KUMPULAN PERANGSANG SELANGOR BERHAD

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

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2018

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2018

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2017 RM'000	VARIANCE RM'000	VARIANCE %	CURRENT YEAR TO DATE 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000	VARIANCE RM'000	VARIANCE %
Revenue	95,841	76,756	19,085	25	95,841	76,756	19,085	25
Cost of sales	(74,408)	(54,761)	(19,647)	(36)	(74,408)	(54,761)	(19,647)	(36)
Gross profit	21,433	21,995	(562)	(3)	21,433	21,995	(562)	(3)
Other income	764	1,065	(301)	(28)	764	1,065	(301)	(28)
Other expenses	(26,251)	(20,631)	(5,620)	(27)	(26,251)	(20,631)	(5,620)	(27)
Operating (loss)/profit	(4,054)	2,429	(6,483)	(267)	(4,054)	2,429	(6,483)	(267)
Finance costs	(3,898)	(3,750)	(148)	(4)	(3,898)	(3,750)	(148)	(4)
Share of profit of associates	23,498	23,664	(166)	(1)	23,498	23,664	(166)	(1)
Profit before tax	15,546	22,343	(6,797)	(30)	15,546	22,343	(6,797)	(30)
Income tax	(1,342)	(1,144)	(198)	(17)	(1,342)	(1,144)	(198)	(17)
Profit for the period	**14,204**	**21,199**	**(6,995)**	**(33)**	**14,204**	**21,199**	**(6,995)**	**(33)**
Attributable to:								
- Owners of the parent	13,214	20,208	(6,994)	(35)	13,214	20,208	(6,994)	(35)
- Non-controlling interests	990	991	(1)	(0)	990	991	(1)	(0)
	14,204	**21,199**	**(6,995)**	**(33)**	**14,204**	**21,199**	**(6,995)**	**(33)**
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	2.6	4.0	(1.4)	35	2.6	4.0	(1.4)	(35)
Diluted EPS	2.6	4.0	(1.4)	35	2.6	4.0	(1.4)	(35)

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 and the accompanying explanatory notes attached to the interim financial statements)

A2 Unaudited Condensed Consolidated Statement of Comprehensive Income For The Quarter Ended 31 March 2018

PARTICULARS	INDIVIDUAL QUARTER CURRENT YEAR QUARTER 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2017 RM'000	VARIANCE RM'000	VARIANCE %	CUMULATIVE QUARTER CURRENT YEAR TO DATE 31/3/2018 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2017 RM'000	VARIANCE RM'000	VARIANCE %
Profit for the period	14,204	21,199	(6,995)	(33)	14,204	21,199	(6,995)	(33)
Other comprehensive loss (net of tax):								
Loss on foreign currency translation reserve	(2,589)	(228)	(2,361)	(1,036)	(2,589)	(228)	(2,361)	(1,036)
Total comprehensive income for the period	**11,615**	**20,971**	**(9,356)**	**(45)**	**11,615**	**20,971**	**(9,356)**	**(45)**
Attributable to:								
- Owners of the parent	11,254	20,065	(8,811)	(44)	11,254	20,065	(8,811)	(44)
- Non-controlling interests	361	906	(545)	(60)	361	906	(545)	(60)
	11,615	**20,971**	**(9,356)**	**(45)**	**11,615**	**20,971**	**(9,356)**	**(45)**

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2017 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 2018

	Unaudited 31-Mar-18 RM'000	Audited 31-Dec-17 RM'000	Audited 1-Jan-17 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment	93,791	94,602	100,252
Investment properties	96,539	95,863	91,787
Investments in associates	1,195,196	1,171,698	1,078,986
Club membership	203	203	523
Goodwill on consolidation	41,045	41,045	40,322
Intangible assets	207,108	207,456	208,821
Other receivables	34,089	34,095	35,663
Deferred tax assets	477	477	333
	1,668,448	1,645,439	1,556,687
Current assets			
Inventories	48,591	49,324	31,412
Receivables	470,301	170,403	117,035
Tax recoverable	1,468	1,730	1,522
Cash and bank balances	81,557	79,044	131,995
	601,917	300,501	281,964
TOTAL ASSETS	**2,270,365**	**1,945,940**	**1,838,651**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	538,092	538,092	499,004
Share premium	-	-	39,088
Other reserves	5,200	7,160	11,029
Retained earnings	829,677	816,463	778,909
Shareholders' equity	1,372,969	1,361,715	1,328,030
Non-controlling interests	93,021	93,057	90,692
TOTAL EQUITY	1,465,990	1,454,772	1,418,722
Non-current liabilities			
Payables	50,000	-	-
Borrowings (profit rate bearing)	474,945	225,977	159,201
Deferred tax	63,610	63,683	64,610
	588,555	289,660	223,811
Current liabilities			
Payables	115,045	118,251	81,958
Borrowings (profit rate bearing)	99,672	81,681	108,178
Taxation	868	1,347	5,756
Amounts due to immediate holding company	203	203	203
Amounts due to related companies	32	26	23
	215,820	201,508	196,118
TOTAL LIABILITIES	804,375	491,168	419,929
TOTAL EQUITY AND LIABILITIES	**2,270,365**	**1,945,940**	**1,838,651**
Net assets per ordinary share attributable to owners of the parent (RM)	2.75	2.73	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 2017 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 2018

