



## **KUMPULAN PERANGSANG SELANGOR BERHAD**

*(Company No. 23737-K)  
(Incorporated in Malaysia)*

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED 30 JUNE 2016**

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 23737 K**

**A1 Unaudited Condensed Consolidated Income Statement**  
**For the quarter ended 30 June 2016**

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM'000	CURRENT YEAR TO DATE 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM'000
<b><u>Continuing operations</u></b>				
Revenue	26,907	18,094	44,479	37,056
Cost of sales	(18,722)	(13,424)	(32,173)	(27,098)
Gross profit	8,185	4,670	12,306	9,958
Other income	1,083	690	92,824	1,416
Other expenses	(9,782)	(5,045)	(18,487)	(11,713)
Operating (loss)/profit	(514)	315	86,643	(339)
Finance costs	(406)	(2,777)	(554)	(5,590)
Share of profit of associates	37,975	38,766	70,793	66,819
Profit before tax	37,055	36,304	156,882	60,890
Income tax and zakat	(1,085)	(373)	(3,328)	(903)
Profit from continuing operations	35,970	35,931	153,554	59,987
<b><u>Discontinued operations</u></b>				
Loss from discontinued operations, net of tax	-	(6,643)	(433)	(9,580)
<b>Profit for the period</b>	<b>35,970</b>	<b>29,288</b>	<b>153,121</b>	<b>50,407</b>
Profit/(loss) attributable to owners of the parent:				
- Continuing operations	34,482	36,424	151,340	58,264
- Discontinued operations	-	(7,556)	(433)	(9,128)
	34,482	28,868	150,907	49,136
- Non-controlling interests	1,488	420	2,214	1,271
	<b>35,970</b>	<b>29,288</b>	<b>153,121</b>	<b>50,407</b>
Earnings/(loss) per share ("EPS") attributable to owners of the parent:				
Basic EPS (sen)				
- Continuing operations	6.9	7.3	30.3	11.7
- Discontinued operations	-	(1.5)	(0.1)	(1.8)
Diluted EPS (sen)				
- Continuing operations	6.9	7.3	30.3	11.7
- Discontinued operations	-	(1.5)	(0.1)	(1.8)

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 23737 K**

**A2 Unaudited Condensed Consolidated Statement of Comprehensive Income**  
**For the quarter ended 30 June 2016**

PARTICULARS	INDIVIDUAL	QUARTER	CUMULATIVE	QUARTER
	CURRENT YEAR QUARTER 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/06/2015 RM'000	CURRENT YEAR TO DATE 30/06/2016 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/06/2015 RM'000
<b>Profit for the period</b>	<b>35,970</b>	<b>29,288</b>	<b>153,121</b>	<b>50,407</b>
Other comprehensive income:				
Loss on foreign currency translation reserve	(675)	-	(675)	-
Total other comprehensive income/(loss), net of tax	(675)	-	(675)	-
<b>Total comprehensive income for the period</b>	<b>35,295</b>	<b>29,288</b>	<b>152,446</b>	<b>50,407</b>
Attributable to owners of the parent:				
- Continuing operations	34,077	36,424	150,935	58,264
- Discontinued operations	-	(7,556)	(433)	(9,128)
	34,077	28,868	150,502	49,136
- Non-controlling interests	1,218	420	1,944	1,271
	<b>35,295</b>	<b>29,288</b>	<b>152,446</b>	<b>50,407</b>

(The Unaudited Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 23737 K

**Unaudited Condensed Consolidated Statement of Financial Position**

As at 30 June 2016

	<b>30-Jun-16</b>	<b>Audited</b>
	<b>RM'000</b>	<b>31-Dec-15</b>
		<b>RM'000</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	129,646	130,619
Investment properties	6,467	6,510
Investments in associates	1,108,683	1,037,889
Club membership	523	523
Intangible asset	3,947	-
Goodwill on consolidation	99,834	2,020
Other receivables	33,658	-
	<u>1,382,758</u>	<u>1,177,561</u>
<b>Current assets</b>		
Inventories	2,243	1,186
Receivables	71,106	47,888
Tax recoverable	13	265
Cash and bank balances	55,955	92,558
	<u>129,317</u>	<u>141,897</u>
Assets of disposal group classified as held for sale	-	42,530
	<u>-</u>	<u>42,530</u>
<b>TOTAL ASSETS</b>	<b><u>1,512,075</u></b>	<b><u>1,361,988</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity attributable to owners of the parent</b>		
Share capital	499,004	499,004
Share premium	39,088	39,088
Other reserves	7,595	8,000
Retained earnings	832,048	691,123
<b>Shareholders' equity</b>	<u>1,377,735</u>	<u>1,237,215</u>
<b>Non-controlling interests</b>	<u>26,081</u>	<u>17,432</u>
<b>TOTAL EQUITY</b>	<u>1,403,816</u>	<u>1,254,647</u>
<b>Non-current liabilities</b>		
Borrowings (interest bearing)	88	88
Other long term liabilities	1,609	-
Deferred tax	31	31
	<u>1,728</u>	<u>119</u>
<b>Current liabilities</b>		
Payables	47,432	76,716
Borrowings	56,343	30,042
Taxation	2,756	464
	<u>106,531</u>	<u>107,222</u>
<b>TOTAL LIABILITIES</b>	<u>108,259</u>	<u>107,341</u>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b><u>1,512,075</u></b>	<b><u>1,361,988</u></b>
Net assets per ordinary share attributable to owners of the parent (RM)	2.76	2.48

