KUMPULAN PERANGSANG SELANGOR BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2017

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 30 September 2017

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2016 RM'000	VARIANCE RM'000	VARIANCE %	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2016 RM'000	VARIANCE RM'000	VARIANCE %
Revenue	85,602	35,486	50,116	141	238,306	81,584	156,722	192
Cost of sales	(64,248)	(22,670)	(41,578)	(183)	(174,914)	(55,916)	(118,998)	(213)
Gross profit	21,354	12,816	8,538	67	63,392	25,668	37,724	147
Other income	1,969	508	1,461	288	4,352	93,697	(89,345)	(95)
Other expenses	(24,852)	(14,370)	(10,482)	(73)	(67,612)	(34,181)	(33,431)	(98)
Operating (loss)/profit	(1,529)	(1,046)	(483)	(46)	132	85,184	(85,052)	(100)
Finance costs	(4,020)	(908)	(3,112)	(343)	(11,823)	(1,462)	(10,361)	(709)
Share of profit of associates	20,221	(16,004)	36,225	226	86,320	54,789	31,531	58
Profit/(loss) before tax and zakat	14,672	(17,958)	32,630	182	74,629	138,511	(63,882)	(46)
Income tax and zakat	(1,160)	(4,502)	3,342	74	(4,328)	(7,851)	3,523	45
Profit/(loss) for the period	**13,512**	**(22,460)**	**35,972**	**160**	**70,301**	**130,660**	**(60,359)**	**(46)**
Attributable to:								
- Owners of the parent	12,867	(24,215)	37,082	153	67,745	126,691	(58,946)	(47)
- Non-controlling interests	645	1,755	(1,110)	(63)	2,556	3,969	(1,413)	(36)
	13,512	**(22,460)**	**35,972**	**160**	**70,301**	**130,660**	**(60,359)**	**(46)**
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	2.6	(4.9)	7.4	153	13.6	25.4	(11.8)	(47)
Diluted EPS	2.6	(4.9)	7.4	153	13.6	25.4	(11.8)	(47)

(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 30 September 2017

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 30/09/2016 RM'000	VARIANCE RM'000	VARIANCE %	CUMULATIVE QUARTER CURRENT YEAR TO DATE 30/09/2017 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 30/09/2016 RM'000	VARIANCE RM'000	VARIANCE %
Profit/(loss) for the period	13,512	(22,460)	35,972	160	70,301	130,660	(60,359)	(46)
Other comprehensive (loss)/income (net of tax):								
(Loss)/gain on foreign currency translation reserve	(707)	889	(1,596)	(180)	(2,599)	214	(2,813)	(1,314)
Total comprehensive income/(loss) for the period	**12,805**	**(21,571)**	**34,376**	**159**	**67,702**	**130,874**	**(63,172)**	**(48)**
Attributable to:								
- Owners of the parent	12,346	(23,681)	36,027	152	65,792	126,819	(61,027)	(48)
- Non-controlling interests	459	2,110	(1,651)	(78)	1,910	4,055	(2,145)	(53)
	12,805	**(21,571)**	**34,376**	**159**	**67,702**	**130,874**	**(63,172)**	**(48)**

(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

Unaudited Condensed Consolidated Statement of Financial Position
As at 30 September 2017