		Attributable to Owners of the Parent							
			{---- Non Distributable				----}	Distributable	
	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 2018	1,454,772	1,361,715	538,092	-	7,160	(840)	8,000	816,463	93,057
Total comprehensive income	11,615	11,254	-	-	(1,960)	(1,960)	-	13,214	361
Transactions with owners:									
Dividend of subsidiaries	(397)	-	-	-	-	-	-	-	(397)
At 31 March 2018	**1,465,990**	**1,372,969**	**538,092**	**-**	**5,200**	**(2,800)**	**8,000**	**829,677**	**93,021**
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**

(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 2017 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 Flow
For The Period Ended 31 March 2018

	3 months ended	
	31-Mar-18	**31-Mar-17**
	RM'000	**RM'000**
Cash Flows From Operating Activities		
Profit before tax and zakat	15,546	22,343
Adjustment for non-cash items	(19,727)	(21,145)
Adjustment for non-operating items	3,858	3,750
Operating (loss)/profit before working capital changes	(323)	4,948
(Increase)/decrease in working capital:		
Net change in current assets	(49,154)	10,993
Net change in current liabilites	46,558	(4,621)
Cash (used in)/generated from operating activities	(2,919)	11,320
Tax paid, net of refunds received	(1,685)	(3,399)
Net cash (used in)/generated from operating activities	(4,604)	7,921
Cash Flows From Investing Activities		
Dividends received	-	1,050
Profit rate received	167	262
Acquisition of subsidiary	(250,000)	-
Profit from Islamic short term placement	40	22
Purchase of property, plant and equipment	(3,133)	(250)
Net movements in money market deposits	610	37
Net cash (used in)/generated from investing activities	(252,316)	1,121
Cash Flows From Financing Activities		
Dividend paid	(397)	(2,372)
Profit rate paid	(3,898)	(3,750)
Repayment of borrowings	(15,633)	(11)
Drawdown of borrowings	282,256	14,483
Net movements in deposits with licensed banks	16	(3)
Net cash generated from financing activities	262,344	8,347
Net increase in cash and cash equivalents	5,424	17,389
Effect of exchange rate changes on cash and cash equivalents	(2,285)	(143)
Cash and cash equivalents at 1 January	67,967	122,681
Cash and cash equivalents at 31 March	**71,106**	**139,927**

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

	As at 31-Mar-18	As at 31-Mar-17
Cash and bank balances	81,557	149,207
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(6,341)	(7,681)
Money market deposits	(4,110)	(1,599)
	71,106	**139,927**

(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 2017 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 MFRS 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 2017. The explanatory notes attached to the interim financial statements provide and 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 2017.

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 2017 except for the adoption of MFRS, the following new and amended MFRSs with effect from 1 January 2018.

A2.1 Adoption of MFRSs and Amendments to MFRSs

On 1 January 2018, the Group adopted MFRSs and the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2018.

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
MFRS 140	Transfers of Investment Property (Amendments to MFRS 140)
IC Interpretation 22	Foreign Currency Transactions and Advance Consideration

Annual Improvements to MFRS Standards 2014 – 2016 Cycle

The adoption of the above MFRSs and IC Interpretation did not have any significant financial impact to the results of the Group and the Company for the financial period under review.

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 2019

MFRS 9	Prepayment Features with Negative Compensation (Amendments to MFRS 9)
MFRS 16	Leases
MFRS 128	Long-term Interests in Associates and Joint Ventures (Amendments to MFRS 128)
IC Interpretation 23	Uncertainty Over Income Tax Treatments

Annual Improvements to MFRS Standards 2015-2017 Cycle

1 January 2021

MFRS 17	Insurance Contracts

The Group plans to apply the abovementioned MFRSs in the annual financial statements when they become effective and that the adoption of these standards is expected not to have any material impact on the financial statements of the Group and the Company in the period of initial application.