(The Unaudited Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 23737 K**

**Unaudited Condensed Consolidated Statement of Changes In Equity**  
**For the period ended 30 June 2016**

	Attributable to Owners of the Parent								Distributable	
	Non Distributable									
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Share premium RM'000	Other reserves, total RM'000	Revaluation reserve RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Retained Earnings RM'000	Non-controlling Interests RM'000
At 1 January 2016	1,254,644	1,237,213	499,004	39,088	8,000	-	-	8,000	691,121	17,431
Total comprehensive income	152,446	150,502	-	-	(405)	-	(405)	-	150,907	1,944
Transactions with owners:										
Dividend for the financial year ended 31 December 2015	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
Dilution of interest in a subsidiary	(4,086)	-	-	-	-	-	-	-	-	(4,086)
Acquisition of subsidiaries	11,200	-	-	-	-	-	-	-	-	11,200
Dividend of subsidiaries	(408)	-	-	-	-	-	-	-	-	(408)
	(3,274)	(9,980)	-	-	-	-	-	-	(9,980)	6,706
<b>At 30 June 2016</b>	<b>1,403,816</b>	<b>1,377,735</b>	<b>499,004</b>	<b>39,088</b>	<b>7,595</b>	<b>-</b>	<b>(405)</b>	<b>8,000</b>	<b>832,048</b>	<b>26,081</b>
At 1 January 2015	1,223,141	1,200,354	499,004	39,088	110,080	102,080	-	8,000	552,182	22,787
Total comprehensive income	50,408	49,138	-	-	-	-	-	-	49,138	1,270
Transactions with owners:										
Dividend for the financial year ended 31 December 2014	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
Dividend for the financial year ended 31 December 2015	(9,980)	(9,980)	-	-	-	-	-	-	(9,980)	-
	(19,960)	(19,960)	-	-	-	-	-	-	(19,960)	-
<b>At 30 June 2015</b>	<b>1,253,589</b>	<b>1,229,532</b>	<b>499,004</b>	<b>39,088</b>	<b>110,080</b>	<b>102,080</b>	<b>-</b>	<b>8,000</b>	<b>581,360</b>	<b>24,057</b>

(The Unaudited Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

**KUMPULAN PERANGSANG SELANGOR BERHAD**  
**Company No. 23737 K**

**Unaudited Condensed Consolidated Statement of Cash Flows**  
**For the period ended 30 June 2016**

	<b>6 months ended</b> <b>30-Jun-16</b> <b>RM'000</b>	<b>6 months ended</b> <b>30-Jun-15</b> <b>RM'000</b>
<b>Cash Flows From Operating Activities</b>		
Profit/(loss) before tax and zakat		
- Continuing operations	156,882	60,890
- Discontinued operations	(414)	(806)
Adjustment for non-cash items	(156,987)	(39,099)
Adjustment for non-operating items	69	38,093
Operating (loss)/profit before working capital changes	(450)	59,078
(Increase)/decrease in working capital:		
Net change in current assets	(17,584)	(38,488)
Net change in current liabilities	750	(1,817)
Cash (used in)/generated from operating activities	(17,284)	18,773
Tax and zakat paid, net of refunds received	(540)	(3,176)
<b>Net cash (used in)/generated from operating activities</b>	<b>(17,824)</b>	<b>15,597</b>
<b>Cash Flows From Investing Activities</b>		
Dividends received	-	600
Interest received	267	205
Profit from Islamic short term placement	79	698
Purchase of property, plant and equipment	(302)	(1,513)
Acquisition of subsidiaries	(101,251)	-
Additional investment in subsidiaries	(3,403)	-
Proceeds from assets held for disposal	60,000	91
Net movements in money market deposits	54,125	38,771
Investment in associates	-	(5,400)
<b>Net cash generated from investing activities</b>	<b>9,515</b>	<b>33,452</b>
<b>Cash Flows From Financing Activities</b>		
Dividend paid	-	(9,980)
Interest paid	(148)	(45,872)
Proceeds from government soft loan	-	1,741
Repayment of borrowings	(30,021)	(26)
Drawdown of borrowings	56,000	-
Net movements in deposits with licensed banks	7,217	-
<b>Net cash generated/(used in) financing activities</b>	<b>33,048</b>	<b>(54,137)</b>
Net increase/(decrease) in cash and cash equivalents	24,739	(5,088)
Cash and cash equivalents at 1 January	19,657	69,809
Cash and cash equivalents at 30 June	<b>44,396</b>	<b>64,721</b>
Cash and cash equivalents included in the statement cash flows comprise:		
	As at	As at
	<u>30-Jun-16</u>	<u>30-Jun-15</u>
Cash and bank balances	55,955	120,615
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(4,872)	(4,958)
Money market deposits	(6,687)	(50,936)
	<b>44,396</b>	<b>64,721</b>

(The Unaudited Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial statements)

## KUMPULAN PERANGSANG SELANGOR BERHAD

Company No. 23737-K  
(Incorporated in Malaysia)

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

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#### A. NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

##### A1 Basis of preparation

The interim financial statements are unaudited and have been prepared in accordance with the requirement of FRS 134 Interim Financial Reporting and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

The interim financial statements should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2015. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2015.