	30-Sep-17 RM'000	Audited 31-Dec-16 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	92,257	97,815
Investment properties	90,964	91,787
Investments in associates	1,163,343	1,078,986
Club membership	573	523
Intangible assets	213,597	214,577
Goodwill on consolidation	38,531	37,807
Long term receivables	35,663	35,663
Deferred tax assets	389	333
	1,635,317	1,557,491
Current assets		
Inventories	43,625	31,412
Receivables	130,389	117,035
Tax recoverable	2,292	1,522
Cash and bank balances	98,257	131,995
	274,563	281,964
TOTAL ASSETS	**1,909,880**	**1,839,455**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Contributed share capital	538,092	538,092
Other reserves	9,076	11,029
Retained earnings	825,445	778,909
Shareholders' equity	1,372,613	1,328,030
Non-controlling interests	91,067	90,522
TOTAL EQUITY	1,463,680	1,418,552
Non-current liabilities		
Loans and borrowings (interest bearing)	168,351	159,201
Deferred tax liabilities	64,772	65,642
	233,123	224,843
Current liabilities		
Payables	87,022	82,126
Loans and borrowings (interest bearing)	123,143	108,178
Tax payable	2,912	5,756
	213,077	196,060
TOTAL LIABILITIES	446,200	420,903
TOTAL EQUITY AND LIABILITIES	**1,909,880**	**1,839,455**
Net assets per ordinary share attributable to owners of the parent (RM)	2.75	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 30 September 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	67,702	65,792	-	-	(1,953)	(1,953)	-	67,745	1,910
Transactions with owners:									
Transfer to contributed share capital	-	-	39,088	(39,088)	-	-	-	-	-
Dividend for financial year ended 31 December 2016	(21,209)	(21,209)	-	-	-	-	-	(21,209)	-
Accreation of interest in a subsidiary	2,540	-	-	-	-	-	-		2,540
Dividend of subsidiaries	(3,905)	-	-	-	-	-	-	-	(3,905)
	(22,574)	(21,209)	39,088	(39,088)	-	-	-	(21,209)	(1,365)
At 30 September 2017	**1,463,680**	**1,372,613**	**538,092**	**-**	**9,076**	**1,076**	**8,000**	**825,445**	**91,067**
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	130,874	126,819	-	-	128	128	-	126,691	4,055
Transactions with owners:									
Transfer to contributed share capital	-	-	39,088	(39,088)	-	-	-	-	-
Dividend for financial year ended 31 December 2015	(9,980)	(9,980)	-	-	-	-	-	(9,980)	-
Dilution of interest in subsidiary	(4,086)	-	-	-	-	-	-	-	(4,086)
Acquisition of subsidiaries	11,199	-	-	-	-	-	-		11,199
Dividend of subsidiaries	(408)	-	-	-	-	-	-	-	(408)
	(3,275)	(9,980)	39,088	(39,088)	-	-	-	(9,980)	6,705
At 30 September 2016	**1,382,246**	**1,354,054**	**538,092**	**-**	**8,128**	**128**	**8,000**	**807,834**	**28,192**

(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 30 September 2017

	9 months ended 30-Sep-17 RM'000	9 months ended 30-Sep-16 RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat	74,629	138,511
Adjustment for non-cash items	(78,894)	(139,273)
Adjustment for non-operating items	11,579	1,174
Operating profit before working capital changes	7,314	412
(Increase)/decrease in working capital:		
Net change in current assets	(25,449)	(34,695)
Net change in current liabilites	4,496	3,025
Cash used in operating activities	(13,639)	(31,258)
Tax and zakat paid, net of refunds received	(8,388)	(1,792)
Net cash used in operating activities	(22,027)	(33,050)
Cash Flows From Investing Activities		
Dividends received	1,050	-
Interest received	974	415
Profit from Islamic short term placement	244	133
Purchase of property, plant and equipment	(3,472)	(2,362)
Acquisition of subsidiaries	2,315	(117,022)
Proceeds from assets held for disposal	-	60,000
Net movements in money market deposits	(1,768)	59,739
Net cash (used in)/generated from investing activities	(657)	903
Cash Flows From Financing Activities		
Dividends paid	(21,209)	(9,980)
Dividends paid to non-controlling interest	(3,905)	-
Interest paid	(11,823)	(1,307)
Drawdown of borrowings	24,147	86,000
Repayment of borrowings	(32)	(30,071)
Net movements in deposits with licensed banks	224	3,511
Net cash (used in)/generated from financing activities	(12,598)	48,153
Net (decrease)/increase in cash and cash equivalents	(35,282)	16,006
Cash and cash equivalents at 1 January	122,681	19,657
Cash and cash equivalents at 30 September	**87,399**	**35,663**

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

	As at 30-Sep-17	As at 30-Sep-16
Cash and bank balances	98,257	45,314
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(7,454)	(8,578)
Money market deposits	(3,404)	(1,073)
	87,399	**35,663**

(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	Disclosure Initiatives (Amendments to FRS 107)
FRS 112	Recognition of Deferred Tax for Unrealised Losses (Amendments to FRS 112)

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 30 September 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

A final single tier dividend of 4.25 sen per ordinary share amounting to RM21,207,685 in respect of the financial year ended 31 December 2016 was paid on 18 August 2017.

