

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Individual Quarter (4 th quarter) | | Changes (%) | Cumulative Quarter | | Changes (%) |
|--|---|---|----------------|---|---|----------------|
| | Current quarter ended 31.12.2017 (RM'000) | Corresponding quarter ended 31.12.2016 (RM'000) | | Current period-to-date ended 31.12.2017 (RM'000) (UNAUDITED) | Corresponding period-to-date ended 31.12.2016 (RM'000) (AUDITED) | |
| 1 Revenue | 252,663 | 228,816 | 10.4% | 956,024 | 798,694 | 19.7% |
| 2 Cost of sales | (201,997) | (191,069) | 5.7% | (768,568) | (650,466) | 18.2% |
| 3 Gross profit | 50,666 | 37,747 | 34.2% | 187,456 | 148,228 | 26.5% |
| 4 Other income | 6,733 | 7,175 | -6.2% | 20,547 | 15,162 | 35.5% |
| 5 Administrative and operating expenses | (15,482) | (9,482) | 63.3% | (34,998) | (26,974) | 29.7% |
| 6 Profit from operations | 41,917 | 35,440 | 18.3% | 173,005 | 136,416 | 26.8% |
| 7 Finance cost | (1,146) | (1,289) | >100% | (4,554) | (3,259) | 39.7% |
| 8 Profit before tax | 40,771 | 34,151 | 19.4% | 168,451 | 133,157 | 26.5% |
| 9 Taxation | (12,031) | (8,172) | 47.2% | (42,654) | (33,330) | 28.0% |
| 10 Profit after tax ("PAT") for the period | 28,740 | 25,979 | 10.6% | 125,797 | 99,827 | 26.0% |
| Attributable to : | | | | | | |
| Owners of the Company | 28,311 | 25,873 | 9.4% | 124,471 | 99,624 | 24.9% |
| Non-controlling Interests ("NCI") | 429 | 106 | >100% | 1,326 | 203 | >100% |
| | 28,740 | 25,979 | 10.6% | 125,797 | 99,827 | 26.0% |
| 11 Profit per share attributable to owners of the Company: | | | | | | |
| (i) Basic earnings per ordinary share ("EPS")(sen)* | 5.56 | 5.09 | | 23.32 | 26.78 | |
| (ii) Diluted earnings per ordinary share (sen)* | 5.56 | 4.66 | | 23.32 | 23.78 | |

* Basic and diluted EPS were calculated based on weighted average number of shares issued. For detail calculation, please refer to Note B13.

(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Individual Quarter | | Cumulative Quarter | |
|---|---|---|---|---|
| | Current quarter ended 31.12.2017 (RM'000) | Corresponding quarter ended 31.12.2016 (RM'000) | Current period-to-date ended 31.12.2017 (RM'000) (UNAUDITED) | Corresponding period-to-date ended 31.12.2016 (RM'000) (AUDITED) |
| 1 PAT for the period | 28,740 | 25,979 | 125,797 | 99,827 |
| 2 Other Comprehensive Expense: | | | | |
| - Foreign currency translation differences | (331) | (3) | 576 | 28 |
| 3 Total comprehensive income for the period | <u>28,409</u> | <u>25,976</u> | <u>126,373</u> | <u>99,855</u> |
| Attributable to : | | | | |
| Owners of the Company | 27,980 | 25,870 | 125,047 | 99,652 |
| Non-controlling Interests ("NCI") | 429 | 106 | 1,326 | 203 |
| | <u>28,409</u> | <u>25,976</u> | <u>126,373</u> | <u>99,855</u> |