##### A2 Significant Accounting Policies

The significant accounting policies adopted in preparing the interim financial statements are consistent with those of the audited financial statements for the financial year ended 31 December 2015 except for the adoption of the following new and revised Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2016.

###### A2.1 Adoption of FRSs and Amendments to FRSs

On 1 January 2016, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2016.

###### 1 January 2016

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

The adoption of the above amendments to standards did not have any significant impact on the financial statements of the Group.

###### A2.2 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but not yet effective:

###### 1 January 2018

MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers

The Group plans to apply the abovementioned FRSs in the annual financial statements when they become effective and that the adoption of these Standards will have no material impact on the financial statements of the Group in the period of initial application.

## **KUMPULAN PERANGSANG SELANGOR BERHAD**

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### **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

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#### **A2.3 Malaysian Financial Reporting Standards (“MFRS Framework”)**

On 19 November 2011, the Malaysian Accounting Standards Boards (“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 (MFRS 141) and IC Interpretation 15 Agreements for Construction of Real Estate (IC 15), including its parent, significant investor and venture (herein called “Transitioning Entities”).

On 7 August 2013, the MASB issued another announcement that Transitioning Entities would only be required to adopt the MFRS framework for the annual periods beginning on or after 1 January 2015. Subsequently, on 2 September 2014, MASB has further announced that Transitioning Entities shall be required to apply the MFRS Framework for annual periods beginning on or after 1 January 2017.

On 28 October 2015, the MASB issued another announcement that the Transitioning Entities would only be required to adopt the MFRS Framework for the annual periods beginning on or after 1 January 2018.

The Group falls within the scope definition of Transitioning Entities and have opted to defer adoption of the new MFRS Framework. Accordingly, the Group will be required to prepare financial statements using the MFRS Framework in its first MFRS financial statements for the year ending 31 December 2018. In presenting its first MFRS financial statements, the Group will be required to restate the comparative financial statements to amounts reflecting the application of MFRS Framework.

The Group is in the process of making its assessment of the financial effects of the differences between Financial Reporting Standards and accounting standards under the MFRS Framework. Accordingly, the consolidated financial performance and financial position as disclosed in these unaudited interim financial statements for the period ended 30 June 2016 could be different if prepared under the MFRS Framework.

The Group expects to be in a position to fully comply with the requirements of the MFRS Framework for the financial year ending 31 December 2018.

#### **A3 Audit report of preceding annual financial statements**

The audited consolidated financial statements for the financial year ended 31 December 2015 were not subject to any audit qualification.

#### **A4 Seasonal or cyclical factors**

The Group’s operations are not affected by seasonal or cyclical factors.

#### **A5 Unusual items affecting assets, liabilities, equity, net income or cash flows**

Other than those stated in the notes, there were no other items affecting the assets, liabilities, equity, net income or cash flows of the Group that were unusual because of their nature, size or incidence during the current quarter.

#### **A6 Material changes in estimates**

There was no material change in estimates of amounts reported in prior interim period that have a material effect in the period under review.



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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2016**
**A7 Debt and equity securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt securities during the current quarter.

**A8 Dividend paid**

There was no dividend paid during the current quarter.

**A9 Segmental Information**

	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
<b>Segment Revenue</b>				
<u>Continuing Operations:</u>				
Trading	20,961	15,198	36,036	31,293
Licensing	2,674	-	2,674	-
Investment holding	2,828	3,660	4,960	6,665
Others	1,071	-	1,461	-
Total revenue including inter-segment sales	27,534	18,858	45,131	37,958
Elimination of inter-segment sales	(627)	(764)	(652)	(902)
Total Continuing Operations	26,907	18,094	44,479	37,056
<u>Discontinued Operations:</u>				
Infrastructure and utilities	-	47,840	-	94,305
Hospitality	-	3,370	1,619	6,954
Total Discontinued Operations	-	51,210	1,619	101,259
<b>Total Revenue</b>	<b>26,907</b>	<b>69,304</b>	<b>46,098</b>	<b>138,315</b>
<b>Segment Results</b>				
<u>Continuing operations:</u>				
Infrastructure and utilities *	35,449	39,629	64,854	68,777
Trading	2,028	1,429	3,390	3,544
Licensing	1,276	-	1,276	-
Oil and gas	3,095	213	7,193	406
Telecommunication	(569)	(1,076)	(1,254)	(2,364)
Investment holding	(4,529)	(2,708)	81,226	(7,784)
Others	682	-	882	-
Total profit	37,432	37,487	157,567	62,579
Eliminations	(377)	(1,183)	(685)	(1,689)
Profit before tax, from continuing operations	37,055	36,304	156,882	60,890
<u>Discontinued Operations:</u>				
Infrastructure and utilities	-	1,719	-	4,652
Hospitality	-	(3,360)	(413)	(4,529)
Golf club and recreational facilities	-	(632)	-	(929)
Loss before tax, from discontinued operations	-	(2,813)	(413)	(806)
<b>Total Profit before tax</b>	<b>37,055</b>	<b>34,032</b>	<b>156,469</b>	<b>60,084</b>

\* Share of profit of associates

There is no segmental information analysis by geographical location as the Group operates predominantly in Malaysia.

