KUMPULAN PERANGSANG SELANGOR BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A1 Unaudited Condensed Consolidated Income Statement
For the quarter ended 31 March 2017

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2016 RM'000	CURRENT YEAR TO DATE 31/03/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2016 RM'000
Revenue	76,756	19,190	76,756	19,190
Cost of sales	(54,761)	(14,524)	(54,761)	(14,524)
Gross profit	21,995	4,666	21,995	4,666
Other income	1,065	92,107	1,065	92,107
Other expenses	(20,631)	(10,029)	(20,631)	(10,029)
Operating profit	2,429	86,744	2,429	86,744
Finance costs	(3,750)	(148)	(3,750)	(148)
Share of profit of associates	23,664	32,818	23,664	32,818
Profit before tax and zakat	22,343	119,414	22,343	119,414
Income tax and zakat	(1,144)	(2,262)	(1,144)	(2,262)
Profit for the period	**21,199**	**117,152**	**21,199**	**117,152**
Attributable to:				
- Owners of the parent	20,208	116,425	20,208	116,425
- Non-controlling interests	991	727	991	727
	21,199	**117,152**	**21,199**	**117,152**
Earnings per share ("EPS") attributable to owners of the parent (sen per share):				
Basic EPS	4.0	23.3	4.0	23.3
Diluted EPS	4.0	23.3	4.0	23.3

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2016 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 31 March 2017

PARTICULARS	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2016 RM'000	CURRENT YEAR TO DATE 31/03/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/03/2016 RM'000
Profit for the period	21,199	117,152	21,199	117,152
Other comprehensive income (net of tax):				
Loss on foreign currency translation reserve	(228)	-	(228)	-
Total comprehensive income for the period	**20,971**	**117,152**	**20,971**	**117,152**
Attributable to:				
- Owners of the parent	20,065	116,425	20,065	116,425
- Non-controlling interests	906	727	906	727
	20,971	**117,152**	**20,971**	**117,152**

(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 2016 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 31 March 2017

	31-Mar-17 RM'000	Audited 31-Dec-16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	95,960	97,815
Investment properties	90,714	91,787
Investments in associates	1,101,600	1,078,986
Club membership	523	523
Intangible assets	214,262	214,577
Goodwill on consolidation	37,807	37,807
Long term receivables	35,663	35,663
Deferred tax assets	1,032	333
	1,577,561	1,557,491
Current assets		
Inventories	32,073	31,412
Receivables	105,291	117,035
Tax recoverable	1,522	1,522
Cash and bank balances	149,207	131,995
	288,093	281,964
TOTAL ASSETS	**1,865,654**	**1,839,455**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Contributed share capital	538,092	538,092
Other reserves	10,886	11,029
Retained earnings	799,117	778,909
Shareholders' equity	1,348,095	1,328,030
Non-controlling interests	89,281	90,522
TOTAL EQUITY	1,437,376	1,418,552
Non-current liabilities		
Loans and borrowings (interest bearing)	160,647	159,201
Deferred tax liabilities	65,854	65,642
	226,501	224,843
Current liabilities		
Payables	76,707	82,126
Loans and borrowings	121,168	108,178
Tax payable	3,902	5,756
	201,777	196,060
TOTAL LIABILITIES	428,278	420,903
TOTAL EQUITY AND LIABILITIES	**1,865,654**	**1,839,455**
Net assets per ordinary share attributable to owners of the parent (RM)	2.70	2.66

(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 2016 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 31 March 2017