A9 Segmental Information

	3 months ended		9 months ended	
	30.09.2017	30.09.2016	30.09.2017	30.09.2016
	RM'000	RM'000	RM'000	RM'000
Segment Revenue				
Manufacturing	44,981	-	124,109	-
Trading	26,296	24,175	76,241	60,211
Licensing	8,390	7,881	25,520	10,555
Investment holding and property investment	74,623	3,450	95,124	9,871
Infrastructure and utilities	2,473	-	2,473	-
Hospitality	-	-	-	1,619
Total revenue including inter-segment sales	156,763	35,506	323,467	82,256
Eliminations	(71,161)	(20)	(85,161)	(672)
Total	85,602	35,486	238,306	81,584
Segment Results				
Manufacturing	3,809	-	10,112	-
Trading	2,261	1,936	6,581	5,326
Licensing	(501)	2,579	311	3,855
Investment holding and property investment	59,654	(6,705)	56,206	75,404
Infrastructure and utilities *	17,828	(19,699)	79,748	45,155
Hospitality	-	-	-	(413)
Oil and gas *	2,923	4,364	8,268	11,557
Telecommunication *	(583)	(669)	(1,749)	(1,923)
Total profit/(loss)	85,391	(18,194)	159,477	138,961
Eliminations	(70,719)	236	(84,848)	(450)
Profit/(loss) before tax	14,672	(17,958)	74,629	138,511

* Inclusive of 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 other material events subsequent to the end of the interim period which is likely to substantially affect the results of the operations of the Group except that the Company had on 16 October 2017 secured a Term Loan Facility amounting to RM100.0 million ("Facility") from Bank Islam Malaysia Berhad and the Facility had been fully disbursed to the Company on 16 November 2017. The purpose of the Facility is primarily to be utilised for the Company's working capital purposes.

A12 Changes in the composition of the Group

There were no other changes in the composition of the Group for the current period ended 30 September 2017 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for the subscription of additional 1,715,000 new ordinary shares in KPS-HCM Sdn Bhd ("KPS-HCM").

On 21 June 2017, the Company had entered into a Subscription Agreement with HCM Engineering Sdn Bhd and KPS-HCM for the subscription of additional 1,715,000 new ordinary shares in its 30% associated company, KPS-HCM for a total cash consideration of RM1.7 million.

The Subscription Agreement was completed on 22 June 2017. Following the completion of the Subscription Agreement, KPS-HCM has become a 51% owned subsidiary of the Company.

A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 30 September 2017 is as follows:

	RM'000
Property, plant and equipment:	
(i) Approved but not contracted for	25,788
(ii) Approved and contracted for	699

A14 Significant Related Party Transactions

The following are the related party transactions of the Group:

	3 month ended		9 months ended	
	30.09.2017 RM'000	30.09.2016 RM'000	30.09.2017 RM'000	30.09.2016 RM'000
Sale of goods to a subsidiary company of non-controlling interest:				
- Sungai Harmoni Sdn Bhd	4,096	4,386	12,889	11,946
- Taliworks (Langkawi) Sdn Bhd	498	426	1,396	1,039
Sale of goods to related companies:				
- Konsortium Abass Sdn Bhd	2,763	2,817	7,490	7,779
- PNSB Water Sdn Bhd	9,568	9,591	28,683	15,785
- Konsortium Air Selangor Sdn Bhd	263	386	853	1,080
Management fee received from immediate holding company	-	(23)	-	23
Management fees received from related company:				
- Konsortium Air Selangor Sdn Bhd	-	-	-	15
Rental income received from immediate holding company	-	20	13	61
Rental income received from related companies:				
- Konsortium Abass Sdn Bhd	-	69	46	208
- Konsortium Air Selangor Sdn Bhd	-	-	-	26
- Hebat Abadi Sdn Bhd	-	14	11	50
- KDEB Waste Management Sdn Bhd	-	21	14	34
- Kumpulan Hartanah Selangor Berhad	-	-	-	15

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 30 September 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	26,708
ii) Working capital and issuance of bank guarantees	28,000
Sub-total	54,708
ii) **Unsecured**	
a) Performance guarantees to third parties	677

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 RM85.6 million compared with RM35.5 million for the corresponding quarter 2016, representing an increase in revenue by 141% or RM50.1 million. This was largely attributable to revenue from the manufacturing business of Century Bond Bhd ("CBB") of RM45.0 million which was acquired in November 2016. The revenue from trading business of Aqua Flo Sdn Bhd (''Aqua Flo") increased to RM2.1 million as well as revenue from the infrastructure business, KPS-HCM of RM2.5 million. In addition to that, licensing sector of King Koil recorded a higher revenue by RM0.5 million.