## **KUMPULAN PERANGSANG SELANGOR BERHAD**

Company No. 23737-K  
(Incorporated in Malaysia)

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### **UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016**

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

Property, plant and equipment, other than freehold land are stated at cost less accumulated depreciation and any impairment losses. Freehold land is stated at cost less any impairment losses and is not depreciated. The Group has not carried out any valuation of its property, plant and equipment during the current quarter.

#### **A11 Material events subsequent to the end of the interim period**

There were no material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group.

#### **A12 Changes in the composition of the Group**

Save as disclosed below, there were no other changes in the composition of the Group for the current quarter including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations:

- (i) Investment in licensing business via acquisition of 60% of KaiserCorp Corporation Sdn Bhd (“KaiserCorp”) by the Company’s wholly-owned subsidiary, Bold Approach Sdn Bhd (“BASB”)

On 13 May 2016, the Company entered into a Share Sale Agreement (“SSA”) with Mr. Yeoh Jin Hoe (“Mr. Yeoh or the Vendor”) for the Company or a wholly-owned special purpose subsidiary to be nominated at a later date to acquire 60% equity stake in KaiserCorp that owns King Koil® mattress brand licensing business for a total purchase consideration of USD28,800,000 (equivalent to approximately RM116,654,400):

On even date, Mr Yeoh, the Company and KaiserCorp also executed in escrow a Shareholders’ Agreement (“SHA”) to regulate the relationship between the Company or its nominated wholly-owned special purpose subsidiary, Mr Yeoh and KaiserCorp in respect of their respective rights and obligations as shareholders of KaiserCorp. However, the SHA shall only take effect upon completion of the SSA.

On 23 May 2016, the Company acquired two (2) ordinary shares of RM1.00 each in BASB representing 100% of the total issued and paid up capital of BASB for a cash consideration of RM2.00. As a consequence of BASB Acquisition, BASB became a wholly-owned subsidiary of Perangsang Selangor for purpose of holding 60% equity stake in KaiserCorp.

The acquisition of KaiserCorp was completed on 23 May 2016.

- (ii) Acquisition of additional 15% investment in Aqua-Flo Sdn Bhd (“AFSB”)

On 25 May 2016:-

- (a) The Company had entered into a Sale and Purchase of Shares Agreement with Hydrovest Sdn Bhd (“HSB”) (“SPA 1”), a 60% subsidiary of the Company, pursuant to which, HSB has agreed to dispose its 36% equity interest in AFSB comprising 180,000 ordinary shares of RM1.00 each to the Company at a cash consideration of RM1,884,600;

- (b) HSB had entered into a Sale and Purchase of Shares Agreement with its 40% shareholder, Taliworks Corporation Berhad (“TCB”) (“SPA 2”), pursuant to which, HSB has agreed to dispose its 24% equity interest in AFSB comprising 120,000 ordinary shares of RM1.00 each to TCB at a cash consideration of RM1,256,400;

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### UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER ENDED 30 JUNE 2016

- (c) The Company had entered into a Sale and Purchase of Shares Agreement with Prismachem Sdn Bhd (“Prismachem”) for the acquisition of 15% equity interest in AFSB comprising 75,000 ordinary shares of RM1.00 each from Prismachem at a cash consideration of RM4,900,000; and
- (d) The Company, TCB, Prismachem and AFSB had entered into, a Shareholders’ Agreement (“SHA”) to regulate the relationship between the shareholders in respect of their respective rights and obligations as shareholders of AFSB.

Items (a) to (c) above are to be collectively referred to as “Proposals” and Items (a) and (c) are to be collectively referred to as “Proposed Acquisition”.

The Proposals/Proposed Acquisition was completed on 30 June 2016. Following the completion of the Proposals/Proposed Acquisition, AFSB became a direct subsidiary of Perangsang Selangor.

- (iii) Acquisition of all the remaining equity interest in Cash Band (M) Berhad (“Cash Band”)

On 13 May 2016 and 1 June 2016, the Company had acquired all the remaining equity interest in Cash Band comprising 49 ordinary shares of RM1.00 each from 49 individual shareholders and 9,951 ordinary shares of RM1.00 each from Kumpulan Hartanah Selangor Berhad respectively, for a total cash consideration of RM262,400 (“Proposed Acquisition”). Upon acquiring full control on 1 June 2016, Cash Band became a wholly-owned subsidiary of the Company.

- (iv) Leasing of Quality Hotel City Centre (“QHCC”) building

On 12 May 2016, Perangsang Hotel & Properties Sdn Bhd (“PHP”), a wholly-owned subsidiary of Cash Band (M) Sdn Bhd had entered into a lease agreement with MG Hospitality Management Sdn Bhd (“MGH”) to lease out QHCC building located at Jalan Raja Laut for a duration of 20 years, which commenced on 1 March 2016 and expires on 28 February 2036. PHP will receive rental income together with revenue sharing of 15 to 20 per cent of the gross revenue generated from the hotel operations. Arising from the leasing arrangement, the nature of business and revenue for PHP have changed from hotel operations to an income from lease and commission.