		Attributable to Owners of the Parent							
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Contributed share capital RM'000	Share premium RM'000	Other reserves, total RM'000	Foreign currency translation reserve RM'000	General reserve RM'000	Retained Earnings RM'000	Non-controlling Interests RM'000
At 1 January 2017	1,418,552	1,328,030	499,004	39,088	11,029	3,029	8,000	778,909	90,522
Total comprehensive income	20,971	20,065	-	-	(143)	(143)	-	20,208	906
Transactions with owners:									
Transfer to contributed share capital	-	-	39,088	(39,088)	-	-	-	-	-
Accreation of interest in a subsidiary	225	-	-	-	-	-	-		225
Dividend of subsidiaries	(2,372)	-	-	-	-	-	-	-	(2,372)
	(2,147)	-	39,088	(39,088)	-	-	-	-	(2,147)
At 31 March 2017	**1,437,376**	**1,348,095**	**538,092**	**-**	**10,886**	**2,886**	**8,000**	**799,117**	**89,281**
At 1 January 2016	1,254,647	1,237,215	499,004	39,088	8,000	-	8,000	691,123	17,432
Total comprehensive income	117,152	116,425	-	-	-	-	-	116,425	727
Transfer to contributed share capital	-	-	39,088	(39,088)	-	-	-	-	-
At 31 March 2016	**1,371,799**	**1,353,640**	**538,092**	**-**	**8,000**	**-**	**8,000**	**807,548**	**18,159**

(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 2016 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 31 March 2017

	3 months ended 31-Mar-17 RM'000	3 months ended 31-Mar-16 RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat	22,343	119,414
Adjustment for non-cash items	(21,288)	(120,438)
Adjustment for non-operating items	3,750	141
Operating profit/(loss) before working capital changes	4,805	(883)
Decrease/(increase) in working capital:		
Net change in current assets	10,993	1,545
Net change in current liabilites	(4,621)	(8,896)
Cash generated from/(used in) operating activities	11,177	(8,234)
Tax and zakat paid, net of refunds received	(3,399)	51
Net cash generated from/(used in) operating activities	7,778	(8,183)
Cash Flows From Investing Activities		
Dividends received	1,050	-
Interest received	262	110
Profit from Islamic short term placement	22	7
Purchase of property, plant and equipment	(250)	(52)
Proceeds from assets held for disposal	-	60,000
Net movements in money market deposits	37	(18,534)
Net cash generated from investing activities	1,121	41,531
Cash Flows From Financing Activities		
Dividends paid	(2,372)	-
Interest paid	(3,750)	(148)
Drawdown of borrowings	14,483	-
Repayment of borrowings	(11)	(30,011)
Net movements in deposits with licensed banks	(3)	7,019
Net cash generated from/(used in) financing activities	8,347	(23,140)
Net increase in cash and cash equivalents	17,246	10,208
Cash and cash equivalents at 1 January	122,681	19,657
Cash and cash equivalents at 31 March	**139,927**	**29,865**

Cash and cash equivalents included in the cash flows statement comprise:

	As at 31-Mar-17	As at 31-Mar-16
Cash and bank balances	149,207	114,281
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(7,681)	(5,070)
Money market deposits	(1,599)	(79,346)
	139,927	**29,865**

(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 2016 and the accompanying explanatory notes attached to the interim financial statements)

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 2016. The explanatory notes attached to the interim financial statements provide 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 2016.

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 2016 except for the adoption of the following new and revised Financial Reporting Standards (FRSs) and Amendments to FRSs with effect from 1 January 2017.

A2.1 Adoption of FRSs and Amendments to FRSs

On 1 January 2017, the Group adopted the following new and amended FRSs mandatory for annual financial periods beginning on or after 1 January 2017.

1 January 2017	
FRS 107	Regulatory Deferral Accounts
FRS 112	Annual Improvements to FRSs 2012-2014 Cycle

The adoption of the above standards and amendments to standards did not have any material 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 2	Classification and Measurement of Share-based Payment Transactions (Amendments to MFRS 2)
MFRS 9	Financial Instruments
MFRS 15	Revenue from Contracts with Customers
1 January 2019	
MFRS 16	Leases

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.

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 31 March 2017 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 2016 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.

