



KUMPULAN PERANGSANG SELANGOR BERHAD

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

**UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE QUARTER ENDED 31 MARCH 2019**

KUMPULAN PERANGSANG SELANGOR BERHAD
Company No. 23737 K

A1 Unaudited Condensed Consolidated Income Statement For The Quarter Ended 31 March 2019

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER	PRECEDING YEAR CORRESPONDING QUARTER	VARIANCE		CURRENT YEAR TO DATE	PRECEDING YEAR CORRESPONDING PERIOD	VARIANCE	
	31/3/2019 RM'000	31/3/2018 RM'000	RM'000	%	31/3/2019 RM'000	31/3/2018 RM'000	RM'000	%
Revenue	157,461	95,841	61,620	64	157,461	95,841	61,620	64
Cost of sales	(119,144)	(74,408)	(44,736)	(60)	(119,144)	(74,408)	(44,736)	(60)
Gross profit	38,317	21,433	16,884	79	38,317	21,433	16,884	79
Other income	4,562	764	3,798	497	4,562	764	3,798	497
Other expenses	(29,681)	(26,251)	(3,430)	(13)	(29,681)	(26,251)	(3,430)	(13)
Operating profit/(loss)	13,198	(4,054)	17,252	426	13,198	(4,054)	17,252	426
Finance costs	(9,562)	(3,898)	(5,664)	(145)	(9,562)	(3,898)	(5,664)	(145)
Share of profit of associates	3,540	23,498	(19,958)	(85)	3,540	23,498	(19,958)	(85)
Profit before tax and zakat	7,176	15,546	(8,370)	(54)	7,176	15,546	(8,370)	(54)
Income tax and zakat	(4,675)	(1,342)	(3,333)	(248)	(4,675)	(1,342)	(3,333)	(248)
Profit net of tax and zakat	2,501	14,204	(11,703)	(82)	2,501	14,204	(11,703)	(82)
Attributable to:								
- Owners of the parent	1,169	13,214	(12,045)	(91)	1,169	13,214	(12,045)	(91)
- Non-controlling interests	1,332	990	342	35	1,332	990	342	35
	2,501	14,204	(11,703)	(82)	2,501	14,204	(11,703)	(82)
Earnings per share ("EPS") attributable to owners of the parent (sen per share):								
Basic EPS	0.2	2.5	(2.3)	(92)	0.2	2.5	(2.3)	(92)
Diluted EPS	0.2	2.5	(2.3)	(92)	0.2	2.5	(2.3)	(92)

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 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 2019

PARTICULARS	INDIVIDUAL QUARTER				CUMULATIVE QUARTER			
	CURRENT YEAR QUARTER 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING QUARTER 31/3/2018 RM'000	VARIANCE		CURRENT YEAR TO DATE 31/3/2019 RM'000	PRECEDING YEAR CORRESPONDING PERIOD 31/3/2018 RM'000	VARIANCE	
			RM'000	%			RM'000	%
Profit net of tax and zakat	2,501	14,204	(11,703)	(82)	2,501	14,204	(11,703)	(82)
Other comprehensive loss (net of tax):								
Loss on foreign currency translations	(741)	(2,589)	1,848	71	(741)	(2,589)	1,848	71
Total comprehensive income for the period	1,760	11,615	(9,855)	(85)	1,760	11,615	(9,855)	(85)
Attributable to:								
- Owners of the parent	743	11,254	(10,511)	(93)	743	11,254	(10,511)	(93)
- Non-controlling interests	1,017	361	656	182	1,017	361	656	182
	1,760	11,615	(9,855)	(85)	1,760	11,615	(9,855)	(85)

(The Unaudited Condensed Consolidated Income Statement should be read in conjunction with the Annual Audited Financial Statements for the year ended 31 December 2018 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 2019