(The Condensed Consolidated Income Statement and Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | As at 31.12.2017 (RM'000) (UNAUDITED) | As at 31.12.2016 (RM'000) (AUDITED) |
|---|--|--|
| ASSETS | | |
| Non-Current Assets | | |
| Property, Plant and Equipment | 144,982 | 118,056 |
| Investment Properties | 5,142 | 7,475 |
| Other Investments | 13,069 | 43 |
| Intangible Assets | 353,186 | 353,224 |
| Trade Receivables | 136,197 | 82,341 |
| Deferred tax assets | 570 | - |
| | 653,146 | 561,139 |
| Current Assets | | |
| Inventories | 82,197 | 70,447 |
| Trade and other receivables | 238,617 | 265,656 |
| Accrued billings due to property development | - | 6,886 |
| Tax Recoverable | 2,956 | 1,124 |
| Other current assets | 33,325 | 19,750 |
| Fixed Deposits and Quoted Unit Trust | 134,732 | 60,940 |
| Cash and Bank Balances | 50,683 | 71,498 |
| | 542,510 | 496,301 |
| TOTAL ASSETS | 1,195,656 | 1,057,440 |
| EQUITY AND LIABILITIES | | |
| Equity Attributable to Equity Holders of the Company | | |
| Share Capital | 642,658 | 254,533 |
| Share Premium | - | 330,009 |
| Redeemable Convertible Preference Shares ("RCPS") | - | 36,523 |
| Other Reserves | 900 | 324 |
| Retained Profits | 234,098 | 140,444 |
| | 877,656 | 761,833 |
| Non-controlling Interests | 1,859 | 533 |
| Total Equity | 879,515 | 762,366 |

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

| | As at 31.12.2017 (RM'000) (UNAUDITED) | As at 31.12.2016 (RM'000) (AUDITED) |
|---|--|--|
| Non-Current Liabilities | | |
| Trade and other payables | 49,017 | 39,012 |
| Deferred tax liabilities | 8,406 | 6,602 |
| | 57,423 | 45,614 |
| Current Liabilities | | |
| Trade and other payables | 145,903 | 163,450 |
| Other current liabilities | 87,431 | 73,281 |
| Progress billings in respect of property development | 14,915 | - |
| RCPS - liability component | - | 2,105 |
| Borrowings | - | 4,836 |
| Provision for Taxation | 10,469 | 5,788 |
| | 258,718 | 249,460 |
| Total Liabilities | 316,141 | 295,074 |
| | 1,195,656 | 1,057,440 |
| | | |
| TOTAL EQUITY AND LIABILITIES | 1,195,656 | 1,057,440 |
| | | |
| Net assets per share attributable to owners of the Company (RM) | 1.55 | 1.50 |

(The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

| | Attributable to Equity Holders of the Company | | | | | | Total Equity RM'000 |
|--|---|---|-----------------------------|----------------|-------------------------------|---|------------------------|
| | ----- Non-Distributable ----- | | | | | | |
| | Share Capital RM'000 | Share Premium ⁽¹⁾ RM'000 | Other Reserves RM'000 | RCPS RM'000 | Retained Profits RM'000 | Non Controlling Interests RM'000 | |
| 12 MONTHS PERIOD ENDED 31 DECEMBER 2017 | | | | | | | |
| Balance as at 1 January 2017 | 254,533 | 330,009 | 324 | 36,523 | 140,444 | 533 | 762,366 |
| Total Comprehensive Income for the year | - | - | 576 | - | 124,471 | 1,326 | 126,373 |
| Dividend paid | - | - | - | - | (30,817) | - | (30,817) |
| Issuance of shares pursuant to | | | | | | | |
| - Warrants exercised | 18,975 | 461 | - | - | - | - | 19,436 |
| - Conversion of RCPS | 38,680 | - | - | (36,523) | - | - | 2,157 |
| Effects from adoption of Companies Act 2016 | 330,470 | (330,470) | - | - | - | - | - |
| Balance as at 31 December 2017 | 642,658 | - | 900 | - | 234,098 | 1,859 | 879,515 |
| 12 MONTHS PERIOD ENDED 31 DECEMBER 2016 | | | | | | | |
| Balance as at 1 January 2016 | 45,862 | 374 | 296 | - | 61,787 | - | 108,319 |
| Total Comprehensive Income for the period | - | - | 28 | - | 98,936 | 203 | 99,167 |
| Dividend paid | - | - | - | - | (20,279) | - | (20,279) |
| Issuance of shares pursuant to | | | | | | | |
| - Warrants exercised | 1,723 | 1,310 | - | - | - | - | 3,033 |
| - Acquisition of subsidiaries | 18,448 | 24,352 | - | 357,843 | - | 330 | 400,973 |
| - Private Placement | 50,000 | 125,200 | - | - | - | - | 175,200 |
| - Conversion of RCPS | 138,500 | 182,820 | - | (321,320) | - | - | - |
| Share issuance expenses | - | (4,047) | - | - | - | - | (4,047) |
| Balance as at 31 December 2016 | 254,533 | 330,009 | 324 | 36,523 | 140,444 | 533 | 762,366 |

