

PERAK CORPORATION BERHAD
Company No: 210915-U
(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2014 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep 2014	Preceding Corresponding Quarter Ended 30-Sep 2013	Current Period Ended 30-Sep 2014	Preceding Corresponding Period Ended 30-Sep 2013
Revenue	81,157	35,039	139,655	95,852
Cost of sales	(27,418)	(13,521)	(47,555)	(31,690)
Gross Profit	53,739	21,518	92,100	64,162
Other operating income	1,512	2,402	4,445	6,351
Operating expenses	(16,998)	(6,800)	(36,661)	(22,812)
Operating profit	38,253	17,120	59,884	47,701
Finance costs	(34)	(916)	(2,484)	(2,628)
Share of result in associate	(101)	-	(283)	-
Profit before tax	38,118	16,204	57,117	45,073
Taxation	(10,235)	(3,812)	(14,852)	(11,201)
Profit for the period	27,883	12,392	42,265	33,872
Other comprehensive income:				
Net (loss)/gain on available for sale financial assets				
Gain on fair value	(3,787)	4,261	7,101	21,632
Total comprehensive income	24,096	16,653	49,366	55,504
Profit for the period attributable to:				
Owners of the parent	24,201	7,871	32,771	20,406
Non-controlling interests	3,682	4,521	9,494	13,466
	27,883	12,392	42,265	33,872
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	20,414	12,132	39,872	42,038
Non-controlling interests	3,682	4,521	9,494	13,466
	24,096	16,653	49,366	55,504
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	24.20	7.87	32.77	20.41

The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes attached to the interim financial statements.

PERAK CORPORATION BERHAD

Company No: 210915-U

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

For the period ended 30 September 2014 - unaudited

	30-Sep 2014 RM'000	31-Dec 2013 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	103,815	109,529
Port facilities	91,350	86,539
Investment properties	8,147	5,067
Land held for property development	24,721	14,658
Investment in associates	58,566	-
Other investments	105,124	105,367
Intangible assets	23,811	23,811
	<u>415,534</u>	<u>344,971</u>
Current assets		
Property development costs	132,302	134,307
Inventories	14,329	7,946
Trade and other receivables	152,733	121,465
Other current assets	343	206
Tax recoverable	2,440	2,374
Cash and bank balances	118,744	158,619
	<u>420,891</u>	<u>424,917</u>
Total assets	<u>836,425</u>	<u>769,888</u>
Equity and liabilities		
Current liabilities		
Borrowings	77,325	77,170
Trade and other payables	64,810	55,227
Tax payable	11,221	1,332
	<u>153,356</u>	<u>133,729</u>
Net current assets	<u>267,535</u>	<u>291,188</u>
Non-current liabilities		
Borrowings	32,915	25,246
Trade and other payables	5,137	5,059
Deferred tax liabilities	5,938	6,142
	<u>43,990</u>	<u>36,447</u>
Total liabilities	<u>197,346</u>	<u>170,176</u>
Net assets	<u>639,079</u>	<u>599,712</u>
Equity attributable to owners of the parent		
Share capital	100,000	100,000
Share premium	172,770	172,770
Fair value adjustment reserve	31,764	24,663
Retained earnings	249,618	216,847
	<u>554,152</u>	<u>514,280</u>
Non-controlling interests	84,927	85,432
Total equity	<u>639,079</u>	<u>599,712</u>
Total equity and liabilities	<u>836,425</u>	<u>769,888</u>

The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes attached to the interim financial statements.

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2014
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the period ended 30 September 2014 - unaudited

	Attributable to Equity Holders of the Parent -						
	Equity total RM'000	Equity RM'000	Non-distributable Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Distributable Fair value Adjustment RM'000	Non- Controlling Interest RM'000
At 1 January 2014	599,712	514,280	100,000	172,770	216,847	24,663	85,432
Total comprehensive income	49,366	39,872	-	-	32,771	7,101	9,494
<u>Transactions with owners</u>							
Dividend paid	-	-	-	-	-	-	-
Dividend paid by a subsidiary to a non-controlling interest	(9,999)	-	-	-	-	-	(9,999)
At 30 September 2014	639,079	554,152	100,000	172,770	249,618	31,764	84,927
<u>9 months ended 30 September 2013</u>							
At 1 January 2013	561,033	468,442	100,000	172,770	197,848	(2,176)	92,591
Total comprehensive income	55,504	42,038	-	-	20,406	21,632	13,466
<u>Transactions with owners</u>							
Dividend paid	-	-	-	-	(7,475)	-	-
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-	-	-
At 30 September 2013	616,537	510,480	100,000	172,770	210,779	19,456	106,057

The above condensed consolidated statements of comprehensive income should be read in conjunction accompanying notes attached to the with the interim financial statements.