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

With effect from 1 January 2018, the Group has adopted the Malaysian Financial Reporting Standards (“MFRS”) Framework issued by Malaysian Accounting Standards Board (“MASB”) in 2011. The Group falls within the scope definition of Transitioning Entities (“TE”), entities that are within the scope of MFRS 141 Agriculture and IC Interpretation 15 Agreements for Construction of Real Estate, including its parents, significant investor and venture. The TE would only be required to adopt the MFRS Framework for the annual periods beginning on or after 1 January 2018.

MFRS Framework was introduced by the MASB to fully converge Malaysia’s existing Financial Reporting Standards (“FRS”) Framework with the International Financial Reporting Standards (“IFRS”) Framework issued by the International Accounting Standards Board. Whilst all FRSs issued under the previous FRS Framework were equivalent to the MFRSs issued under the MFRS Framework, there are some differences in relation to the transitional provisions and effective dates contained in certain of the FRSs. MFRS 1 “First-time Adoption of MFRS” provides for certain optional exemptions and certain mandatory exception for first-time MFRS adopters.

The adoption of MFRSs did not have any significant financial impact to the results of the Group and the Company for the financial period under review.

A3 Audit report of preceding annual financial statements

The audited consolidated financial statements for the financial year ended 31 December 2017 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 and equity securities during the current period except that:

(i) Acceptance of Term Loan Facility granted by AmBank Islamic Berhad ("AIB")

Perangsang Dinamik Sdn Bhd ("PDSB") a wholly-owned subsidiary of Perangsang Selangor had on 30 January 2018 accepted a Term Loan Facility of up to RM200.0 million ("Facility") from AIB. The Facility was used for financing PDSB's investment in its newly acquired subsidiary, CPI (Penang) Sdn Bhd ("CPI").

(ii) Acceptance of Term Loan Facility granted by Bank Islam Malaysia Berhad ("BIMB")

KPS-HCM Sdn Bhd ("KPS-HCM"), a 51% subsidiary of Perangsang Selangor had on 2 March 2018 secured a Term Loan Facility amounting to RM120.0 million from BIMB. The Term Loan Facility is to part finance KPS-HCM's infrastructure works for the development of Phase 3C, Lot 74079, Pulau Indah Industrial Park, Pulau Indah, Mukim Klang Daerah Klang, Selangor Darul Ehsan arising from the contract awarded by Central Spectrum (M) Sdn Bhd to KPS-HCM vide letter of award dated 13 June 2017.

(iii) Proposed bonus issue of up to 38,384,932 new ordinary shares in the Company

On 30 March 2018, the Company proposed to undertake a bonus issue of up to 38,384,932 new ordinary shares in the Company on the basis of 1 bonus share for every 13 existing shares held on an entitlement date to be determined later ("Bonus Issue").

Listing application has been submitted to Bursa Securities on 12 April 2018. Bursa Securities had, vide its letter dated 23 April 2018, approved the listing subject to the following conditions:

1. Perangsang Selangor and the principal adviser, Affin Hwang Investment Bank Berhad ("Affin Hwang IB") must fully comply with the relevant provisions under the Main Market Listing Requirements ("MMLR") pertaining to the implementation of the Proposed Bonus Issue;

2. Perangsang Selangor and Affin Hwang IB to inform Bursa Securities upon completion of the Proposed Bonus Issue;

3. Perangsang Selangor to furnish Bursa Securities with a written confirmation of its compliance with the terms and conditions of Bursa Securities' approval once the Proposed Bonus Issue is completed; and

4. Perangsang Selangor and Affin Hwang IB are required to make the relevant announcements for the Proposed Bonus Issue pursuant to Paragraph 6.35(2)(a) and (b) and 6.35(4) of the MMLR.

The Bonus Issue was approved by the shareholders at the EGM held on 24 May 2018.

A8 Dividend paid

There was no dividend paid during the current quarter.