Note

⁽¹⁾ Effective from 31 January 2017, the new Companies Act 2016 ("the Act") abolished the concept of authorised share capital and par value of share capital. Consequently, the credit balance of the share premium becomes part of the Company's share capital pursuant to the transitional provision set out in Section 618(2) of the Act. Notwithstanding this provision, the Company may within 24 months from the commencement of the Act, use this amount for the purposes as set out in Section 618(3) of the Act. There is no impact on the numbers of ordinary shares in issue or the relative entitlement of any of the members as a result of this transition.

(The Condensed Consolidated Statements of Changes in Equity should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED CASHFLOW STATEMENT

| | Current period-to-date ended 31.12.2017 (RM'000) (UNAUDITED) | Corresponding period-to-date ended 31.12.2016 (RM'000) (AUDITED) |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before tax | 168,451 | 133,157 |
| Adjustment for : | | |
| Amortisation and depreciation of property, plant and equipments | 24,039 | 25 |
| Non-cash items | 6,523 | 7,015 |
| Operating Profit Before Working Capital Changes | 199,013 | 140,197 |
| Changes in working capital : | | |
| Net change in operating assets | (22,603) | (36,359) |
| Net change in operating liabilities | (4,210) | (8,634) |
| Net Cash Generated from Operations | 172,200 | 95,204 |
| Interest received | 4,395 | 3,323 |
| Interest paid | (91) | (876) |
| Income tax refund | - | 9 |
| Income tax paid | (39,805) | (30,326) |
| Net Cash Generated from / (Used in) Operating Activities | 136,699 | 67,334 |
| CASH FLOW USED IN INVESTING ACTIVITIES | | |
| Acquisition of property, plant and equipment | (53,317) | (71,256) |
| Acquisition of investment properties | (5,338) | - |
| Acquisition of quoted shares | (15,567) | (3,750) |
| Acquisition of intangible assets | - | (84) |
| Acquisition of subsidiaries, net of cash acquired (Note 1) | - | (19,087) |
| Proceeds from disposal of property, plant and equipments | 7,451 | - |
| Net Cash Used In Investing Activities | (66,771) | (94,177) |
| CASH FLOW (USED IN)/GENERATED FROM FINANCING ACTIVITIES | | |
| Proceeds from issuance of shares | - | 172,876 |
| Proceeds from exercise of warrants | 18,126 | 1,310 |
| Proceeds from issuance of ordinary shares to NCI | - | 330 |
| Net drawdown/(repayment) of short term borrowing | - | (422) |
| Dividend paid during the period | (30,817) | (20,278) |
| Net Cash (Used In)/Generated From Financing Activities | (12,691) | 153,816 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 57,237 | 126,973 |
| EFFECT OF EXCHANGE RATE CHANGES | 576 | 28 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD | 127,602 | 601 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD | 185,415 | 127,602 |
| CASH AND CASH EQUIVALENTS AT END OF PERIOD CONSIST OF: | | |
| Cash and Bank Balances | 50,683 | 71,498 |
| Fixed Deposits and Quoted Unit Trust | 134,732 | 60,940 |
| Less: Short term borrowing | - | (4,836) |
| | 185,415 | 127,602 |

(The Condensed Consolidated Cashflow Statements should be read in conjunction with the Annual Financial Report for the Year Ended 31 December 2016 and the accompanying explanatory notes attached to the Interim Financial Statements)