PERAK CORPORATION BERHAD

Company No: 210915-U

(Incorporated in Malaysia)

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 SEPTEMBER 2014

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the period ended 30 September 2014 - unaudited

	9 MONTHS ENDED	
	30-Sep 2014 RM'000	30-Sep 2013 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	101,133	104,871
Cash received from other income	315	1,302
Cash paid for other expenses	(28,557)	(15,428)
Cash paid to trade/other payables	(48,178)	(29,371)
Cash paid for tax	(13,455)	(15,131)
Net cash generated from operating activities	<u>11,258</u>	<u>46,243</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	1,837	3,910
Dividend received	2,356	2,120
Purchase of PPE	(6,334)	(810)
Purchase of Port	(6,216)	(3,017)
Purchase of shares	(5,000)	(8,295)
Proceeds from disposal of PPE	20	14,229
Development costs	(29,151)	(41,115)
Net cash used in investing activities	<u>(42,488)</u>	<u>(32,978)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(145)	(1,434)
Dividends paid on ordinary shares	-	(7,475)
Dividends paid on ordinary shares to minority shareholders	(10,000)	-
Repayment of hire purchase principal	(135)	(177)
Cash paid for interest costs	(1,579)	(1,780)
(Placement)/uplift of fixed deposits	21,703	6,047
Receipt of advances from borrowings	7,992	-
Net cash generated from/(used in) financing activities	<u>17,836</u>	<u>(4,819)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(13,394)	8,446
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	115,681	136,072
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>102,287</u>	<u>144,518</u>
Cash and cash equivalents comprise :		
Cash and bank balances	118,744	187,361
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(16,457)	(42,843)
	<u>102,287</u>	<u>144,518</u>

The above condensed consolidated statements of comprehensive income should be read in conjunction with the accompanying notes attached to the interim financial statements.

PERAK CORPORATION BERHAD
(Company no. 210915-U)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
- THIRD QUARTER ENDED 30 SEPTEMBER 2014

A1 Basis of Preparation

The interim financial report has been prepared in accordance with MFRS134 Interim Financial Reporting and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and should be read in conjunction with the Group's audited financial statements for the financial year ended 31 December 2013 and the accompanying explanatory notes attached to this interim financial report except that the Company has prepared the statements of cash flows using the direct method. The Company decided to continue using the direct method in the preparation of its statements of cash flows.

The explanatory notes attached to the interim financial report provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Company and its subsidiaries ("the Group") since the year ended 31 December 2013.

A2 Changes in accounting policies

The significant accounting policies adopted are consistent with those of the audited financial statements of the Group for the year ended 31 December 2013, except for the adoption of the following new/revised Financial Reporting Standards (FRSs), Amendments to FRSs and Interpretations:

Effective for annual periods beginning on or after 1 January 2014

Amendments to MFRS 10, MFRS 12 and MFRS 127, Investment in Entities

Amendments to MFRS 132, Offsetting Financial Assets and Financial Liabilities

Amendments to MFRS 136, Recoverable Amount Disclosures from Non- Financial assets

Amendments to MFRS 139, Novation of Derivatives and Continuation of Hedge Accounting

IC Interpretation 21, Levies

A3 Changes in estimates

There were no changes in estimates that have had a material effect in the current financial period results.

A4 Changes in Composition of the Group

There were no changes in the composition of the Group during the current financial year except for :

a) On 30 June 2014, a subsidiary of the Company, PCB Development Sdn Bhd ("PCBD"), acquired the entire issued and paid up capital of Beyond Enigma Sdn Bhd ("BESB") and Empire Approach Sdn Bhd ("EASB") for a cash consideration of RM2.00 for each company. Upon acquisitions, BESB and EASB become wholly-owned subsidiaries of PCBD.