	Unaudited 31-Mar-19 RM'000	Audited 31-Dec-18 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	184,729	157,596
Investment properties	92,979	92,433
Investments in associates	889,931	929,891
Intangible assets	236,016	207,264
Goodwill on consolidation	132,203	170,794
Long term receivable	25,551	25,551
Deferred tax assets	398	353
Club memberships	203	203
	<u>1,562,010</u>	<u>1,584,085</u>
Current assets		
Inventories	79,868	82,409
Trade and other receivables	281,185	293,128
Cash and bank balances and short term funds	174,555	166,448
Current tax assets	8,115	6,853
	<u>543,723</u>	<u>548,838</u>
Non current assets held for sale	102	24,200
TOTAL ASSETS	<u>2,105,835</u>	<u>2,157,123</u>
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	537,927	537,927
Foreign currency translation reserve	715	1,141
Retained earnings	596,309	595,140
Shareholders' equity	<u>1,134,951</u>	<u>1,134,208</u>
Non-controlling interests	109,447	108,430
TOTAL EQUITY	<u>1,244,398</u>	<u>1,242,638</u>
Non-current liabilities		
Other payables	51,922	51,424
Loans and borrowings	426,765	405,650
Deferred tax liabilities	82,201	69,342
	<u>560,888</u>	<u>526,416</u>
Current liabilities		
Loans and borrowings	155,958	205,486
Trade and other payables	138,593	170,055
Contract liabilities	-	8,490
Current tax liabilities	5,998	4,038
	<u>300,549</u>	<u>388,069</u>
TOTAL LIABILITIES	<u>861,437</u>	<u>914,485</u>
TOTAL EQUITY AND LIABILITIES	<u>2,105,835</u>	<u>2,157,123</u>
Net assets per ordinary share attributable to owners of the parent (RM)	2.11	2.11

(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 2018 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD

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**Unaudited Condensed Consolidated Statement of Changes In Equity
For The Period Ended 31 March 2019**

	Attributable to Owners of the Parent					
	{----- Non Distributable -----}			Distributable		
	Equity, total RM'000	Equity attributable to owners of the parent, total RM'000	Share capital RM'000	Foreign currency translation reserve RM'000	Retained Earnings RM'000	Non- controlling Interests RM'000
At 1 January 2019	1,242,638	1,134,208	537,927	1,141	595,140	108,430
Profit net of tax and zakat	2,501	1,169	-	-	1,169	1,332
Loss on foreign currency translations	(741)	(426)	-	(426)	-	(315)
Total comprehensive (loss)/income	<u>1,760</u>	<u>743</u>	<u>-</u>	<u>(426)</u>	<u>1,169</u>	<u>1,017</u>
At 31 March 2019	<u>1,244,398</u>	<u>1,134,951</u>	<u>537,927</u>	<u>715</u>	<u>596,309</u>	<u>109,447</u>
At 1 January 2018	1,454,546	1,361,579	538,092	(976)	824,463	92,967
Profit net of tax and zakat	14,204	13,214	-	-	13,214	990
Loss on foreign currency translations	(2,589)	(1,960)	-	(1,960)	-	(629)
Total comprehensive income/(loss)	<u>11,615</u>	<u>11,254</u>	<u>-</u>	<u>(1,960)</u>	<u>13,214</u>	<u>361</u>
Transactions with owners:						
Dividends paid to non-controlling interest	(397)	-	-	-	-	(397)
	<u>(397)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(397)</u>
At 31 March 2018	<u>1,465,764</u>	<u>1,372,833</u>	<u>538,092</u>	<u>(2,936)</u>	<u>837,677</u>	<u>92,931</u>

(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 2018 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD
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Unaudited Condensed Consolidated Statement of Cash Flows
For The Period Ended 31 March 2019