### A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 30 June 2016 is as follows:

	<b>RM'000</b>
Property, plant and equipment:	
(i) Approved but not contracted for	<u>25,517</u>
(ii) Approved and contracted for	<u>2,495</u>

**KUMPULAN PERANGSANG SELANGOR BERHAD**

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**UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE SECOND QUARTER  
ENDED 30 JUNE 2016**

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**A14 Significant Related Party Transactions**

The following are the related party transactions of the Group for the current quarter under review:

	<b>RM'000</b>
Sale of goods to a subsidiary company of non-controlling interest:	
- Sungai Harmoni Sdn Bhd	3,628
- Taliworks (Langkawi) Sdn Bhd	356
Sale of goods to related companies:	
- Konsortium Abass Sdn Bhd	2,676
- PNSB Water Sdn Bhd	6,194
- Konsortium Air Selangor Sdn Bhd	375
Management fees received from immediate holding company:	
- Kumpulan Darul Ehsan Berhad	23
Management fees received from related company:	
- Konsortium Air Selangor Sdn Bhd	6
Rental income received from immediate holding company:	
- Kumpulan Darul Ehsan Berhad	20
Rental income received from related companies:	
- Konsortium Abass Sdn Bhd	69
- Konsortium Air Selangor Sdn Bhd	20
- Hebat Abadi Sdn Bhd	20

**A15 Contingent liabilities and contingent assets**

The contingent liabilities as at 30 June 2016 are as follows:

i) <b>Secured:</b>	<b>RM'000</b>
a) Provision of proportionate corporate guarantee for an associate:	
i) For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	38,600
ii) Working capital and issuance of bank guarantees	28,000
Sub-total	<u>66,600</u>
ii) <b>Unsecured</b>	
a) Performance guarantees to third parties	<u>669</u>
Total	<u>67,269</u>

There were no contingent assets as at the reporting date.

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#### B. ADDITIONAL INFORMATION REQUIRED BY THE BURSA MALAYSIA SECURITIES BERHAD LISTING REQUIREMENTS

##### B1 Performance review

- a) Current quarter against previous year corresponding quarter

###### Continuing Operations

The Group registered revenue of RM26.91 million as compared to RM18.09 million for the corresponding quarter 2015, representing an increase in revenue by 48% or RM8.82 million. The significant increase in revenue was mainly due to higher revenue recorded by the trading sector from sales of chemicals by RM5.76 million coupled with revenue contribution from a newly acquired subsidiary in licensing sector with revenue of RM2.67 million.

For the current quarter ended 30 June 2016, the Group registered a profit before tax of RM37.06 million as compared to a profit of RM36.30 million for the preceding year corresponding quarter 2015, an increase by 2% or RM0.76 million. The increase in profit was mainly due to higher revenue and lower finance costs, but reduced by higher administrative expenses.

Performance of the respective operating business segments for the second quarter ended 30 June 2016 as compared to the preceding year corresponding quarter is analysed as follows:

##### 1. Infrastructure and utilities

Profit from infrastructure and utilities sector of RM35.45 million was 10.5% lower than the corresponding quarter's profit of RM39.63 million. Lower profit recorded in the current quarter was mainly due to lower share of profits contributed by the associated companies.

##### 2. Trading

Trading sector revenue of RM20.96 million was 38% or RM5.76 million higher than the corresponding quarter's revenue of RM15.20 million. The significant increase in revenue was attributed to supply of chemicals to PNSB Water Sdn Bhd, a new contract which Aqua Flo Sdn Bhd secured in May 2016.

Correspondingly, on current quarter against corresponding quarter 2015 comparison, profit before tax for the current quarter was higher by RM0.75 million in line with increase in revenue.

##### 3. Licensing

Arising from the completion of 60% equity interest in KaiserCorp Corporation Sdn Bhd ("KaiserCorp") on 23 May 2016, the Group has consolidated one-month result of KaiserCorp group. KaiserCorp wholly-owns King Koil Licensing Company Inc ("KKLC") which owns King Koil® mattress brand licensing business and other related trademarks registered in the USA and around the world. The profit from licensing business for the current quarter was RM1.28 million on the back of revenue of RM2.67 million.

##### 4. Oil and gas

For the current quarter, NGC Energy Sdn Bhd ("NGC Energy") has registered a higher profit after tax of RM7.74 million as compared to a profit of RM0.53 million in the corresponding quarter of 2015. Despite NGC Energy's revenue has decreased by 23% as compared to preceding quarter 2015, NGC Energy recorded a higher profit than Q2 2015 by RM7.21 million due to higher

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government incentive under the Automatic Pricing Mechanism which came into effect in June 2015. As a result, the Group's share of profits was higher at RM3.10 million as compared to a share of profit of RM0.21 million in the corresponding quarter 2015.

#### 5. Telecommunication

The Group's share of loss from Ceres Telecom Sdn Bhd ("Ceres") for the current quarter was RM0.57 million as compared to a share of loss of RM1.08 million for the corresponding quarter of 2015. The lower loss of Ceres was due to higher revenue by RM4.17 million as compared to corresponding quarter 2015 coupled with lower marketing and administrative costs.