A5 Segmental Information

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30/9/14	30/9/13	30/9/14	30/9/13
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Infrastructure	20,173	21,422	58,986	66,410
Township development	57,965	13,102	70,337	23,042
Hotelier	2,660	-	6,725	8,649
Management services and others	6,620	1,798	28,885	7,524
Total revenue	87,418	36,322	164,933	105,625
Eliminations	(6,261)	(1,283)	(25,278)	(9,773)
	81,157	35,039	139,655	95,852
Segment results				
Infrastructure	9,395	11,376	26,657	34,517
Township development	33,610	5,719	34,528	8,066
Hotelier	(1,953)	(429)	(3,616)	1,670
Management services and others	(2,683)	788	9,981	4,570
	38,369	17,454	67,550	48,823
Eliminations	(150)	(1,250)	(10,150)	(3,750)
Share of results in associate	(101)	-	(283)	-
	38,118	16,204	57,117	45,073

All inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms.

All activities of the Group's operations are carried out in Malaysia.

There has been no material change in total assets and no differences in the basis of segmentation or in the basis of measurement of segment profit or loss as compared to the last annual financial statements.

Comparison between 3Qtr 2014 and 3Qtr 2013

Group Summary

The Group Revenue for the current financial quarter of RM81.2 million reported an increased by 100% as compared with RM35.0 million recorded in the corresponding quarter last year. The increased are mainly due to some land sales from township development segments.

Infrastructure

The infrastructure segment become the Group's second main source of revenue and profit before tax for the current quarter contributing 25% (30/9/13: 61%) and 25% (30/9/13: 70%) respectively.

It revenue comprises mainly of revenue from port operations for the provision of port facilities and ancillary services at Lumut Maritime Terminal (LMT) and contractual revenue under the operation and maintenance of Lekir Bulk Terminal besides the revenue from sales and rental of LMT port related industrial land. For the quarter under review, the revenue of RM20.2 million (30/9/13 : RM21.4 million) decreased by 6% mainly as a result of decreased cargo throughput of 6% from LBT and LMT and no land sales recorded (30/9/13:RM2.3 million). This consequently resulted in an overall decrease in profit before tax of % amounting to RM9.6 million (30/9/13: RM11.4 million).

The summary results are as follows:

Revenue	Current quarter		
	30/9/14 RM'000	30/9/13 RM'000	% change
Port Operations	20,173	19,094	6%
Industrial land	-	2,329	>-100%
Total	20,173	21,423	-6%
Profit before tax			
Port Operations	9,644	9,765	-1%
Industrial land	(26)	1,612	>-100%
Total	9,618	11,377	-15%
			% change
Throughput	metric tonnes		
LMT	726,610	747,663	-3%
LBT	2,088,979	1,853,556	13%
Industrial land sold (acres)	-	4	-100%

Township development

This segment provided revenue and loss before tax of 71% (30/9/13: 37%) and 88% (30/9/13: PBT 35%) respectively to the Group total revenue and profit before tax for the quarter under review.

It derives revenue mainly from sales of development land, profits from property development joint ventures and other ancillary services. For the quarter under review, the revenue increased from RM13.1 million to RM57.9 million which was contributed by land sales : 95%, property development joint venture profit : 4% and 1% from ancillary services. The segment profit before tax amounted to RM33.6 million (30/9/13 : PBT RM5.7 million).

Hotelier

This segment contributed revenue from hotel operation and rental income amounting to RM2.7 million (30/9/13: RMNil) for the quarter under review. The segment also contributed a loss before tax of RM1.9 million (30/9/13: LBT RM0.4 million) for the quarter under review.

Management services and others

This segment contributed revenue from rental income and dividends from quoted shares and subsidiaries amounting to RM6.6 million (30/9/13: RM1.2 million) for the quarter under review. The segment also contributed a profit before tax of RM2.7 million for the quarter under review as opposed to RM0.8 million same quarter last year.

Comparison between 9 months ended 30 September 2014 and 30 September 2013

Group Summary

The Group Revenue for the current period has decreased by 46% of RM139.6 million from RM95.9 million recorded in the corresponding period last year. Profit before tax for the current period has correspondingly increased by 27% as the results of increased in revenue from township development segment.

Infrastructure

The infrastructure segment become the Group's second main source of revenue and profit before tax for the current period by contributing 42% (30/9/13: 69%) and 47% (30/9/13: 77%) of the Group's total revenue and profit before tax respectively.

For the period under review, revenue decreased by 11% to RM58.9 million (30/9/13: RM66.4 million) mainly as a result of 5% decrease cargo throughput at LBT and LMT. This consequently resulted in 23% overall decrease in profit before tax to RM26.7 million (30/9/13: RM34.5 million).