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	
	31.03.2017	**31.03.2016**
	RM'000	**RM'000**
Segment Revenue		
Manufacturing	39,596	-
Trading	25,187	15,075
Licensing	8,821	-
Hospitality	-	1,619
Investment holding and property investment	4,228	2,522
Total revenue including inter-segment sales	77,832	19,216
Elimination of inter-segment sales	(1,076)	(26)
Total	76,756	19,190
Segment Results		
Infrastructure and utilities *	20,657	29,405
Trading	2,165	1,362
Manufacturing	4,046	-
Licensing	516	-
Oil and gas	3,495	4,098
Telecommunication	(488)	(685)
Hospitality	-	(413)
Investment holding and property investment	(6,908)	85,881
Total profit	23,483	119,648
Eliminations	(1,140)	(234)
Total profit before tax, from continuing operations	22,343	119,414

* Share of profit of associates.

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

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.

A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2017 is as follows:

	RM'000
Property, plant and equipment:	
(i) Approved but not contracted for	26,245
(ii) Approved and contracted for	693

A14 Significant Related Party Transactions

The following are the related party transactions of the Group:

	3 month ended	
	31.03.2017 RM'000	31.03.2016 RM'000
Sale of goods to a subsidiary company of non-controlling interest:		
- Sungai Harmoni Sdn Bhd	4,509	3,931
- Taliworks (Langkawi) Sdn Bhd	414	287
Sale of goods to related companies:		
- Konsortium Abass Sdn Bhd	2,269	2,285
- PNSB Water Sdn Bhd	9,858	-
- Konsortium Air Selangor Sdn Bhd	296	318
Management fee received from immediate holding company	-	23
Management fees received from related company:		
- Konsortium Air Selangor Sdn Bhd	-	9
Rental income received from immediate holding company	13	20
Rental income received from related companies:		
- Konsortium Abass Sdn Bhd	46	69
- Konsortium Air Selangor Sdn Bhd	-	19
- KDEB Waste Management Sdn Bhd	14	-
- Hebat Abadi Sdn Bhd	11	17

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 March 2017 are as follows:

	RM'000
i) **Secured:**	
a) Provision of corporate guarantee for an associate:	
i) For financing/refinancing of the credit facilities for the purchase consideration of business and identifiable assets	32,643
ii) Working capital and issuance of bank guarantees	28,000
Sub-total	60,643
ii) **Unsecured**	
a) Performance guarantees to third parties	677
Total	61,320

There were no contingent assets as at the reporting date.

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

B1 Performance review

a) Current quarter against previous year corresponding quarter

Group revenue increased significantly to RM76.8 million compared with RM19.2 million for the corresponding quarter 2016, representing an increase in revenue by 300% or RM57.6 million. This was largely attributable to revenue from the manufacturing business of Century Bond Bhd ("CBB") of RM39.6 million. The revenue from trading business of Aqua Flo Sdn Bhd (''Aqua Flo") increased to RM25.2 million as well as contributions from the licensing businesses, Kaiserkorp Corporation Sdn Bhd ("Kaiserkorp") with revenue of RM8.8 million.

For the current quarter ended 31 March 2017, the Group registered a profit before tax of RM22.3 million as compared to a profit before tax of RM119.4 million for the preceding year corresponding quarter 2016. The significant reduction in profit was due to realised gain of RM97.5 million on assets held for disposal. Share of profit of associates also reduced by RM9.1 million as compared to corresponding quarter 2016 due to impairment loss on receivables.

Performance of the respective operating business segments for the first quarter ended 31 March 2017 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

   Arising from acquisition of CBB in 2016, the Group has consolidated the results of CBB with revenue and profit contributions of RM39.6 million and RM4.0 million respectively. 75% or RM29.7 million of the sector's revenue was from paper packaging and the remaining was from plastic packaging and others.

2. Trading

   Trading sector revenue of RM25.2 million was 67% or RM10.1 million higher than the corresponding quarter's revenue of RM15.1 million. The significant increase in revenue was attributed to supply of chemicals to PNSB Water Sdn Bhd, a new contract which Aqua Flo secured in May 2016.