#### 6. Investment holding

Investment holding recorded revenue of RM2.83 million as compared to RM3.66 million in the corresponding quarter 2015 due to lower management fees coupled with lower rental income. This sector recorded a loss before tax of RM4.53 million as compared to a loss of RM2.71 million in the corresponding quarter 2015.

#### b) Current year to-date against previous year to-date

##### Continuing Operations

For the six months ended 30 June 2016, the Group registered revenue of RM44.48 million as compared to RM37.06 million in the corresponding period 2015, representing an increase in revenue by RM7.42 million or 20%. The increase was mainly due to higher revenue from trading sector by RM4.47 million coupled with revenue from newly acquired subsidiary in licensing sector of RM2.67 million. However, the investment sector registered lower revenue by RM1.71 million.

The Group's profit before tax for the current period of RM156.88 million was 158% higher than the corresponding period 2015 of RM60.89 million mainly due to gain realised from assets held for disposal of RM91.13 million.

Performance of the respective operating business segments for the six months ended 30 June 2016 as compared to the preceding year corresponding period is analysed as follows:

#### 1. Infrastructure and utilities

Profit from the infrastructure and utilities sector for the current period of RM64.85 million was 6% lower than corresponding period's profit of RM68.78 million mainly due to lower share of profits contributed by the associated companies

#### 2. Trading

For the period ended 30 June 2016, trading sector posted a profit before tax of RM3.39 million on the back of total revenue of RM36.04 million. The current period revenue was higher by 15% or RM4.74 million due to higher revenue from sale of chemicals as a result of the new contract secured with PNSB Water Sdn Bhd in May 2016. However, profit before tax was marginally lower by RM0.15 million from RM3.54 million to RM3.39 million.

#### 3. Licensing

The licensing sector recorded revenue and profit before tax of RM2.67 million and RM1.28 million respectively arising from the newly acquired subsidiary namely KaiserCorp in May 2016.

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#### 4. Oil and gas

For the current period, NGC Energy registered profit after tax of RM17.98 million which translated into the Group's share of profit of RM7.19 million as compared to share of profit of RM0.41 million for the corresponding quarter 2015. The higher profit recorded by NGC Energy was mainly due to lower cost of sale as a result of increase in the government subsidy under the Assets Pricing Mechanism coupled with lower fair value adjustment on derivatives.

#### 5. Telecommunication

The Group's share of losses for the current period in Ceres was RM1.25 million, lower by RM1.11 million as compared to a loss of RM2.36 million for the corresponding period 2015.

#### 6. Investment holding

The investment holding sector recorded lower revenue of RM4.96 million as compared to RM6.67 million in the corresponding period 2015 mainly due to lower management fee and rental income. Despite of the lower revenue, this sector recorded a profit before tax of RM81.23 million as compared to a loss before tax of RM7.78 million the corresponding period 2015 mainly due to gain realised from assets held for disposal of RM91.13 million.

#### Discontinued Operations

##### 1. Infrastructure and utilities

The revenue and profit were from Titisan Modal (M) Sdn Bhd's group which was disposed in December 2015.

##### 2. Golf club and recreational facilities

There was no revenue from the golf club and recreational facilities sector as the club had ceased operation with effect from 1 January 2015.

##### 3. Hospitality

There was no revenue from the hospitality sector as Perangsang Hotel & Properties Sdn Bhd, a wholly owned subsidiary of Cash Band (M) Sdn Bhd had changed its business operation from hotel operation to leasing with effect from 1 March 2016.

### **B2 Comment on material change in profit before tax**

The Group recorded a profit before tax of RM37.06 million for the current quarter ended 30 June 2016 as compared to a profit of RM119.83 million in the previous quarter ended 31 March 2016. The lower profit before tax was mainly due to gain realised from asset held for disposal of RM91.13 million recorded in the previous quarter. Share of profit of associates was lower by RM5.16 million as compared to the previous quarter.

### **B3 Commentary on prospects**

#### 1. Infrastructure and utilities

Following the completion of the Group's equity interest in TMSB in December 2015, the Group will continue to be involved in the infrastructure and utilities (via the Group's 30% equity interest in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") held through Viable Chip (M) Sdn Bhd, a wholly

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owned subsidiary of the Company. The Selangor State Government through Kumpulan Darul Ehsan Berhad (“KDEB”) had, on 26 February 2014, made offers to all the shareholders of SPLASH (including our Group) for the purchase of their respective equity interest in SPLASH with the objective of consolidating the water services industry in Selangor. However, the offers from KDEB were deemed to have lapsed on 10 March 2014 as the shareholders of SPLASH were unable to reach a final decision in accepting the indicative terms and conditions set out in KDEB’s offer letter dated 26 February 2014. Given the intention of the Selangor State Government to complete the proposed restructuring of the water supply industry in the State of Selangor and Federal Territories of Kuala Lumpur and Putrajaya, a fresh offer for SPLASH may be made in the future.