	3 months ended	
	<u>31-Mar-19</u>	<u>31-Mar-18</u>
	RM'000	RM'000
Cash Flows From Operating Activities		
Profit before tax and zakat	7,176	15,546
Adjustment for non-cash items	(22,687)	(19,727)
Adjustment for non-operating items	2,233	3,858
Operating profit/(loss) before working capital changes	(13,278)	(323)
Changes in working capital:		
Net change in current assets	37,280	(49,154)
Net change in current liabilities	(14,131)	46,558
Cash generated from/(used in) operating activities	9,871	(2,919)
Tax paid, net of refunds received	(2,688)	(1,685)
Net cash generated from/(used in) operating activities	7,183	(4,604)
Cash Flows From Investing Activities		
Dividends received	43,500	-
Interest received	61	-
Profit rate received	643	167
Acquisition and subscription additional interest in subsidiaries	-	(250,000)
Profit from Islamic short term placement	22	40
Purchase of property, plant and equipment	(7,142)	(3,133)
Net movements in money market deposits	19,616	610
Net cash generated from/(used in) investing activities	56,700	(252,316)
Cash Flows From Financing Activities		
Dividend paid	-	(397)
Profit rate paid	(7,741)	(3,898)
Repayment of borrowings	(352,983)	(15,633)
Drawdown of borrowings	324,770	282,256
Repayment of obligations under finance leases	(110)	-
Net movements in deposits with licensed banks	(17,134)	16
Net cash (used in)/generated from financing activities	(53,198)	262,344
Net increase in cash and cash equivalents	10,685	5,424
Effect of exchange rate changes on cash and cash equivalents	(98)	(2,285)
Cash and cash equivalents at 1 January	75,718	67,967
Cash and cash equivalents at 31 March	86,305	71,106

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

	As at	As at
	31-Mar-19	31-Mar-18
Cash and bank balances	174,555	81,557
Less:		
Deposits with licensed banks with maturity period of more than 3 months	(81,489)	(6,341)
Money market deposits	(6,761)	(4,110)
	86,305	71,106

(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 2018 and the accompanying explanatory notes attached to the interim financial statements)

KUMPULAN PERANGSANG SELANGOR BERHAD

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UNAUDITED INTERIM FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 31 MARCH 2019

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 2018. The explanatory notes attached to the interim financial statements provide an explanation of events and transactions that are significant to understand the changes in the financial position and performance of the Group since the financial year ended 31 December 2018.

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 2018 except for the adoption of MFRS, the following new and amended MFRSs with effect from 1 January 2019.

A2.1 Adoption of MFRSs and Amendments to MFRSs

On 1 January 2019, the Group adopted MFRSs and the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2019.

1 January 2019

MFRS 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Amendments to MFRS 9	Prepayment Features with Negative Compensation
Amendments to MFRS 119	Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128	Long-term Interests in Associates and Joint Ventures

Annual Improvements to MFRS Standards 2015-2017 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 new and amended standards and interpretations that have been issued but not yet effective:

1 January 2020

Amendments to MFRS 3	Definition of a Business
Amendments to MFRS 101	Definition of Material
Amendments to MFRS 108	Definition of Material

1 January 2021

MFRS 17	Insurance Contracts
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Deferred

Amendments to MFRS10 and MFRS128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
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The Group plans to apply the abovementioned MFRSs in the annual financial statements when they become effective. The adoption of these standards is not expected to have any material financial impact on the financial statements of the Group and the Company in the period of initial application.

A3 Audit report of preceding annual financial statements

The audited consolidated financial statements for the financial year ended 31 December 2018 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 period under review of the Group other than an inaugural issuance of RM300.0 million in nominal value Sukuk Murabahah under the Sukuk Murabahah Programme via Perangsang Capital Sdn Bhd on 30 January 2019.

A8 Dividend paid

There was no dividend paid during the current quarter.