   Correspondingly, on current quarter against corresponding quarter 2016 comparison, profit before tax for the current quarter was higher by RM0.8 million in line with increase in revenue. However, the profit margin has slightly deteriorated due to increase in raw material prices.

3. Licensing

   The licensing sector posted RM8.8 million revenue to the Group during the current quarter which comprises royalties of RM7.9 million and corporate sales and others RM0.9 million. For the current quarter, this sector posted a profit before tax of RM0.5 million.

4. Infrastructure and utilities

   For the current quarter, infrastructure and utilities sector recorded a profit of RM20.6 million as compared to the corresponding quarter 2016 profit of RM29.4 million, lower by RM8.8 million. The lower share of profits recorded in the current quarter is mainly due to lower share of profit from Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holding"), a 30% associated company by RM6.0 million due to impairment loss on trade receivables and accounting impact of IC 12. SPRINT posted share of loss of RM3.0 million as compared to profit of RM0.1 million for the corresponding quarter 2016 due to higher amortisation of highway development expenditure.

5. Oil and gas

   For the current quarter, NGC Energy Sdn Bhd ("NGC Energy") registered a profit after tax of RM8.7 million as compared to a profit of RM10.2 million in the corresponding quarter of 2016. Lower profit recorded during the current quarter due to higher direct cost of sale resulting in lower gross profit margin (Q1 2017: 12% : Q1 2016: 18%) coupled with higher distribution and administrative expenses. Thus, the Group's share of profit was RM3.5 million as compared to share of profit of RM4.1 million in the corresponding quarter 2016.

6. Telecommunication

   The Group's share of loss from Ceres Telecom Sdn Bhd ("Ceres") for the current quarter was RM0.5 million as compared to a share of loss of RM0.7 million for the corresponding quarter 2016. Lower loss for the current quarter due to lower administrative and marketing expenses.

7. Investment holding and property investment

   Investment holding and property investment recorded revenue of RM3.2 million as compared to RM2.5 million in the corresponding quarter 2016 due to dividend received and higher rental income. This sector recorded a loss before tax of RM6.9 million as compared to a profit of RM85.9 million in the corresponding quarter 2016. The higher profit recorded in the corresponding quarter 2016 was mainly due to the realised gain of RM97.5 million on assets held for disposal.

B2 Comment on material change in profit/(loss) before tax

The Group recorded a profit before tax of RM22.3 million for the current quarter ended 31 March 2017 as compared to a loss before tax of RM25.5 million in the previous quarter ended 31 December 2016. The improved results for the current quarter was mainly due to share of profit of associates of RM23.7 million as compared to a loss of RM4.1 million for the previous quarter. During the previous quarter, the Group also recorded impairment loss on investment in an associate company and long term receivables of RM9.6 million and RM7.7 million respectively.

B3 Commentary on prospects

1. Manufacturing

   CBB's primary focus would be on growing its cement packaging business in the domestic and international markets. To propel growth in the Malaysian market, CBB plans to enter new segments by developing new products such as paper packaging for minerals and other construction materials.

   Regionally, CBB plans to tap into the opportunity of the increasing infrastructure spending and capital projects in South East Asia, which present tremendous growth opportunities.

2. Trading

Aqua Flo had been awarded three (3) new contracts in May 2016 from PNSB Water Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Sdn. Bhd, respectively, with a cumulative total value of RM98.0 million over a period of two years of which RM30.0 million had been delivered in financial year 2016.

In addition to delivering on these contracts, Aqua Flo would continue bidding for new contracts for supply of water treatment chemicals and equipment. At the same time, Aqua Flo would endeavour to undertake strategic initiatives to enhance future profitability by enhancing operational efficiency and venturing into other water-related businesses.