A9 Segmental Information

	3 months ended	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Segment Revenue		
Manufacturing	43,964	39,596
Trading	26,277	25,187
Licensing	7,836	8,821
Infrastructure and utilities	20,392	-
Investment holding	2,800	4,228
Total revenue including inter segment sales	101,269	77,832
Eliminations	(5,428)	(1,076)
Total	95,841	76,756
Segment Results		
Manufacturing	2,590	4,046
Trading	2,023	2,165
Licensing	(434)	516
Infrastructure and utilities *	20,370	20,657
Investment holding	(12,798)	(6,908)
Oil and gas *	4,566	3,495
Telecommunication *	(499)	(488)
Total profit	15,818	23,483
Eliminations	(272)	(1,140)
Profit before tax	15,546	22,343

* 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 reporting period

There were no other material events subsequent to the end of the reporting period which is likely to substantially affect the results of the operations of the Group other than extension of Aqua-Flo Sdn Bhd's ("Aqua Flo") contracts for the supply and delivery of water chemicals.

Aqua Flo had received a Letter of Extension dated 3 May 2018 from PNSB Water Sdn Bhd, Konsortium ABASS Sdn Bhd and Konsortium Air Selangor Sdn Bhd ("Air Selangor Group") to extend the duration for the supply and delivery of water chemicals to Air Selangor Group for a further period of five (5) and a half months from 16 May 2018 and expiring on 31 October 2018. The estimated value of the extended contract is RM25.1 million.

A12 Changes in the composition of the Group

There were no other changes in the composition of the Group for the period ended 31 March 2018 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring except for:

(i) Formation of an indirect subsidiary

Kyco Industries, Inc. ("Kyco"), an indirect 60%-owned subsidiary of the Company, had on 22 January 2018 formed a wholly-owned subsidiary named King Koil Manufacturing West, LLC ("KKMW") under the Delaware Limited Liability Company Act of the State of Delaware, the United States of America. Subsequently, a Members' Agreement was signed on 29 January 2018 with a US-based partner on a 60:40 equity basis on a total initial capital contribution of USD3.3 million (approximately RM13.0 million). Kyco's portion of the investment is funded via internally generated funds.

The principal activities of KKMW are to carry out the business of the production, sale and distribution of mattresses, related bedding and sleep products as well as any other activities necessary or incidental thereto.

(ii) Acquisition of 100% equity interest in CPI by the Company and its nominee, Perangsang Dinamik Sdn Bhd ("PDSB"), a wholly-owned subsidiary of the Company

On 14 February 2018, the Company and PDSB, had entered into a conditional share sale agreement with HK Resources Sdn Bhd, TCS Resources Sdn Bhd ("TCSR") and Mr. Lim Lai Chin ("LLC"), the Chief Executive Officer of CPI as the primary obligor for the Profit Guarantee and TCSR, whereby the Company agreed to acquire 10,000,000 ordinary shares in CPI, representing 100% of the issued share capital of CPI for a total cash consideration of RM250,000,000 ("SSA"), upon completion of the terms and conditions contained in the SSA ("Acquisition").

Perangsang Selangor nominated its wholly-owned subsidiary, PDSB to be the purchaser and transferee of the Sale Shares in respect of the Acquisition.

On 16 March 2018, the SSA has become unconditional. The acquisition of CPI was completed on 27 March 2018.

Following the completion of the Acquisition, CPI has become an indirect subsidiary of the Company. Accordingly, PCM Manufacturing Sdn Bhd, a 60%-owned subsidiary of CPI, has also become an indirect subsidiary of the Company.

A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2018 is as follows:

	RM'000
Property, plant and equipment:	
(i) Approved but not contracted for	40,681
(ii) Approved and contracted for	9,484

A14 Significant Related Party Transactions

The following are the related party transactions of the Group:

	3 months ended	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Sale of goods to a subsidiary company of non-controlling interest:		
- Sungai Harmoni Sdn Bhd	4,161	4,509
- Taliworks (Langkawi) Sdn Bhd	311	414
Sale of goods to related companies:		
- Konsortium Abass Sdn Bhd	1,934	2,269
- PNSB Water Sdn Bhd	9,500	9,858
- Konsortium Air Selangor Sdn Bhd	302	296
Rental income received from immediate holding company	-	13
Rental income received from related companies:		
- Konsortium Abass Sdn Bhd	-	46
- KDEB Waste Management Sdn Bhd	-	14
- Hebat Abadi Sdn Bhd	-	11
Rental expenses payable to related companies:		
- Konsortium Abass Sdn Bhd	3	-
- Konsortium Air Selangor Sdn Bhd	2	-

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 March 2018 are as follows:

	RM'000
i) **Secured:**	
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	20,751
ii) Working capital and issuance of bank guarantees	28,000
Sub-total	48,751
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

Current quarter against previous year corresponding quarter

Group revenue increased significantly to RM95.8 million compared with RM76.8 million for the corresponding quarter 2017, representing an increase in revenue by 25% or RM19.1 million. This was largely attributable to revenue from the infrastructure business, KPS-HCM Sdn Bhd ("KPS-HCM") of RM15.0 million. The revenue from manufacturing business of Century Bond Bhd (''CBB") recorded a higher revenue by RM4.4 million.