UNAUDITED 4TH QUARTER REPORT ON CONSOLIDATED RESULTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

CONSOLIDATED CASHFLOW STATEMENT (CONT'D)

Fair value for identifiable assets acquired and liabilities assumed as follows:

| | (RM'000) |
|----------------------------------|-----------------|
| Fixed Assets | 52,823 |
| Deferred Tax Assets | 1,719 |
| Cash and equivalents | 36,113 |
| Trade Receivables | 241,105 |
| Other Receivables and Prepayment | 30,150 |
| Other assets | 12 |
| Short-term Borrowings | (421) |
| Trade Payable and accrued | (114,807) |
| Other payables & accruals | (15,103) |
| Income Tax Payable | (4,360) |
| Other liabilities | (118,885) |
| Deferred Tax | (3,480) |
| Total net identifiable assets | <u>104,866</u> |

Goodwill

Goodwill was recognised as a result of the acquisitions as follow:

| | (RM'000) |
|--|------------------|
| Total purchase consideration | 458,000 |
| Less: value of net identifiable assets | <u>(104,866)</u> |
| | <u>353,134</u> |

The goodwill is attributable mainly to the skills and technical talent of the acquiree's work force and the synergies expected to be achieved from integrating the companies into the Group's existing construction business.

Note 1

The cash outflow on the acquisition is as follow:

| | (RM'000) |
|--|-----------------|
| Purchase consideration satisfied by cash | 55,200 |
| Cash and cash equivalents of subsidiaries acquired | <u>(36,113)</u> |
| Net cash outflow of the group | <u>19,087</u> |

NOTES TO THE REPORTS

EXPLANATORY NOTES PURSUANT TO MALAYSIAN FINANCIAL REPORTING STANDARD ("MFRS") 134, INTERIM FINANCIAL REPORTING

A1. Corporate Information

Kerjaya Prospek Group Berhad is a public limited company incorporated and domiciled in Malaysia, and is listed on the Bursa Malaysia Securities Berhad. The registered office is located at No. 802, 8th Floor, Block C, Kelana Square, 17 Jalan SS7/26, 47301 Petaling Jaya, Selangor. The principal place of business is located at No.1, 2nd Floor, Bangunan One Wangsa, Jalan Wangsa Permai, Taman Wangsa Permai, 52200 Kuala Lumpur.

A2. Malaysian Financial Reporting Standards ("MFRS")

The interim financial reports of the Group are unaudited and have been prepared in accordance with the requirements of Malaysia Financial Reporting Standard ("MFRS") 134, Interim Financial Reporting issued by the Malaysia Accounting Standard Board ("MASB") and Paragraph 9.22 and Appendix 9B of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial reports should be read in conjunction with the audited financial statements of the Group for the financial year ended 31 December 2016.

The accounting policies and methods of computation adopted by the Group in these quarterly financial reports are consistent with those adopted in the most recent annual audited financial statements for the year ended 31 December 2016, except for the adoption of the following new and revised Standards and Amendments.

Effective for annual period beginning on or after

Description

| | |
|---|------------------|
| Amendments to MFRS 112, Income Taxes - Recognition of Deferred Tax assets for Unrealised Losses | 1st January 2017 |
| Amendments to MFRS 107, Statement of Cash Flows - Disclosure Initiative | 1st January 2017 |
| Amendments to MFRS 12, Disclosure of Interest in Other Entities (Annual Improvements to MFRS Standards 2014-2016 Cycle) | 1st January 2017 |
| Amendments to MFRS 2, Classification and Measurement of Share Based Payment Transactions | 1st January 2018 |
| MFRS 15, Revenue from Contracts with Customers and clarifications to MFRS 15 | 1st January 2018 |
| Amendments to MFRS 4, Applying MFRS 9 Financial Instruments with MFRS 4, Insurance Contracts | 1st January 2018 |
| Amendments to MFRS 140, Investment Property - Transfers of Investment Property | 1st January 2018 |
| IC Interpretation 22, Foreign Currency Transactions and Advance Consideration | 1st January 2018 |
| MFRS 9, Financial Instruments | 1st January 2018 |
| Amendments to MFRS: Annual Improvements to MFRS Standards 2014- 2016 Cycle | 1st January 2018 |
| Amendment to MFRS 7, Financial Instruments: Disclosures - Mandatory Effective Date of MFRS 9 and Transition Disclosure | 1st January 2018 |
| MFRS 16, Lease | 1st January 2019 |
| MFRS 17, Insurance Contracts | 1st January 2021 |