A9 Segmental Information

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Segment Revenue		
Manufacturing	105,648	43,964
Trading	25,888	26,277
Licensing	11,228	7,836
Infrastructure and utilities	14,245	20,392
Investment holding	54,758	-
Property investment	2,907	2,800
Total revenue including inter segment sales	214,674	101,269
Eliminations	(57,213)	(5,428)
Total	157,461	95,841

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	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Segment Results		
Manufacturing	11,836	2,590
Trading	1,878	2,023
Licensing	4,013	(434)
Infrastructure and utilities *	2,033	20,370
Investment holding	39,995	(12,441)
Property investment	300	(357)
Oil and gas *	1,985	4,566
Telecommunication *	-	(499)
Total profit/(loss)	62,040	15,818
Eliminations	(54,864)	(272)
Profit before tax and zakat	7,176	15,546

* Inclusive of share of profit/(loss) 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 the completion of Syarikat Pengeluar Air Selangor Holdings Berhad's ("SPLASH Holdings") divestment on 22 April 2019. The Conditions Precedent in the SPA has been fulfilled on the said date and the Offer has now become unconditional. SPLASH Holdings, being a 30% associated company of the Group held through Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company, had on 24 April 2019 received the upfront sum of RM1.90 billion from Air Selangor. As such, the Offer has been completed on even date. Accordingly, SPLASH has ceased to be a subsidiary of SPLASH Holdings with effect from 24 April 2019 as disclosed in B7 of this announcement.

Subsequently, the Company had on 28 April 2019 announced and declared a special dividend of 32.6 sen per ordinary share for the financial year ending 31 December 2019. The special dividend was paid on 28 May 2019 to shareholders registered in the Records of Depositors at the close of business on 15 May 2019.

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 2019 including business combination, acquisition or disposal of subsidiaries, long term investments and restructuring.

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ENDED 31 MARCH 2019**

A13 Capital Commitments

The amount of commitments not provided for in the unaudited interim financial statements as at 31 March 2019 is as follows:

	RM'000
Property, plant and equipment:	
(i) Approved but not contracted for	<u>86,896</u>
(ii) Approved and contracted for	<u>26,380</u>

A14 Significant Related Party Transactions

The following are the related party transactions of the Group:

	3 months ended	
	31.03.2019	31.03.2018
	RM'000	RM'000
Sale of goods to a subsidiary company of non-controlling interest:		
- Sungai Harmoni Sdn Bhd	3,957	4,161
- Taliworks (Langkawi) Sdn Bhd	311	311
Sale of goods to related companies:		
- Konsortium Abass Sdn Bhd	975	1,934
- PNSB Water Sdn Bhd	4,754	9,500
- Konsortium Air Selangor Sdn Bhd	121	302
- Pengurusan Air Selangor Sdn Bhd	229	-
Rental income received from ultimate holding company	70	70
Rental expenses payable to related companies:		
- Konsortium Abass Sdn Bhd	3	3
- Konsortium Air Selangor Sdn Bhd	2	2

A15 Contingent liabilities and contingent assets

The contingent liabilities as at 31 March 2019 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	8,887
ii) Working capital and issuance of bank guarantees	<u>53,200</u>
Sub-total	<u>62,087</u>
ii) Unsecured	
a) Performance guarantees to third parties	<u>677</u>

There were no contingent assets as at the reporting date.

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

B1 Performance review

a) Current quarter against previous year corresponding quarter

Group revenue increased significantly to RM157.5 million compared with RM95.8 million for the corresponding quarter 2018, representing an increase in revenue by 64% or RM61.7 million. This was largely attributable to revenue from the new subsidiaries, CPI (Penang) Sdn Bhd ("CPI") of RM45.6 million and King Koil Manufacturing West, LLC ("KKMW") of RM13.8 million.

For the current quarter ended 31 March 2019, the Group registered a profit before tax and zakat of RM7.2 million as compared to a profit before tax and zakat of RM15.5 million for the corresponding quarter 2018. Lower profit in current quarter from the absence of SPLASH contribution following its disposal.