Share of profit of associates increased by RM36.2 million as compared to corresponding quarter 2016 mainly due to higher contributions from SPLASH. For the current quarter ended 30 September 2017, the Group registered a profit before tax of RM14.7 million as compared to a loss before tax of RM18.0 million for the corresponding quarter 2016.

Performance of the respective operating business segments for the third quarter ended 30 September 2017 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

   Arising from acquisition of CBB in November 2016, the Group has consolidated the results of CBB with revenue and profit contributions of RM45.0 million and RM3.8 million respectively. 49% or RM22.0 million of the sector's revenue was from paper packaging and the remaining was from plastic packaging and others.

2. Trading

   Revenue of RM26.3 million was 9% or RM2.1 million higher than the corresponding quarter's revenue of RM24.2 million. The increase in revenue was attributed to supply of chemicals to new customers secured in first half of 2017.

   Correspondingly, on current quarter against corresponding quarter 2016 comparison, profit before tax for the current quarter was higher at RM2.3 million as compared to corresponding quarter 2016 of RM1.9 million.

3. Licensing

   The licensing sector posted RM8.4 million revenue to the Group during the current quarter as compared to RM7.9 million in the corresponding quarter 2016 which comprises royalties of RM6.5 million and corporate sales and others of RM1.9 million. For the current quarter, this sector posted a loss before tax of RM0.5 million as compared to profit before tax of RM2.6 million in the corresponding quarter 2016. The loss is mainly due to lower royalty income from licensees coupled with higher marketing costs and administrative expenses.

4. Infrastructure and utilities

   Arising from acquisition of KPS-HCM in June 2017, the Group has consolidated the results of KPS-HCM with revenue of RM2.5 million. Infrastructure and utilities sector recorded a profit of RM17.8 million as compared to corresponding quarter 2016 with loss of RM19.7 million, higher by RM37.5 million. The higher profits recorded in the current quarter is mainly due to higher share of profit from Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH"), a 30% associated company by RM37.7 million due to lower impairment loss on trade receivables and accounting impact of IC 12. SPRINT posted share of loss of RM0.3 million as compared to profit of RM0.1 million for the corresponding quarter 2016 due to higher finance expenses and amortisation of highway development expenditure.

5. Oil and gas

   NGC Energy Sdn Bhd ("NGC Energy") registered a profit after tax of RM7.3 million as compared to a profit of RM10.9 million in the corresponding quarter of 2016. Lower profit recorded during the current quarter due to higher direct cost of sales resulting in lower gross profit margin coupled with higher distribution and administrative expenses. Thus, the Group's share of profit was RM2.9 million as compared to share of profit of RM4.4 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 RM0.6 million as compared to a share of loss of RM0.7 million for the corresponding quarter 2016 due to lower administrative expenses.

7. Investment holding and property investment

   Investment holding and property investment recorded revenue of RM74.6 million as compared to RM3.5 million in the corresponding quarter 2016 due to higher dividend received. This sector recorded a profit before tax of RM59.7 million as compared to a loss of RM6.7 million in the corresponding quarter 2016.

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

For the nine months ended 30 September 2017, the Group registered revenue of RM238.3 million as compared to RM81.6 million in the corresponding period 2016, representing an increase in revenue by RM156.7 million or 192%. The significant increase was mainly due to revenue of RM124.1 million from newly acquired subsidiaries in 2016 in manufacturing sector coupled with higher revenue from trading and licensing sector by RM16.0 million and RM14.9 million respectively. In addition to that, there was also revenue recorded by newly acquired subsidiary in 2017 in infrastructure sector of RM2.5 million.

The Group's profit before tax for the current period of RM74.6 million was 46% lower or RM63.9 million lower than the corresponding period 2016 of RM138.5 million mainly due to realised gain from assets held for disposal of RM97.5 million recorded in 2016.

Performance of the respective operating business segments for the nine months ended 30 September 2017 as compared to the preceding year corresponding period is analysed as follows:

1. Manufacturing

   The manufacturing sector contributed a revenue and profit before tax of RM124.1 million and RM10.1 million respectively arising from the consolidation of nine months' results of the newly acquired subsidiary, CBB in November 2016.

2. Trading

   Trading sector recorded revenue of RM76.2 million as compared to corresponding period 2016 of RM60.2 million. Profit before tax of RM6.6 million is higher than the profit before tax in the corresponding period of RM5.3 million due to higher revenue from sale of chemicals arising from the new contracts secured in first half of 2017.