The summary results are as follows:

Port Operations	58,988	63,493	-7%
Industrial land	(2)	2,918	-100%
Total	<u>58,986</u>	<u>66,411</u>	<u>-11%</u>
Profit before tax			
Port Operations	26,821	32,784	-18%
Industrial land	(162)	1,733	>-100%
Total	<u>26,659</u>	<u>34,517</u>	<u>-23%</u>
			% change
Throughput	metric tonnes		
LMT	2,296,810	2,349,906	-2%
LBT	5,526,358	5,675,575	-3%
Industrial land sold (acres)	-	5	-100%

Township development

This segment provided revenue and profit before tax of 50% (30/8/13: 24%) and 60% (30/9/13: 18%) respectively of the Group's total revenue and profit before tax during the period under review.

For the period under review, the revenue increased by 3 folds to RM70.3 million (30/9/13: RM23.0 million) which was contributed by land sales, property development joint venture profit and ancillary services. The segment profit before tax amounted to RM34.5 million (30/9/13: RM8.0 million).

Hotelier

This segment contributed revenue from hotel operation and rental income amounting to RM6.7 million (30/9/13: RM8.6 million from land sales) for the period under review. The segment also contributed a loss before tax of RM3.6 million (30/9/13: PBT RM1.7 million) for the period under review.

Management services and others

This segment contributed revenue from rental income and sale of land of RM28.9 million (30/9/13: RM7.5 million) for the period under review. The segment also contributed a profit before tax of RM9.9 million (30/9/2013: PBT RM4.6 million) for the period under review.

A6 Comments about Seasonal or Cyclical Factors

The Group's operations are not materially affected by any seasonal and cyclical factors. However, there is a compensating effect on its results due to the performance of the various segmental activities of the Group.

A7 Profit for the period

	Current quarter		Cumulative quarter	
	30/9/14	30/9/13	30/9/14	30/9/13
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	1,769	1,676	3,735	4,271
Interest expense	(746)	(999)	(2,484)	(2,628)
Depreciation and amortisation	(2,026)	(1,055)	(4,974)	(2,929)
Allowance of impairment loss in receivables	-	-	-	(1,200)
Impairment loss in receivables	-	-	15	-
Dividend income from quoted investment	-	-	2,720	2,130

Save as disclosed above, foreign exchange gain or loss is not applicable and there were no gain/loss on disposal of the quoted investment, during the current quarter as well as in the preceding corresponding quarter.

A8 Taxation

The taxation charge for the Group comprises:

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30/9/14	30/9/13	30/9/14	30/9/13
	RM'000	RM'000	RM'000	RM'000
Current tax	10,271	3,778	14,971	11,093
Deferred tax	(36)	34	(119)	108
	<u>10,235</u>	<u>3,812</u>	<u>14,852</u>	<u>11,201</u>

The Group effective tax rate for the current period was higher than the statutory tax rate of 25% (2013: 25%) principally due to losses incurred by certain subsidiaries, certain expenses being disallowed for tax purposes.

A9 Earnings Per Share

Basic earnings per share is calculated by dividing profit for the quarter attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares in issue during the quarter by the Company.

	Current quarter 3 months ended		Cumulative quarter 9 months ended	
	30/9/14	30/9/13	30/9/14	30/9/13
Profit for the period attributable to ordinary equity holders of the parent (RM'000)	<u>24,201</u>	<u>7,871</u>	<u>32,771</u>	<u>20,406</u>
Weighted average number of ordinary shares in issue ('000)	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Basic earnings per share (sen) for:	<u>24.20</u>	<u>7.87</u>	<u>32.77</u>	<u>20.41</u>

A10 Intangible assets

There were no changes in estimates of the amounts reported on 30 September 2013 and current period ended 30 September 2014.

A11 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	RM'000	RM'000
Cash and bank balances	118,744	158,619
Less: Pledged	(16,457)	(42,938)
Cash and cash equivalents	<u>102,287</u>	<u>115,681</u>

A12 Fair value hierarchy

The Group uses the following hierarchy for determining the fair value of all financial instruments carried at fair value:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs that are based on observable market data, either directly or indirectly.

Level 3 - Inputs that are not based on observable market data.