A3. Audit Report

The audited financial statements for the preceding financial year ended 31 December 2016 were not subject to any qualification.

A4. Seasonal or Cyclical Factors

The principal business operations of the Group are not significantly affected by any seasonal or cyclical factors.

A5. Unusual Items

There were no unusual items in the current quarter under review that affecting the assets, liabilities, equity, net income or cashflow of the Group.

A6. Changes in Estimates

There were no significant changes in estimates that have a material effect to the current quarter under review.

A7. Debt and Equity Securities

Saved as disclosed below, there were no other issuance or repayment of debt and equity securities, share buy-backs, share cancellations, share held as treasury shares by the Group during the financial year ended 31 Dec 2016:-

- (a) 22,120,993 new ordinary shares pursuant to the conversion of warrant 2007/2017.
- (b) 33,344,828 new ordinary shares pursuant to the conversion of RCPS.

There were balance warrants of 201,761 have not been converted and forfeited as at the expiry date.

A8. Dividends Paid

On 10 July 2017, the Board of Directors has approved a single-tier dividend of 5.5 sen per ordinary share in respect of the current financial year ending 31 December 2017. The total amount of RM30.82 million has been paid on 29 August 2017.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A9. Segmental Information

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

| | Construction (RM'000) | Manufacturing (RM'000) | Property Development (RM'000) | Others (RM'000) | Elimination (RM'000) | Total (RM'000) |
|--------------------------|----------------------------------|-----------------------------------|--|----------------------------|---------------------------------|---------------------------|
| External Revenue | 874,610 | 5,907 | 75,507 | - | - | 956,024 |
| Inter Group Revenue | 233,354 | 1,083 | - | - | (234,437) | - |
| | 1,107,964 | 6,990 | 75,507 | - | (234,437) | 956,024 |
| RESULTS | | | | | | |
| Segmental Results | 115,905 | 2,195 | 14,990 | 51,523 | (60,142) | 124,471 |
| OTHER INFORMATION | | | | | | |
| Segmental Assets | 711,414 | 107,223 | 83,161 | 674,832 | (380,974) | 1,195,656 |
| Segmental Liabilities | 454,172 | 106,966 | 55,562 | 25,551 | (326,110) | 316,141 |

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

| | Construction (RM'000) | Manufacturing (RM'000) | Property Development (RM'000) | Others (RM'000) | Elimination (RM'000) | Total (RM'000) |
|--------------------------|----------------------------------|-----------------------------------|--|----------------------------|---------------------------------|---------------------------|
| External Revenue | 757,723 | 8,448 | 32,291 | 232 | - | 798,694 |
| Inter Group Revenue | 202,698 | 998 | - | - | (203,696) | - |
| | 960,421 | 9,446 | 32,291 | 232 | (203,696) | 798,694 |
| RESULTS | | | | | | |
| Segmental Results | 96,202 | 6,065 | 8,255 | 22,312 | (33,210) | 99,624 |
| OTHER INFORMATION | | | | | | |
| Segmental Assets | 720,881 | 110,124 | 71,405 | 617,573 | (462,543) | 1,057,440 |
| Segmental Liabilities | 529,586 | 112,063 | 58,797 | 10,953 | (416,325) | 295,074 |

As the business of the Group is engaged entirely in Malaysia, no reporting by geographical location of operation is presented.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

A9. Segmental Information (contd.)