3. Licensing

   The licensing sector recorded revenue of RM25.5 million as compared to corresponding period 2016 of RM10.6 million. Profit before tax was RM0.3 million as compared to corresponding period 2016 of RM3.9 million due to lower royalty income from licensees coupled with higher marketing and administrative expenses.

4. Infrastructure and utilities

   The infrastructure and utilities sector recorded revenue of RM2.5 million from infrastructure project in Pulau Indah secured by KPS-HCM. Profit from the infrastructure and utilities sector for the current period of RM79.7 million was 76% higher than corresponding period's profit of RM45.2 million mainly due to higher share of profits contributed by the associated companies, primarily from SPLASH.

5. Oil and gas

   For the current period, NGC Energy registered profit after tax of RM20.7 million which translated into the Group's share of profit of RM8.3 million as compared to share of profit of RM11.6 million for the corresponding quarter 2016. The lower profit recorded by NGC Energy was mainly due to higher cost of sales resulting in a lower profit gross margin.

6. Telecommunication

   The Group's share of losses for the current period in Ceres was RM1.7 million, lower by RM0.2 million as compared to a loss of RM1.9 million for the corresponding period 2016.

7. Investment holding and property management

   The investment holding sector recorded higher revenue of RM95.1 million as compared to RM9.9 million in the corresponding period 2016 due to higher dividend income. This sector recorded a profit before tax of RM56.2 million as compared to a profit before tax of RM75.4 million in the corresponding period 2016 mainly due to realised gain from assets held for disposal of RM97.5 million recorded in 2016.

B2 Comment on material change in profit before tax

The Group recorded a profit before tax of RM14.7 million for the current quarter ended 30 September 2017 as compared to a profit before tax of RM37.6 million in the previous quarter ended 30 June 2017. The lower profit before tax was mainly due to lower share of profit of associates of RM20.2 million as compared to RM42.4 million for the previous quarter.

B3 Commentary on prospects

1. Manufacturing

   CBB's primary focus would be on growing its paper bags business. To propel growth in the Malaysian market, CBB plans to strengthen its position in the non-cement sector specifically in the minerals and other constructions segments which has recently generated strong demand and generate better margins.

   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) 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 RM65.4 million had been delivered as at 30 September 2017.

   In addition to delivering on these contracts, Aqua Flo is continuously bidding for new contracts for supply of water treatment chemicals and monitoring equipment. Concurrently, Aqua Flo is embarking on strategic initiatives to enhance future profitability by strengthening operational efficiency and venturing into other water-related businesses.

3. Licensing

   Future growth for the King Koil group of companies ("King Koil Group") will be largely driven by expansion of market share via direct distribution to retailers and consumers in the USA, which remains as one of two largest bedding markets in the world along with China, with estimated consumption of mattress in excess of USD7 billion in 2015. Initiatives have been put in place to grow the distribution network via conventional brick-and-mortar retailers as well as various online channels.

   The Group is further optimistic on the growth prospects in the US market with the appointment of bedding industry specialist, Mr. David Binke ("Mr. Binke") as Chief Executive Officer of the King Koil Group in September 2017. Mr. Binke joined the King Koil Group from another US-based bedding player which doubled its revenue over a 5-year period during which he held the sales leadership and chief executive positions in the company. The King Koil Group is slated for bolder strategic moves in the US market with Mr. Binke at the helm, and success in the brand's home ground will in turn be beneficial to King Koil international licensees in their respective markets around the world.

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 its subsidiary, 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 for both conventional and compact pipe technology.

   SPT is constantly engaging with various parties and state water agencies to promote the compact pipe technology where it has proven to be a success in several countries including Hong Kong. The Group plans to replicate this success locally.

On road maintenance and infrastructure segment, Perangsang Selangor had increased its stake in KPS-HCM to 51% on 22 June 2017. KPS-HCM was awarded infrastructure project for Pulau Indah Industrial Park by the main contractor, Central Spectrum Sdn Bhd. It is envisaged that the current order book of KPS-HCM will contribute positively to the Group's results for the financial years ending 2017-2019. Going forward, KPS-HCM will actively identify and bid for similar projects to enhance the performance of the Group's infrastructure and utility segment.