	Total	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
30 September 2014				
Available for sale financial assets				
Equity shares	105,099	105,099	-	-
Financial liabilities				
Borrowings (non-current)	25,000	25,000	-	-
31 December 2013				
Available for sale financial assets				
Equity shares	97,997	97,997	-	-
Financial liabilities				
Borrowings (non-current)	<u>25,000</u>	<u>25,000</u>	-	-

A13 Borrowings

The Group's borrowings at the end of the current financial year were as follows:

	As at 30/9/14 RM'000	As at 31/12/13 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	29	170
Revolving credits	12,296	12,000
Bai Bithaman Ajil Islamic Debt Securities	5,000	5,000
	<u>17,325</u>	<u>17,170</u>
Unsecured :		
Revolving credits	60,000	60,000
	<u>77,325</u>	<u>77,170</u>
 (b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	219	246
Revolving credits	7,696	-
Bai Bithaman Ajil Islamic Debt Securities	25,000	25,000
	<u>32,915</u>	<u>25,246</u>
Total borrowings	<u>110,240</u>	<u>102,416</u>

(c) Currency

None of the Group borrowings is denominated in foreign currency.

(d) There was no borrowing default or breach of any borrowings agreement by the Group during the current financial period.

A14 Debt and Equity securities

There were no issuance and repayment of debt securities, share buy-backs and share cancellations in the current financial period.

A15 Dividends

The directors do not recommend a payment of dividend by the Company in respect of the current financial period.

A16 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 30 September 2014 are as follows:

	As at 30/9/14 RM'000	As at 31/12/13 RM'000
i) Authorised but not contracted for		
Property, plant and equipment	240	30
Port facilities	6,876	8,584
Other investment	5,344	22,980
Land and building	2,500	6,850
Renovations on building	24,427	6,483
	<u>39,387</u>	<u>44,927</u>
ii) Authorised and contracted for		
Property, plant and equipment	1,318	0
Port facilities	6,145	260
Other investment	6,216	0
Land and building	4,373	11,250
	<u>18,052</u>	<u>11,510</u>

A17 Changes in Contingent Liabilities and Contingent Assets

The group does not have any material contingent liabilities nor contingent assets during the current financial period except for :

a) The Company has issued a corporate guarantee of RM30.0 million to a financial institution as part of collateral for a secured revolving credit facility of RM30.0 million to the Company's wholly owned subsidiary on 8 August 2012. To date, the said subsidiary has only utilised RM12.0 million of the said collateral.

b) On 10 July 2014, a subsidiary of the Company, PCB Development Sdn Bhd ("PCBD"), has provided a corporate guarantee of RM50.0 million to a financial institution for a syndicate loan facilities granted to Animation Theme Park Sdn Bhd ("ATP"), a 49% owned associate company of PCBD. To date, the loan facilities has yet to utilise.

c) The Company has issued a corporate guarantee of RM8.9 million to a financial institution as part of collateral for a secured revolving credit facility of RM8.9 million to the Company's wholly owned subsidiary on 7 April 2014. To-date, the said facility has been fully utilised.

A18 Related party transactions

The following table provides information on the transactions which have been entered into with related parties :

	3 months ended 30/9/14	3 months ended 30/9/13	9 months ended 30/9/14	9 months ended 30/9/13
	RM'000	RM'000	RM'000	RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Advances received/(paid)	(3,558)	(2,694)	(3,436)	917
Disbursement	-	-	-	37
Management fees	-	200	200	600
Project expenditure	-	200	200	600
Rental payable	-	123	89	369
Project management income	-	-	(507)	879
Rental income	-	(507)	(2)	(1,014)
Fellow subsidiaries of the UHC				
Interest income	(24)	(65)	(179)	(294)
Advances received/(paid)	-	(206)	(1,715)	2,877
Repayment of advances	-	-	-	-
Rental expenses	106	-	122	40,451

Related parties

Companies in which a director of subsidiary, has substantial interests:

Port services receivable	9,346	8,823	26,466	25,654
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Account balances with significant related parties of the Group at the current financial period ended 30 September 2014 and 31 December 2013 are as follows:

	As at 30/9/14	As at 31/12/13
	RM'000	RM'000
<u>Account balance with UHC</u>		
Receivables	23,358	20,399
Payables	(8,601)	(6,286)
<u>Account balances with fellow subsidiaries</u>		
Receivables	75,453	73,806
<u>Account balances with related parties</u>		
Receivables	6,890	11,217
Payables	(333)	(333)

A19 Significant event

(a) The Company had on 28 February 2012 (entered into a conditional Settlement Agreement ("Settlement Agreement") with Perak Equity Sdn Bhd ("PESB") to partially settle the total debt of RM104.62 million owing as at 31 December 2011 by PESB to the Company by way of set-off against the total purchase consideration of RM70.27 million for two (2) properties to be acquired by the Company from PESB ("Proposed Settlement"). On 26 July 2012, the Proposed Settlement and Proposed Acquisitions have been duly approved by the Shareholders at an Extraordinary General Meeting. As at the reporting date, the Settlement Agreement has yet to be completed as certain conditions precedent have not been fulfilled.