The outlook for the water services sector is expected to be positive with opportunities arising from the State Government’s consolidation exercise to provide a holistic water services in Selangor, Kuala Lumpur and Putrajaya. In the light of this opportunity, the Group through its wholly owned subsidiary Nadi Biru Sdn Bhd (“Nadi Biru”), has ventured into the water pipe rehabilitation business. Nadi Biru has acquired a 51% stake in Smartpipe Technology Sdn Bhd with an investment of RM5.10 million to offer integrated solutions to facilitate maintenance of water distribution systems.

#### **2. Trading**

The Company had on 25 May 2016 entered into agreements with Prismachem Sdn Bhd and Hydrovest Sdn Bhd to enable the Company to directly hold 51% equity stake in Aqua Flo Sdn Bhd (“AFSB”) which is involved in the sale of chemicals and equipment for the potable water industry. The prospects for trading sector are positive as AFSB has been recently awarded three (3) new contracts from Konsortium Air Selangor Sdn. Bhd, PNSB Water Sdn Bhd and Konsortium ABASS Sdn Bhd respectively, with a total estimated value of RM98.11 million over a period of two years.

The Group would also look into and explore possibility to strengthen the sector’s revenue base and profitability by expanding its market reach to other states, capitalising on its vast experience in the water industry. The water and wastewater treatment in Malaysia is expected to grow in tandem with the Malaysian socio-economic growth. Demands are anticipated to be primarily driven by the municipal needs for providing water and sanitary services, including industry verticals e.g. food and beverages, power, automotive and palm oil. Further to support the growth, factors e.g. urbanization and population growth, manufacturing and industrialization as well as stringent regulatory governance will propel the market, of which AFSB could benefit from.

#### **3. Hospitality**

For the hospitality sector, the Group is continuously assessing its investments in this sector. Perangsang Hotel & Properties Sdn Bhd (“PHP”), a wholly owned subsidiary of Cash Band (M) Sdn Bhd had on 12 May 2016 signed a leasing agreement with a third party to lease out its Quality Hotel City Centre building whereby PHP will receive rental income together with revenue sharing of 15 to 20 per cent of the gross revenue generated from the hotel operations. Arising from the leasing arrangement, the nature of business and revenue for PHP has changed from hotel operations to an income from lease.

#### **4. Oil and gas**

Future outlook for the oil and gas sector will be challenging due to the weaker Ringgit Malaysia against the US Dollar. However, during the first quarter of 2016, oil prices have recovered from its low of USD29 per barrel in January 2016 to USD48 per barrel in June 2016. The Group remains confident in the long-term prospects of the oil and gas sector as the Group expects an increase in demand for liquefied petroleum gas in the domestic and commercial sectors over the next few years.



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#### 5. Telecommunication

For the telecommunication sector, Ceres Telecom Sdn Bhd (“Ceres”), a 34.35% associated company, is currently pursuing several initiatives to streamline its business and improve its financial performance; refocusing of its market segment, introducing new products, extending its network of distributors. Efforts are continuously being pursued in order to ensure that Ceres contributes positively to the results of the Group in the future.

#### 6. Licensing

The Group had on 23 May 2016 completed the acquisition of 60% equity stake in Kaisercorp Corporation Sdn Bhd, which wholly-owns King Koil Licensing Company Inc (“KKLC”). KKLC owns King Koil® mattress brand licensing business and other related trademarks registered in the USA and around the world. The acquisition of a global franchising and licensing investment with a global franchisee turnover of over USD 1 billion will provide the Group with immense opportunities to further enhance the brand visibility globally, directly creating value to Perangsang Selangor’s shareholders.

#### 7. New business sectors

The Group is continuously assessing business opportunities in sectors where it already has existing investments as well as new business sectors or areas to ensure sustainability of the Group. The Group is actively engaging potential partners and is focusing to acquire assets which meet its investment criteria that include amongst others, controlling stake in mature and immediately income generating assets as well as having a dedicated dividend policy in place. The Group had on 11 August 2016 entered into conditional share sale agreement with C B Equities Sdn Bhd and other vendors to acquire 71.44% equity interest in Century Bond Berhad (“CBB”) which is subject to the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened. This new proposed acquisition satisfies the stringent investment criteria as CBB has shown steady financial performance with healthy margins as well as cash reserves and thus has the ability to pay out dividends. In addition, its position as market leader coupled with further growth potential regionally, integrates seamlessly with the Company’s investment strategy moving forward.

### B4 Profit forecast and profit guarantee

No profit forecast or profit guarantee was issued during the current quarter.

### B5 Other operating income/(expenses)

Included in other operating income/(expenses) are the following credits/(charges):

	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM’000	RM’000	RM’000	RM’000
Notional income on unwinding of discounting of:				
- concession receivables	-	4,696	-	9,341
- imputed interest income	-	2,620	-	5,241
- loan and receivables	-	1,256	-	2,512
Profit from Islamic short term placement	72	335	79	698
Interest income - fixed deposit	157	102	267	205
Gain realised on assets held for disposal	-	-	91,128	-
Loss on disposal of property, plant and equipment	-	(100)	-	(54)
Gain/(loss) on foreign exchange	10	6	12	(13)
Finance costs	(406)	(22,772)	(554)	(45,769)
Depreciation of property, plant and equipment	(1,562)	(1,979)	(3,139)	(3,926)
Depreciation of investment properties	(22)	(22)	(43)	(43)

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	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Amortisation of concession rights	-	(4,186)	-	(8,372)
Impairment loss on trade receivables	-	(16,566)	-	(31,835)
Impairment of goodwill on consolidation	-	-	(2,020)	-

Other items not applicable to the Group are write off of receivables, write off of inventories and gain or loss on derivatives.