For management purposes, the Group is organised into business units based on their products and services, and has four (4) reportable operating segments as follow:

- (i) Construction - Main building construction works, provision of contract workmanship and other related services.
- (ii) Manufacturing - Manufacture, assemble, installation and sale of light fittings, furniture, kitchen cabinetry and related products.
- (iii) Property Development - Development of residential and/or commercial properties.
- (iv) Others - Investment holding and others.

Segment performance for the financial year ended 31 December 2017 as compared to corresponding preceding year ended 31 December 2016

(i) Construction

The construction segment has achieved a total revenue of RM1,107.96 million in the current financial year representing an increase of approximately 15% as compared to its corresponding preceding financial year of RM960.42 million. The segmental profit was further enhanced from RM96.20 million in corresponding preceding year to RM115.91 million in current financial year. The increase in revenue and profit before tax was mainly due to steady progress construction work on-site and improved margin on the projects. The construction segment is expected to continue to deliver positive results and improve the Group's overall turnover and profitability moving forward.

(ii) Manufacturing

The revenue on manufacturing segment has decreased to RM7.00 million in current financial year compared to its corresponding preceding financial year of RM9.45 million. The segmental profit has decreased from RM6.06 million to RM2.20 million as completion of existing projects and newly secured projects were at their initial planning stage. Higher costs were incurred during the quarter due to fixed costs and material purchased for new projects.

(iii) Property Development

The property development division continues to recognise its revenues of RM75.51 million and a profit of RM15.00 million for the current financial year as more sales and purchase agreements were being executed on the project with higher development progress being registered for the project.

(iv) Others

Others refer to investment holding and others. A segmental profit of RM51.52 million was registered mainly due to its dividend income from its subsidiary.

A10. Profit Before Tax

| | Individual Quarter 31.12.2017 (RM'000) | Cumulative Quarter 31.12.2017 (RM'000) |
|--|---|---|
| Amortisation and depreciation of property, plant and equipment | 6,799 | 24,039 |
| Unrealised foreign exchange gain | (472) | (466) |
| Net fair value loss | 5,985 | 7,208 |
| Interest expenses | 18 | 91 |
| Interest income | (1,596) | (4,395) |
| Gain on disposal of property, plant and equipment | (252) | (2,533) |

A11. Subsequent Events

There were no subsequent events as at 26 February 2017, being the latest practicable date which shall not be earlier than 7 days from the date of issuance of this interim financial report.

A12. Changes in Composition of the Group

Saved as disclosed below, there were no changes in the composition of the Group for the current quarter and financial period to date:-

- (a) Acquisition of 7 ordinary shares of RM1.00 each in Kerjaya Prospek Resources Sdn Bhd ("KP Resources") on 17 August 2017. As a result, KP Resources become a 70% owned subsidiary of the Company.

A13. Changes in Contingent Liabilities or Contingent Assets

- (a) Contingent Liabilities

| | Cumulative Quarter 31.12.2017 (RM'000) |
|--|---|
| Corporate guarantee given to banks for facilities granted to subsidiaries | 217,057 |
| Corporate guarantee given to third parties for the benefit of the Group's subsidiaries | 94,804 |
| | <u>311,861</u> |

- (b) Contingent Assets

As at the date of this report, there were no contingent assets.

A14. Capital Commitments

As at the date of this report, the Group has no material capital commitments.

ADDITIONAL INFORMATION REQUIRED BY THE LISTING REQUIREMENTS OF BURSA SECURITIES

B1. Review of Performance

For the current financial year under review, the Group posted a revenue of RM252.66 million as compared to its corresponding preceding financial quarter of RM228.82 million. Along with the increase in revenue, Profit Before Tax ("PBT") in the current quarter jumped to RM40.77 million, representing an increase of RM6.62 million from its corresponding preceding quarter of RM34.15 million.

Overall, the increase in revenue and PBT were mainly attributed to the construction segment of the Group which currently has a substantial orderbook comprising of projects awarded by premium property developers in Malaysia. The property development segment is also expected to contribute positively to the Group's earnings moving forward with the encouraging take up rate in the Group's property development project in Genting Permai. The outstanding performance especially in the construction segment has mitigated the slowdown in the manufacturing segment which was due to completion of existing projects.