Performance of the respective operating business segments for the quarter ended 31 March 2019 as compared to the preceding year corresponding quarter is analysed as follows:

1. Manufacturing

This sector contributed the highest increased in revenue mainly from the new subsidiaries; CPI of RM45.6 million and KKMW of RM13.8 million. Century Bond Bhd ("CBB") recorded slightly higher revenue of RM2.2 million mainly from paper business.

For the current quarter, this sector posted a profit before tax of RM11.8 million as compared to RM2.6 million in the corresponding quarter 2018, higher profit recorded mainly from CPI's contribution.

2. Trading

Revenue of RM25.9 million was 2% or RM0.4 million slightly lower than the corresponding quarter's revenue of RM26.3 million mainly due to lower sale of chemicals.

In line with lower revenue, this sector posted a lower profit before tax of RM1.9 million as compared to RM2.0 million in the corresponding quarter 2018.

3. Licensing

This sector recorded RM11.2 million revenue to the Group during the current quarter as compared to RM7.8 million in the corresponding quarter 2018 mainly due to higher international royalty reported and recognised during the current quarter.

For the current quarter, this sector posted a profit before tax of RM4.0 million as compared to loss before tax of RM0.4 million in the corresponding quarter 2018 mainly contributed by the increase in revenue during the period.

4. Infrastructure and utilities

Revenue of RM14.2 million was lower by RM6.2 million as compared to corresponding quarter's revenue of RM20.4 million mainly due to lower revenue at KPS-HCM Sdn Bhd ("KPS-HCM") as the infrastructure work at Pulau Indah is nearing completion.

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Infrastructure and utilities sector recorded a profit before tax of RM2.0 million as compared to corresponding quarter 2018 with profit of RM20.4 million. Lower profit before tax mainly due minimal contribution from SPLASH Holdings, post SPLASH divestment.

5. Investment holding

Investment holding recorded revenue of RM54.8 million mainly derived from dividend received from subsidiaries.

In line with the higher dividend received from subsidiaries, this sector recorded a profit before tax and zakat of RM40.0 million as compared to loss before tax of RM12.4 million in the corresponding quarter 2018.

6. Property investment

Property investment recorded RM2.9 million revenue as compared to RM2.8 million in the corresponding quarter 2018 mainly due to higher rental income from Summit Hotel KL City Centre. This sector recorded a profit before tax and zakat of RM0.3 million mainly due to gain on disposal in selling of hotel building of Brisdale International Hotel Sdn Bhd.

7. Oil and gas

NGC Energy Sdn Bhd (“NGC Energy”) registered a profit after tax of RM5.0 million as compared to a profit after tax of RM11.4 million in the corresponding quarter of 2018 due to lower volume of Liquefied Petroleum Gas sales; hence our share of profit was recorded at RM2.0 million as compared to RM4.6 million in the corresponding quarter 2018.

8. Telecommunication

The Group had on 29 October 2018 disposed of its investment in Ceres Telecom Sdn Bhd.

B2 Comment on material change in profit before tax and zakat

The Group recorded a profit before tax and zakat of RM7.2 million for the current quarter ended 31 March 2019 as compared to a profit before tax and zakat of RM29.0 million in the previous quarter ended 31 December 2018. Lower results for the current quarter was mainly due to the higher other income from King Koil Licensing Company Inc. (“KKLC”) international licensee amounting to RM12.1 million recorded in the previous quarter ended 31 December 2018.

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 its first manufacturing plant in the US commence its operations in May 2018. The plant is delivering King Koil mattresses to a growing network of customers comprising furniture and bedding specialty retailers in California, Arizona and other surrounding states. The products are also exported to customers in markets with viable demand for Made-in-USA products. Continuous efforts are being invested into optimising the plant operations,

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growing the distribution network and developing products to drive revenue growth under the manufacturing segment.

CPI (Penang) Sdn Bhd (“CPI”) continues to focus on its high precision plastic injection moulding segment which currently contributes the majority of its revenue to-date, while gradually positioning itself as an end-to-end electronic manufacturing services (“EMS”) provider. As the revenue stream from its plastics division grows at a steady rate, CPI now focuses on growing the electronics division in line with the company’s overall growth strategy.