**B6 Income tax and zakat expense**

	3 months ended		6 months ended	
	30.06.2016	30.06.2015	30.06.2016	30.06.2015
	RM'000	RM'000	RM'000	RM'000
Continuing operations:				
Income tax expense	494	359	2737	889
Zakat expense	591	14	591	14
Income tax and zakat expense	<u>1,085</u>	<u>373</u>	<u>3,328</u>	<u>903</u>
Discontinued operations:				
Income tax expense	-	3,614	12	10,559
Deferred tax transfer to balance sheet	-	(1,046)	-	(2,093)
Income tax expense	-	4,660	12	8,466
Zakat expense	-	290	8	308
Income tax and zakat expense	<u>-</u>	<u>4,370</u>	<u>20</u>	<u>8,774</u>
Total income tax and zakat expense	<u>1,085</u>	<u>4,743</u>	<u>3,348</u>	<u>9,667</u>

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to share of profits from associates is presented net of tax.

**B7 Status of corporate proposals**

There are no other corporate proposals announced but not completed as at the date of this report except for the proposed acquisition of 85,729,266 shares of RM0.50 each in Century Bond Berhad ("CBB") ("CBB Shares"), by Perangsang Packaging Sdn Bhd ("PPSB"), a wholly owned subsidiary of the Company, from C B Equities Sdn Bhd ("CBE") and other vendors ("Proposed Acquisition").

The Company and PPSB had on 11 August 2016, entered into conditional share sale agreement with CBE and other vendors whereby PPSB agrees to acquire a total of 85,729,266 CBB Shares, representing approximately 71.44% equity interest in CBB, for a total cash consideration of RM150,026,215.50 or RM1.75 per CBB Share.

Upon completion of the Proposed Acquisition, PPSB will hold approximately 71.44% equity interest in CBB. Accordingly, pursuant to Section 218(2) of the Capital Markets & Services Act, 2007 and Rule 4.01 of the Malaysian Code on Take-Overs and Mergers, 2016, PPSB will be obliged to extend an MGO for all remaining CBB Shares not already owned by PPSB after the Proposed Acquisition for a cash consideration of RM1.75 per CBB Share ("Proposed MGO").

The Proposed Acquisition and Proposed MGO are subject to the approval of the shareholders of the Company at an Extraordinary General Meeting to be convened. If approved, the Proposed Acquisition and Proposed MGO are expected to complete by end of October 2016 and early January 2017 respectively. As at the date of this report, the Proposed Acquisition is pending the fulfilment of the conditions precedent.

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**B8 Borrowings**

The Group borrowings as at 30 June 2016 are as follows:

	<b>RM'000</b>
<b>Short term borrowings</b>	
Secured	56,343
<b>Long term borrowings</b>	
Secured	88
<b>Total Borrowings</b>	<u>56,431</u>

**B9 Material litigation**

Neither the Company nor its subsidiary companies have been or are involved in any material litigations, claims or arbitrations either as plaintiffs or defendants and the Directors are not aware of any proceedings, pending or threatened, against the Company or its subsidiary companies or of any facts likely to give rise to any proceedings which might materially affect the financial position or business of the Company or its subsidiary companies.

**B10 Dividends**

A final single-tier dividend of 2 sen per ordinary share amounting to RM9,980,082 in respect of the financial year ended 31 December 2015 which was approved by the shareholders at the Annual General Meeting of the Company held on 27 May 2016 was paid on 22 August 2016.

**B11 Earnings per share****Basic earnings per share**

The basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to owners of the parent by the weighted average number of shares in issue.

	<b>3 Months Ended 30.06.2016</b>	<b>3 Months Ended 30.06.2015</b>	<b>6 Months Ended 30.06.2016</b>	<b>6 Months Ended 30.06.2015</b>
<b>Basic earnings per share</b>				
Net profit/(loss) attributable to owners of the parent (RM'000)				
- Continuing operations	34,482	36,424	151,340	58,264
- Discontinued operation	-	(7,556)	(433)	(9,128)
Weighted average number of shares in issue ('000)	499,004	499,004	499,004	499,004
Basic EPS (sen)				
- Continuing operations	6.91	7.30	30.33	11.68
- Discontinued operation	-	(1.51)	(0.09)	(1.83)

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**B12 Realised and unrealised profits or losses disclosures**

The breakdown of retained earnings of the Group as at the reporting date, into realised and unrealised profits, pursuant to the directive is as follows:

	<b>As at 30.06.2016 RM'000</b>	<b>As at 31.12.2015 RM'000</b>
The retained earnings/(accumulated losses) of the Company and its subsidiaries:		
- Realised	38,198	(17,622)
Add:		
Total share of retained earnings from associates		
- Realised	793,850	708,745
Retained earnings as per financial statements	<u>832,048</u>	<u>691,123</u>

**BY ORDER OF THE BOARD**

**HASHIMAH BINTI HAJI MOHD ISA**  
Company Secretary

Date: 25 August 2016