B2. Change in Results of Current Quarter Compared to Preceding Quarter

| | Current Quarter ended 31.12.2017 (RM'000) | Immediate Preceding Quarter ended 30.09.2017 (RM'000) | Changes (%) |
|--|--|--|------------------------|
| Revenue | 252,663 | 229,941 | 9.9% |
| Operating Profit | 41,917 | 42,180 | -0.6% |
| Profit Before Tax | 40,771 | 41,544 | -1.9% |
| Profit After Tax | 28,740 | 34,744 | -17.3% |
| Profit Attributable to Ordinary Equity Holders of the Parent holders of the parent | 28,311 | 34,411 | -17.7% |

For the current quarter, the Group recorded a revenue and PBT of RM252.66 million and RM40.77 million respectively as compared to RM229.94 million and RM41.54 million respectively in its immediate preceding quarter due to timing of delivery of works on construction segment which all on going projects were at their planned progression. On the property development segment, the maiden property project; Vista Residences, has also recorded encouraging result with a take-up rate of 76% on higher development progress.

B3. Current Year Prospects

The Group is pleased that it has delivered growth in both revenue and profit. As at current financial year, the total additional secured order book in hand of the Group is RM1.4 billion. The Group's outstanding order book stands at RM3.0 billion as at current quarter under review. Moving forward, the Group sees the construction segment continue being the main revenue driver of the Group. The Group continues to pursue both high rise and landed development projects from domestic markets. In addition, the Group's maiden project, Vista Residences, has also recorded an encouraging take-up rate with its current unbilled sales of approximately RM71 million.

The Group will continue to exercise vigilance and prudence in achieving its objectives whilst expanding in view of the current global and local economic environments.

Notwithstanding the Group's objective to expand its core business in construction, it will maintain the manufacturing segment as part of its integrated business objective and strategy and complete the existing property development project.

The market would be challenging but sustainable. Barring any unforeseen circumstances, the Group is cautiously optimistic on its overall businesses moving forward and will continue to sharpen its competitive edge to achieve sustainable growth in the market.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

B4. Profit Forecast

There were no profit forecast prepared or profit guarantee made by the Group.

B5. Taxation

| | Individual Quarter 31.12.2017 (RM'000) | Cumulative Quarter 31.12.2017 (RM'000) |
|-------------------------------|---|---|
| Malaysia income tax | | |
| - current year | 9,419 | 40,696 |
| - over provided in prior year | 1 | (7) |
| | <u>9,420</u> | <u>40,689</u> |
| Deferred tax | | |
| - current year | 2,611 | 1,965 |
| | <u>12,031</u> | <u>42,654</u> |

The Group's effective tax rate for the current quarter is lower than the statutory tax rate of 24% mainly due to inclusion of certain non-taxable items in the income statement.

B6 Group Borrowings and Debt Securities

Borrowings and debts securities have been fully repaid as at the financial year.

B7. Status of Corporate Proposals

There were no other proposal announced by the Company but pending implementation as of the date of this report. Subsequent to year end, the Company has on 3 January 2018, announced the following proposals which have been approved at the Extraordinary General Meeting held on 12 February 2018:-

- (i) Proposed bonus issue of 677,437,658 new ordinary shares in Kerjaya Prospek Group Berhad ("Kerjaya Shares" or "Shares") ("Bonus Shares") on the basis of 6 bonus shares for every 5 existing Kerjaya Shares held on an entitlement date ("Entitlement Date") ("Proposed Bonus Issue of Shares"); and
- (ii) Proposed bonus issue of 169,359,414 new warrants in the Company ("Bonus Warrants") on the basis of 6 bonus warrants for every 20 existing Kerjaya Shares held on the same Entitlement Date as the Proposed Bonus Issue of Shares.

The Entitlement Date is on 27 February 2018.

B8. Changes in Material Litigation

There were no pending material litigations for the Group as at the date of this report.

