisory	-	58	n/a	(58)
Total	3,796	5,628	-32.55%	(1,832)

The revenue decrease from the preceding year quarter of RM5.63 million to RM3.80 million mainly construction of 3-storey factory was completed in mid December 2016 with lower revenue claim in last quarter.

The loss before taxation was increased from preceding year quarter of RM0.34 million to RM1.48 million was due to mainly due to the following reasons:

- The preparation of Group development projects required additional resources.
- Re-allocation of fund from fixed deposit to development projects has reduce the interest income.
- Provision for impairment of debts.

B2. Comparison with Preceding Quarter's Results

Comparison the revenue for current quarter with preceding quarter was RM3.80 million and RM5.45 respectively. The decrease in revenue was mainly due to lesser work carry on at the final stage of construction which was completed in mid December 2016.

The Group loss before tax for the current quarter was RM1.49 million as compare with RM0.66 million was due to increase in the operation cost and provision for impairment on debts.

B3. Future Prospects

The Board is of the view that year 2017 would be a challenging year again for the group as the Malaysian properties market is expected to remain flat. The underlying factors were due to the tightening of credit lending policies by the banks and lower approval rate for the purchasers of the residential properties which has directly affected the sales take up rate of the property development companies. However the Board is working together with the management to implement and enhance the existing strategic plan to overcome the current market environment and the issues faced by the property industry. In order to face the challenges, the Board and management are looking into various ways to be more efficient and cost effective ways in the property development and construction businesses where we are involved in.

In the year 2017, the group will push for the launching of two of our existing projects, namely Bayu Heights 2 and Amani Residences to improve our turnover and earnings despite that 2017 is a challenging year.

B4. Variance on Profit Forecast / Profit Guarantee

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

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

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.

	Current Year Quarter 31-Dec-16 RM000	Preceding Year Quarter 31-Dec-15 RM000
Estimated current tax payable	<u>280</u>	<u>(550)</u>

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

There was valuation of investment properties during the quarter under review in compliance with FRS 140 on Investment Property take place during the quarter under review. There is an appreciation in market value in RMB3.95 million or equivalent to RM0.8. The appreciation in valuation was charge to profit and loss accounts.

Save for the above, 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 Rights Share

The Rights Issue raised gross proceeds of RM25.2 million and we have utilised the proceeds raised in the following manner: -

Purpose	Estimated Timeframe	Amounts RM,000	Actual Utilisation RM,000	Balance RM,000
Payment for construction cost	Within 12 months from the listing of the Rights shares	3,877	3,877	-
Working Capital	Within 12 months from the listing of the Rights shares	2,248	2,248	-
To Fund Future Projects	Within 36 months from the listing of the Rights shares	18,747	18,162	585
To defray expenses relating to the Proposals	Within 3 months from the listing of the Rights shares	323	323	-
		<u>25,195</u>	<u>24,610</u>	<u>585</u>

Note:

The Rights Share was listed on 31 December 2014.

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

B9. Group Borrowings

During the quarter under review, the Group borrowing is as follow:

	Current Year Quarter	Preceding Year Quarter
Secured:	31-Dec-16 RM '000	31-Dec-15 RM '000
<u>Within one year</u>		
Hire Purchase	13	-
Term Loan	1,750	-
	<u>1,763</u>	<u>-</u>
<u>More than one year</u>		
Hire Purchase	77	-
Term Loan	30,800	15,750
	<u>30,877</u>	<u>15,750</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

On 3 November 2015, the Company received the Writ of Summons and Statement of Claims dated 27 October 2015 and 21 October 2015 respectively from Messrs. Hing Chambers, the solicitors of Megaharta Real Estate Sdn. Bhd. and Hartanah Realty demanded the following:

- i) Total outstanding sum of RM848,000 at 30 July 2015 for the professional services provided as real estate broker;
- ii) Interest at the rate of 1.5% per month on a total sum of RM848,000 calculated from 1 August 2015 until the date of full settlement;
- iii) Cost; and
- iv) Any other relief that the Court deems fit and proper.

The Company had never been agreed on the above claims and will engage lawyer to enter appearance. The Company has adequate resources to meet the claim and therefore there is no material financial and operational impact on the Company.

Further to the hearings held on 18 April 2016 and 19 April 2016 respectively, the Court has dismissed the Plaintiffs' claims with costs of RM26,381.00 to be paid by the Plaintiff.

On 15 November 2016 the board received and announced that on 26 September 2016 via Shah Alam High Court Civil Appeal No. BA-12BNCvC-19-07/2016, the Appellant had withdrawn the appeal against the Defendant with no order as to costs and without liberty to file afresh.

Save for the above, there is no other material litigation under review during this period.

JIANKUN INTERNATIONAL BERHAD (111365-U)
- For the quarter ended 31 December 2016

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

B12. 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 number of ordinary shares outstanding during the period.

EPS for the quarter is as follows:-

	Individual Quarter		Cumulative Quarter	
	Current Year Quarter 31-Dec-16 RM'000	Preceding Year Quarter 31-Dec-15 RM'000	Current Year To Date 31-Dec-16 RM'000	Preceding Year To Date 31-Dec-15 RM'000
Profit / (Loss) after tax	(1,758)	214	(3,376)	(655)
Weighted Average number of ordinary shares issued	151,678	151,678	151,678	151,678
Basic EPS (Sen)	(1.16)	0.14	(2.23)	(0.43)
Profit / (Loss) after tax	(1,758)	214	(3,376)	(655)
Weighted Average number of ordinary shares issued	151,678	151,678	151,678	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	227,265	227,265	227,265	227,265
Diluted EPS (Sen)	(0.77)	0.09	(1.49)	(0.29)

B13. Notes to the statement of comprehensive income

Profit for the period is arrived at after charging:

	Current Quarter Ended 31-Dec-16 RM'000	Current Year to Date Ended 31-Dec-16 RM'000
Interest expenses	-	70
Depreciation and amortization	31	14
and after crediting:		
Interest income	8	292

B14. Realised and Unrealised Profits/Losses Disclosure

	Current Quarter Ended 31-Dec-16 RM '000	Preceding Quarter Ended 31-Dec-15 RM '000
Total realised losses	(22,863)	(20,762)
Total unrealised profits/(loss)	5,246	6,442
	(17,617)	(14,320)
Consolidated adjustment	2,858	3,023
Total accumulated Profit/(loss)	(14,759)	(17,343)

By Order of the Board