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, a 34.35% associated company, is currently pursuing several new initiatives to streamline its business and to improve its financial performance; refocusing on its market segments, introducing new products and extending its network of distributors. Efforts are continuously being pursued in order to ensure that Ceres contributes positively to the Group in the future.

B4 Profit forecast and profit guarantee

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

B5 Other operating income/(expenses)

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

	3 months ended		9 months ended	
	30.09.2017	**30.09.2016**	**30.09.2017**	**30.09.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Profit from Islamic short term placement	151	54	244	133
Interest income - fixed deposit	350	148	974	415
Gain realised on assets held for disposal	-	-	-	97,470
(Loss)/gain on foreign exchange	(175)	4	(1,486)	16
Finance costs	(4,020)	(908)	(11,823)	(1,462)
Depreciation of property, plant and equipment	(623)	(1,837)	(2,548)	(4,976)
Depreciation of investment properties	(1,283)	(21)	(3,385)	(64)
Amortisation of intangible assets	(358)	(55)	(1,010)	(55)
Bad debts written off	-	-	(69)	-
Impairment of goodwill on consolidation	-	-	-	(2,020)

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

B6 Income tax and zakat expense

	3 months ended		9 months ended	
	30.09.2017	**30.09.2016**	**30.09.2017**	**30.09.2016**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense	1,412	4,447	5,190	7,193
Deferred tax transfer to balance sheet	(315)	-	(996)	-
Income tax expense	1,097	4,447	4,194	7,193
Zakat expense	63	55	134	658
Income tax and zakat expense	1,160	4,502	4,328	7,851

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.

B8 Borrowings

The Group borrowings as at 30 September 2017 are as follows:

	As at 3rd Quarter 2017	
	Foreign Denomination USD'000	**RM Denomination RM'000**
Short term borrowings - secured		
Revolving credits	-	123,000
Obligation under finance leases	-	10
Term loan	31	133
Sub total	**31**	**123,143**
Long term borrowings – secured		
Obligation under finance leases	-	46
Term loan	11	46
Syndicated term loan	-	168,259
Sub total	**11**	**168,351**
Total borrowings - secured		
Revolving credits	-	123,000
Obligation under finance leases	-	56
Term loan	42	179
Syndicated term loan	-	168,259
Total	**42**	**291,494**

	As at 3rd Quarter 2016	
	Foreign Denomination USD'000	**RM Denomination RM'000**
Short term borrowings - secured		
Revolving credits	-	86,000
Obligation under finance leases	-	10
Term loan	72	301
Sub total	**72**	**86,311**
Long term borrowings – secured		
Obligation under finance leases	-	88
Sub total	**-**	**88**
Total borrowings - secured		
Revolving credits	-	86,000
Obligation under finance leases	-	98
Term loan	72	301
Total	**72**	**86,399**

i) Syndicated term loan

The syndicated term loan of RM168.3 million was utilised for the acquisition of CBB which was completed on 8 November 2016.The tenure of the syndicated term loan is 5 years and will mature on 8 November 2021.

ii) Revolving credits

There is an increase of RM37.0 million as compared to corresponding period 2016 and the amount is utilised for working capital and investment purposes.

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 litigation or arbitration, either as plaintiff or defendant.

B10 Dividends

A final single tier dividend of 4.25 sen per ordinary share amounting to RM21,207,685 in respect of the financial year ended 31 December 2016 which was approved by the shareholders at the Annual General Meeting of the Company held on 25 May 2017 was paid on 18 August 2017.

B11 Earnings/(loss) per share

Basic earnings/(loss) 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.

	3 Months Ended 30.09.2017	3 Months Ended 30.09.2016	9 Months Ended 30.09.2017	9 Months Ended 30.09.2016
Basic earnings/(loss) per share				
Net profit/(loss) attributable to owners of the parent (RM'000)	12,867	(24,215)	67,745	126,691
Weighted average number of shares in issue ('000)	499,004	499,004	499,004	499,004
Basic EPS (sen)	2.6	(4.9)	13.6	25.4

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 30.09.2017 RM'000	As at 31.12.2016 RM'000
The (accumulated losses)/retained earnings of the Company and its subsidiaries:		
- Realised	(29,150)	8,588
- Unrealised	(4,469)	(3,473)
Add:		
Total share of retained earnings from associates		
- Realised	859,064	773,794
Retained earnings as per financial statements	825,445	778,909

BY ORDER OF THE BOARD

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

Date: 29 November 2017