3. Licensing

King Koil Licensing Company Inc (“KKLC”) future growth is expected from the expansion of direct distribution to retailers and consumers in the USA. Wholesale revenue in the US alone exceeded USD8 billion in 2015, with future growth contributed by increase in both sales volume and average price per unit. KKLC will focus on increasing King Koil®’s share of the market by adding more brick-and-mortar retailers to its distribution network and via various online channels starting with the collaboration with the International Chiropractors’ Association (ICA) via www.icaspinecare.com. In addition, KKLC will continue to expand King Koil’s global presence by adding more reputable manufacturers as our licensees in new markets, starting with the addition of Camas Lamas as the licensee in Mexico.

4. Infrastructure and utilities

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 through 51% holding in Smartpipe Technology Sdn Bhd (“SPT”). SPT had obtained the product certification and C1 license from Suruhanjaya Perkhidmatan Air Negara and registered as G7 contractor with Construction Industry Development Board which enables SPT to undertake the water and sewerage projects.

Being a new technology in this region, extra effort is required to market and promote the compact pipe technology. As such, SPT is constantly engaging various parties and state water agencies to facilitate further understanding. The Group is encouraged by compact pipe technology’s remarkable success in several countries including Hong Kong, where its installation drastically reduced non-revenue water (NRW) levels from 27% in 2000 to 15% in 2015. The Group would plan to replicate this success locally.

With the imminent takeover of the Group’s 30% equity interest in Syarikat Pengeluar Air Selangor Sdn Bhd (“SPLASH”) held through Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company, 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.

5. Oil and gas

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 (LPG) in the commercial sector while demand from domestic sectors shall remain strong over the next few years.

6. Telecommunication

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.

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	
	31.03.2017	**31.03.2016**
	RM'000	**RM'000**
Profit from Islamic short term placement	22	7
Interest income - fixed deposit	262	110
Gain realised on assets held for disposal	-	97,470
Gain on foreign exchange	102	2
Finance costs	(3,750)	(148)
Depreciation of property, plant and equipment	(1,044)	(822)
Depreciation of investment properties	(1,051)	(776)
Amortisation of intangible assets	(250)	-
Bad debt written off	(69)	-
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

	31.03.2017	**31.03.2016**
	RM'000	**RM'000**
Income tax expense	1,635	349
Real property gain tax	-	1,901
Deferred tax transfer to balance sheet	(491)	-
Income tax expense	1,144	2,250
Zakat expense	-	12
Income tax and zakat expense	1,144	2,262

The effective tax rate for the current quarter was lower than the statutory tax rate mainly due to share of profit 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.

B8 Borrowings

The Group borrowings as at 31 March 2017 are as follows:

	RM'000
Short term borrowings	
Secured	121,168
Long term borrowings	
Secured	160,647
Total Borrowings	281,815

B9 Material litigation

Since the last Audited Financial Statements for the year ended 31 December 2016, the Group is not a party to any material obligation or arbitration, either as plaintiff or defendant.

B10 Dividends

No interim dividend has been recommended or declared for this financial period.

B11 Earnings per share

Basic earnings per share

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

Description	3 Months Ended 31.03.2017	3 Months Ended 31.03.2016
Basic earnings per share		
Net profit attributable to owners of the parent (RM'000)	20,208	116,425
Weighted average number of shares in issue ('000)	499,004	499,004
Basic EPS (sen)	4.0	23.3

UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2017

B12 Realised and unrealised earnings or losses disclosures

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

	As at 31.3.2017 RM'000	As at 31.12.2016 RM'000
The retained earnings of the Company and its subsidiaries:		
- Realised	6,673	8,588
- Unrealised	(3,964)	(3,473)
Add:		
Total share of retained earnings from associates		
- Realised	796,408	773,874
Retained earnings as per financial statements	799,117	778,909

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
SELFIA BINTI MUHAMMAD EFFENDI
Joint Company Secretaries

Date: 31 May 2017