2. Trading

Aqua-Flo Sdn Bhd is embarking on strategic initiatives to increase sales and future profitability by strengthening operational efficiency, introducing new products and actively bidding for contracts for the supply and delivery of water treatment chemicals and related equipment.

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

Smartpipe Technology Sdn Bhd (“SPT”) continues to make its presence within the pipe rehabilitation and replacement segments. It has constantly been engaging various parties and state water agencies to promote pipe rehabilitations utilising the Compact Pipe ® technology. SPT had increased its effort in engaging state water agencies, offering them holistic solutions with targeted approach by focusing on the States with high NRW figures caused by high usage of Asbestos Cement (“AC”) pipes.

Leveraging on its experience via the successful completion of two (2) Compact Pipe ® (“CP”) pilot projects, SPT had proposed the use of CP as an alternative solution for two (2) locations within the pipe replacement project it is currently undertaking for its customer.

On the infrastructure and utilities, KPS-HCM is progressively completing the infrastructure work at Pulau Indah Infrastructure Park, Phase 3C. KPS-HCM will continue to actively identify and participate in tender bid for other projects.

With the completion of the 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 able to focus its efforts in growing its core businesses into industry sectors and generate sustainable returns for shareholders.

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.

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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	
	31.03.2019	31.03.2018
	RM'000	RM'000
Interest income	61	-
Profit from Islamic short-term placement	22	40
Profit rate income - fixed deposit	643	167
Loss on foreign exchange	(664)	(170)
Finance costs	(9,562)	(3,898)
Depreciation of property, plant and equipment	(969)	(1,987)
Depreciation of investment properties	(1,338)	(997)
Amortisation of intangible assets	(839)	(257)
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	
	31.03.2019	31.03.2018
	RM'000	RM'000
Income tax expense	4,902	1,411
Deferred tax recognised in income statement	(227)	(69)
Income tax expense	<u>4,675</u>	<u>1,342</u>
Zakat expense	-	-
Income tax and zakat expense	<u>4,675</u>	<u>1,342</u>

B7 Status of corporate proposals

There were no other corporate proposals during the period ended and subsequent to the reporting period other than:

- (i) Disposal of 100% equity interest held by Syarikat Pengeluar Air Selangor Holdings Berhad ("SPLASH Holdings") in Syarikat Pengeluar Air Sungai Selangor Sdn Bhd ("SPLASH") to Air Selangor ("Disposal").

On 3 August 2018, SPLASH Holdings being the Group's 30% associated company held through Viable Chip (M) Sdn Bhd, a wholly owned subsidiary of the Company, received a Letter of Offer from Air Selangor in respect of Air Selangor's proposed purchase of 100% equity interest held by SPLASH Holdings in SPLASH ("the Offer") for a total purchase consideration of RM2.55 billion. Subsequently, on 9 August 2018, SPLASH Holdings had accepted the Offer.

On 28 September 2018, SPLASH Holdings had entered into a conditional share purchase agreement with Air Selangor for the proposed disposal of its entire 50,000,000 ordinary shares and 350,000,000 Redeemable Unsecured Loan Stocks ("RULS") in SPLASH to Air Selangor for a total cash disposal consideration of RM2.55 billion.

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On 15 April 2019, SPLASH Holdings and Air Selangor have mutually agreed to extend the Cut Off Date to fulfil the Conditions Precedent in the SPA from 15 April 2019 to 30 April 2019. The disposal is conditional upon and subject to the fulfilment or waiver of conditions precedent within a period of three (3) months from the date of the execution of the SPA, or such other date as may be mutually agreed in writing by Air Selangor and SPLASH Holdings.