For the current quarter ended 31 March 2018, the Group registered a profit before tax of RM15.5 million as compared to a profit before tax of RM22.3 million for the corresponding quarter 2017. Lower profit in current quarter mainly due to one-off financial charges of RM3.7 million incurred for the acquisition of CPI and lower profit from manufacturing segment.

Performance of the respective operating business segments for the first quarter ended 31 March 2018 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

   CBB contributed revenue of RM44.0 million, higher than corresponding quarter 2017 by RM4.4 million. 77% or RM34.0 million of the sector's revenue was from paper packaging and the remaining was from plastic packaging and others.

   For the current quarter, this sector posted a profit before tax of RM2.6 million as compared to RM4.1 million in the corresponding quarter 2017 due to the higher raw material cost.

2. Trading

   Revenue of RM26.3 million was 4% or RM1.1 million higher than the corresponding quarter's revenue of RM25.2 million.

   For the current quarter, this sector posted a profit before tax of RM2.0 million as compared to RM2.2 million in the corresponding quarter 2017 due to the higher raw material cost.

3. Licensing

   RM7.8 million revenue to the Group during the current quarter as compared to RM8.8 million in the corresponding quarter 2017 mainly due to the strengthening of MYR against USD. For the current quarter, this sector posted a loss before tax of RM0.4 million as compared to profit before tax of RM0.5 million in the corresponding quarter 2017 due to the higher personnel and marketing 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 and Smartpipe Technology Sdn Bhd with consolidated revenue of RM15.0 million. Infrastructure and utilities sector recorded a profit of RM20.3 million as compared to corresponding quarter 2017 with profit of RM20.6 million. SPLASH and Sistem Penyuraian Trafik KL Barat Holdings Sdn Bhd ("SPRINT") posted share of profit of RM20.2 million and share of loss of RM0.9 million respectively as compared to share of profit of RM23.8 million and share of loss of RM3.0 million respectively for the corresponding quarter 2017.

5. Oil and gas

   NGC Energy Sdn Bhd ("NGC Energy") registered a profit after tax of RM11.4 million as compared to a profit after tax of RM8.7 million in the corresponding quarter of 2017 mainly due to the higher sales to industrial and commercial ("I&C") segment. The Group's share of profit was RM4.6 million as compared to share of profit of RM3.5 million in the corresponding quarter 2017 due to higher price recorded from I&C segment.

6. Telecommunication

   The Group's share of loss from Ceres Telecom Sdn Bhd ("Ceres") for the current quarter was RM0.5 million, similar with the corresponding quarter 2017.

7. Investment holding

   Investment holding recorded revenue of RM2.8 million as compared to RM4.2 million in the corresponding quarter 2017. This sector recorded a higher loss before tax of RM12.8 million as compared to a loss before tax of RM6.9 million in the corresponding quarter 2017. Higher losses in current quarter was mainly due to finance cost on financing for CPI acquisition.

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

The Group recorded a profit before tax of RM15.5 million for the current quarter ended 31 March 2018 as compared to a loss before tax of RM4.7 million in the previous quarter ended 31 December 2017. The improved results for the current quarter was mainly due to share of profit of associates of RM23.5 million as compared to RM8.4 million for the previous quarter. During the previous quarter, the Group also recorded impairment loss on receivables of RM8.5 million whilst the impairment loss on receivables in the current quarter is RM0.6 million.

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 which has recently generated strong demand and better margins.

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

   The King Koil group of companies ("King Koil Group") had on 1 May 2018 started operating its manufacturing plant in the US. The plant will be supplying to retailers in 11 states in the Western region of the US, including the state of Arizona where it is located. With the new plant, the King Koil Group will also be able to expand its export program, catering to international demand for ultra-premium Made-in-USA mattresses.

   CPI being the latest addition to Perangsang Selangor family will continue to focus on their high precision plastic injection moulding segment which currently contributes majority of revenue to-date. At the same time, we foresee the box-build segment realising its tremendous potential to grow and contribute a bigger portion to CPI's top line. This is in-line with the demand for electronic manufacturing services anticipated to grow at over 5% Compound Annual Growth Rate between 2016 to 2021, providing CPI with ample potential opportunities to tap on.