B9. Dividend

The Board of Directors declared an interim dividend in respect of financial year ending 31 December 2017 as follows:

- i) A single tier interim dividend of 5.5sen per ordinary share;
- ii) The payment date of the interim dividend is on 29 August 2017;
- iii) In respect of deposited securities, entitlement to dividends to be determined on the basis of the record of depositors as at 15 August 2017.

The total dividend for the current financial period is single tier of 5.5 sen per ordinary share.

B10. Derivatives and Fair Value Changes of Financial Liabilities

- (a) There were no derivatives as at the current quarter under review.
- (b) The fair value changes arising from discounting future retention sum receivables and retention sum payables to present value for the current quarter under review has been accounted accordingly. The net fair value loss for the financial period amounted to approximately RM7.21 million.

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

B11. Earnings Per Share

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|-------------|--------------------------|--------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| Earnings | | | | |
| Profit attributable to owners of the Company (RM'000) | 28,311 | 25,873 | 124,471 | 99,624 |
| a) Basic | | | | |
| Weighted average number of ordinary shares ('000) | 509,646 | 508,521 | 533,830 | 372,032 |
| Basic Profit per share attributable to equity holders of the Company (Sen) | <u>5.56</u> | <u>5.09</u> | <u>23.32</u> | <u>26.78</u> |

b) Diluted

For the purpose of calculating diluted earnings per share, the profit attributable to the equity holders of the Company and the weighted average number of ordinary shares issued during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. exercise of warrants

| | Individual Quarter Ended | | Cumulative Quarter Ended | |
|---|--------------------------|----------------|--------------------------|----------------|
| | 31.12.2017 | 31.12.2016 | 31.12.2017 | 31.12.2016 |
| Earnings | | | | |
| Profit attributable to owners of the Company (RM'000) | 28,311 | 25,873 | 124,471 | 99,624 |
| Weighted average number of ordinary shares ('000) | 509,646 | 508,521 | 533,830 | 372,032 |
| Effect of dilution of warrants ('000) | - | 13,510 | - | 13,537 |
| Effect of dilution of RCPS ('000) | - | 33,345 | - | 33,345 |
| Adjusted weighted average number of ordinary shares in issue and issuable ('000) | <u>509,646</u> | <u>555,376</u> | <u>533,830</u> | <u>418,914</u> |
| Diluted Profit per share attributable to equity holders of the Company (Sen) | <u>5.56</u> | <u>4.66</u> | <u>23.32</u> | <u>23.78</u> |

NOTES TO THE FINANCIAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

B12. Realised and Unrealised Profit / Losses Disclosure

On 25 March 2010, Bursa Malaysia Securities Berhad (“Bursa Securities”) had issued directives to all listed issuers pursuant to Paragraph 2.06 and 2.23 of Bursa Malaysia Main Market Listing Requirements. The directive requires all listed issuers to disclose a breakdown of the unappropriated profits or accumulated losses as at the end of the reporting period, into unrealised profits or losses.

Bursa Securities, had on 20 December 2010 further issued guidance on the disclosure and the prescribed format of presentation.

Pursuant to the directives issued, the disclosure of the Group's realised and unrealised profit / losses is as follows:

| | As at 31.12.2017 (RM'000) UNAUDITED | As at 31.12.2016 (RM'000) AUDITED |
|---|--|--|
| Total retained profits of the Group: | | |
| - Realised | 193,901 | 207,199 |
| - Unrealised | (6,111) | (417) |
| | <hr/> 187,790 | <hr/> 206,782 |
| Less: Consolidated Adjustments | 46,308 | (66,338) |
| Total Group retained profits as per consolidated financial statements | <hr/> 234,098 | <hr/> 140,444 |

The determination of realised and unrealised profits is compiled based on Guidance of Special Matter No.1 “Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements”, issued by the Malaysian Institute of Accountants on 20 December 2010.

The disclosure of realised and unrealised profit is solely for the purpose of complying with the disclosure requirements stipulated in the directives of Bursa Securities and not to be applied for any other purposes.