The Conditions Precedent in the SPA has been fulfilled on 22 April 2019 and the Offer has now become unconditional. SPLASH Holdings had on 24 April 2019 received the upfront sum of RM1.90 billion from Air Selangor. As such, the Offer has been completed on even date. Accordingly, SPLASH has ceased to be a subsidiary of SPLASH Holdings with effect from 24 April 2019.

- (ii) Proposed Acquisition of 100% Equity Interest in Toyoplas Manufacturing (Malaysia) Sdn Bhd. ("TMM").

On 17 May 2019, the Group's wholly owned subsidiary, Perangsang Dinamik Sdn Bhd ("PDSB"), had entered into conditional Share Sale Agreement ("SSA") with Toyoplas Consolidated Limited ("TCL" or "Vendor"), Lim Lai An ("LLA") and Lim Hui Bian ("LHB") (LLA and LHB are collectively referred to as "Guarantors" and individually as "Guarantor") for the proposed acquisition of 100% equity interest in TMM for a cash consideration of RM311,250,000 (equivalent to USD75,000,000) ("Proposed Acquisition").

The Proposed Acquisition entails the acquisition of the entire issued shares of TMM including the additional ordinary shares to be issued by TMM to the Vendor pursuant to the pre-acquisition exercise of TMM involving the following:

- (i) acquisition of 100% equity interest of Toyoplas Holdings Pte Ltd ("**THS**") from the Vendor by TMM;
- (ii) acquisition of 100% equity interest of PT Toyoplas Manufacturing Indonesia ("**TMI**") (in the proportion of 99.2% equity interest of TMI from LLA by TMM and 0.08% equity interest of TMI from Lis Nurhayati by THS; and
- (iii) disposal of 100% equity interest of PT Toyoplas Technology Indonesia ("**TMIT**") by TMI.

The Proposed Acquisition, which is expected to be completed by the third quarter of 2019, is subject to the approval of the Company's shareholders at an extraordinary general meeting to be convened.

Upon completion of the Proposed Acquisition, TMM will become a wholly-owned subsidiary of PDSB, which in turn is a wholly-owned subsidiary of Perangsang Selangor.

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B8 Borrowings

The Group borrowings as at 31 March 2019 are as follows:

	As at 1 st Quarter 2019	
	Foreign Denomination USD'000	RM Denomination RM'000
Short term borrowings - secured		
Revolving credits	-	58,545
Obligation under finance leases	-	566
Term loan	404	63,695
Syndicated term loan	-	21,429
Trust receipt	-	10,739
Overdraft	-	984
Sub total	404	155,958
Long term borrowings – secured		
Obligation under finance leases	-	2,066
Term loan	993	414,128
Syndicated term loan	-	10,571
Sub total	994	426,765
Total borrowings - secured		
Revolving credits	-	58,545
Obligation under finance leases	-	2,632
Term loan	1,397	477,823
Syndicated term loan	-	32,000
Trust receipt	-	10,739
Overdraft	-	984
Total	1,397	582,723
	As at 1 st 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

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B9 Material litigation

Save as disclosed below, 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.

Perangsang Hotel & Properties Sdn Bhd (“PHP”), a wholly-owned subsidiary of Cash Band (M) Berhad, which in turn is a wholly-owned subsidiary of the Company, had on 8 August 2018 via its solicitors Messrs Shearn Delamore & Co. filed and served the Writ of Summons and Statement of Claim both dated 6 August 2018 against Leo Hospitality Sdn Bhd (“LHSB”) for a claim arising out of the Lease Agreement which was entered into between PHP and LHSB on 27 December 2016 (“Lease Agreement”).