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 RM89.8 million had been delivered as at 31 March 2018. In anticipation of expiry of these contracts in May 2018, Aqua Flo had participated in the tender for the renewal of the contracts in March 2018 of which the result of the tender is pending decision from Pengurusan Air Selangor Sdn Bhd ("Air Selangor"). In addition, Aqua Flo received a letter of extension on 3 May 2018 from Air Selangor for the period extension of the contracts to 31 October 2018. The total estimated value for the period extension of the contracts is RM25.1 million.

Aqua Flo is also continuously bidding for other 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

While the King Koil Group changes direction for its licensing business in the US market, it remains focused on growing the International licensing segment. Growth from this segment will be driven by i) continuous engagement with the licensees and supporting their market expansion efforts; and ii) adding more territories to the King Koil network, which already covers over 80 countries worldwide. Strengthening the brand power in the US is expected to have positive impact on the International licensing segment by increasing the brand value in other markets, and attracting manufacturers of high calibre and capabilities to join the King Koil group of licensees.

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, 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 plan to replicate this success locally.

In November 2017, SPT entered into an agreement with Pengurusan Air Selangor Sdn Bhd for a pilot rehabilitation project using compact pipe technology. The pilot project covers a length of 0.5km in Taman Bukit Anggerik, Cheras and is expected to be completed by Q3 2018.

On the infrastructure and utilities, KPS-HCM was awarded with an infrastructure work 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 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 in the industrial and 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 initiatives to streamline its business and improve its financial performance; refocusing of its market segment, introducing new products and 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 income/(expenses)

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

	3 months ended	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Profit from Islamic short term placement	40	22
Profit rate income - fixed deposit	167	262
(Loss)/gain on foreign exchange	(170)	102
Finance costs	(3,898)	(3,750)
Depreciation of property, plant and equipment	(1,987)	(1,044)
Depreciation of investment properties	(997)	(1,051)
Amortisation of intangible assets	(257)	(250)
Bad debts written off	-	(69)
Impairment loss on trade receivables	(647)	-

Other items not applicable to the Group is gain or loss on derivatives.

B6 Income tax expense

	3 months ended	
	31.3.2018	**31.3.2017**
	RM'000	**RM'000**
Income tax expense	1,411	1,635
Deferred tax transfer to balance sheet	(69)	(491)
Income tax expense	1,342	1,144

B7 Status of corporate proposals

Other than those stated in A11, there were no other corporate proposals during the period ended and subsequent to the reporting period.

B8 Borrowings

The Group borrowings as at 31 March 2018 are as follows:

	As at 1st Quarter 2018	
	Foreign Denomination USD'000	**RM Denomination RM'000**
Short term borrowings - secured		
Revolving credits	-	55,000
Obligation under finance leases	-	127
Term loan	27	103
Syndicated term loan	-	42,500
Letter of credit	-	1,942
Sub total	**27**	**99,672**
Long term borrowings – secured		
Obligation under finance leases	-	497
Term loan	-	159,314
Syndicated term loan	-	315,134
Sub total	**-**	**474,945**
Total borrowings - secured		
Revolving credits	-	55,000
Obligation under finance leases	-	624
Term loan	27	159,417
Syndicated term loan	-	357,634
Letter of credit	-	1,942
Total	**27**	**574,617**

	As at 1st Quarter 2017	
	Foreign Denomination USD'000	**RM Denomination RM'000**
Short term borrowings - secured		
Revolving credits	-	121,000
Obligation under finance leases	-	32
Syndicated term loan	-	10,625
Term loan	31	136
Sub total	**31**	**131,793**
Long term borrowings – secured		
Obligation under finance leases	-	46
Term loan	27	118
Syndicated term loan	-	149,858
Sub total	**27**	**150,022**
Total borrowings - secured		
Revolving credits	-	121,000
Obligation under finance leases	-	78
Term loan	58	254
Syndicated term loan	-	160,483
Total	**58**	**281,815**

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 Dividend

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

B11 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.

	3 Months Ended 31.3.2018	3 Months Ended 31.3.2017
Basic earnings per share		
Net profit attributable to owners of the parent (RM'000)	13,214	20,208
Weighted average number of shares in issue ('000)	499,004	499,004
Basic EPS (sen)	2.6	4.0

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
Company Secretary

Date: 30 May 2018