PHP’s claims as set out under the Statement of Claim are as follows:

- (i) RM3,820,489.64 being the outstanding Lease Fee and Sales Commission Fee together with interest thereon at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;
- (ii) RM4,531,966.56 being the outstanding monthly instalments together with interest at the rate of 4.5% per annum from 20 March 2018, or from such other date as the Court deems fit, to the date of full payment;
- (iii) RM81,252.17 being the outstanding utilities from Tenaga Nasional Berhad, Syarikat Bekalan Air Selangor Sdn Bhd and Telekom Malaysia Berhad together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (iv) RM1,269.32 being the outstanding payment to City-Link Express Sdn Bhd together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (v) A declaration that the Plaintiff is entitled to forfeit the Deposit of RM450,000 that has been paid to the Plaintiff;
- (vi) General damages, together with interest thereon at the rate of 5% per annum from the date of filing the Writ of Summons, or from such other date as the Court deems fit, to the date of full payment;
- (vii) Costs; and
- (viii) Such further or other relief as the Court may deem fit.

The first Case Management fixed on 7 September 2018 was heard before the Registrar at the High Court of Shah Alam, where the following transpired:

- (i) PHP informed the Registrar that PHP will proceed to file an application of Judgment of Default in defence against LHSB, since LHSB failed to file its Memorandum of Appearance and defence, which the latter shall be filed on or before 5 September 2018.
- (ii) The Registrar directed as follows:
 - a) PHP to file its application for the Judgment in Default on or before 21 September 2018;
 - b) PHP to file its written submission on or before 3 October 2018; and
 - c) A further date for Case Management is fixed on 3 October 2018.

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As directed by the High Court, PHP has filed the application for Judgment in Default of Defence on 21 September 2018 followed by the written submission which was filed on 2 October 2018.

The Registrar had on 3 October 2018 adjourned all cases including PHP's Application for Judgment in Default of Defence to 12 November 2018.

On 12 November 2018, Shah Alam High Court has fixed the hearing of the PHP's Application to enter Judgment in Default of Defence on 4 January 2019.

On 4 January 2019, after hearing oral submissions, the Shah Alam High Court had allowed PHP's application to enter Judgment in Default of Defence as prayed for in the Statement of Claim together with costs of RM1,000 to be paid to PHP. Upon receiving a sealed copy of the Judgment Order ("Order") on 18 January 2019, PHP vide its Solicitors had on 7 February 2019 served a Statutory Demand pursuant to Sections 465 (1) (e), 466 (1) (a) and 466 (2) of the Companies Act 2016 against LHSB. LHSB was required to settle the total sum of RM8,771,749.57 for the monies owing and due under the Lease Agreement pursuant to the Order within twenty (21) days upon receipt of the Statutory Demand.

As of the expiration of the afore-mentioned twenty one (21) days period, LHSB had failed to comply with the Order. Consequently, PHP has proceeded with the filing of the Petition for a winding-up against LHSB on 11th March 2019. An Affidavit verifying the Petition was filed on 19th March 2019. The winding-up petition (Winding-Up Petition No.: WA-28NCC-207-03/2019) was fixed for hearing on 15th May 2019 by the Court. Subsequently, the Court had granted the following Order inter alia:

- (i) That LHSB to be wound up pursuant to Section 465(1)(e) of the Companies Act 2016;
- (ii) That the Official Receiver be appointed as Interim Liquidator of LHSB pursuant to Section 476(1) of the Companies Act 2016; and
- (iii) That the costs of RM5000 be awarded to PHP.

B10 Dividend

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

B11 Earnings per share ("EPS")

(a) Basic EPS

The basic EPS 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	
	31.03.2019	31.03.2018
Net profit attributable to owners of the parent (RM'000)	1,169	13,214
Weighted average number of shares in issue ('000)	537,385	537,385*
Basic EPS (Sen)	0.2	2.5

* On 12 June 2018, the Company completed the bonus issue of 38,381,264 new ordinary shares of the Company. The comparative figures have been restated to reflect the effects of the bonus issue.

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(b) Diluted EPS

The diluted earnings per ordinary share equals basic earnings per ordinary share because there were no potential dilutive ordinary shares as at the end of the reporting period.

BY ORDER OF THE BOARD

HASHIMAH BINTI HAJI MOHD ISA
Company Secretary

Date: 30 May 2019