(b) On 22 January 2013, the Company had received approval from the shareholders for the Proposed Final Debt Settlement with PESB to acquire 25,300,543 ordinary shares of RM1.00 each representing 8.41% equity interest in Integrax Bhd from PESB for a total consideration of RM40.48 million to be settled by way of set off against the PESB debt ("Proposed Final Debt Settlement"). The transaction has been completed on 27 February 2013, henceforth the balance debt is reduced by RM40.48 million.

(c) On 22 March 2013, a subsidiary of the Company, PCB Development Sdn Bhd ("PCBD"), entered into a Joint Venture Agreement and a Shareholders' Agreement with Sanderson Project Development (M) Sdn Bhd (SPDM) and the special purpose joint venture company, Animation Theme Park ("ATP"), to formalise and regularise the rights and obligations of the respective contracting parties to facilitate the implementation of the development as detailed below. On the same date, PCBD also entered into a Lease Agreement and a Sale and Purchase Agreement with ATP pertaining to the lease of certain parcels of land at BioD City, Bandar Meru Raya, intended for the construction and operation of the animation theme park incorporating BioD concept and the sale of another parcel of land at BioD City for the development of the resort hotel and serviced apartments. Refer to the announcements made on 22 March 2013 and 26 March 2013 ("Proposed Projects"). On 15 July 2013, a subsidiary of the Company, PCBD has entered into a fresh agreement with SPDM and/or ATP to vary the terms and conditions for the implementation of the Proposed Project in a more viable and efficient manner. The agreements are a Supplemental Agreement to the Joint Venture Agreement, Supplemental Agreement to the Shareholders' Agreement, two deeds of revocation in respect of the Lease Agreement and Sale and Purchase Agreement and a fresh Sale and Purchase Agreement. Refer to the announcements made on 15 July 2013 and 18 July 2013. As at the reporting date, the agreements have yet to be completed as certain conditions precedent have not been fulfilled.

(d) On 4 December 2013, a subsidiary of the Company, PCB Development Sdn Bhd ("PCBD"), entered into two separate Sale and Purchase Agreement with The Red

Snapper (M) Sdn Bhd ("RSSB") to acquire two properties consists of 44 parcels of leasehold lands together with 2 blocks of double storey timber chalets , all in Mukim of Lumut, District of Manjung and a parcel of freehold vacant land at Mukim of Hulu Kinta, District of Kinta, Perak, for a total consideration of RM12.5 million. Refer to the announcements made on 4 December 2013. As at the reporting date, the agreements have been completed, refer to announcement made on 12 August 2014.

A20 Material events subsequent to the end of the current financial year

There were no material events subsequent to the end of the current financial period that have not been reflected in this interim financial report, made up to the latest practicable date.

Explanatory notes pursuant to Bursa Malaysia Listing Requirements: Chapter 9, Appendix 9B, Part A

B1 Performance Review

Explanatory comments on the performance of each the Group's business activities are provided in Note A5.

B2 Comment on Material Change in Profit Before Taxation

The Group made a profit before taxation (PBT) of RM38.1 million in the current financial quarter ended 30 September 2014 as compared to a profit before taxation of RM12.5 million for the immediate preceding quarter ended 30 June 2014. The increase by two folds in PBT is mainly due to land sales by subsidiaries.

B3 Commentary on Prospects

The Group may be able to achieve satisfactory results for the financial year ending 31 December 2014. Although infrastructure segment shall expect a growth of its throughput during the year but its results shall be partially offset by lower sales of industrial lands due to depleting industrial land bank at Lumut Port Industrial Park. Business activities at Bandar Meru Raya are expected to increase during the year and the group is embarking on long-term strategies for township development segment which is expected to result in lower land sales in the short and immediate term.

B4 Profit Forecast or Profit Guarantee

The Group has not provided any profit forecast or profit guarantee in a public document in respect of the current financial period.

B5 Corporate Proposals

There are no corporate proposals announced and not completed as at the date of this announcement except for the following:

On 6 January 2014, the Company received an offer letter from its holding corporation, Perbadanan Kemajuan Negeri Perak together with Fast Continent Sdn Bhd, Cherry Blossom Sdn Bhd and Perak Equity Sdn Bhd (collectively referred to as the "Non-Entitled Shareholders") requesting the Company to undertake a proposed selective capital reduction and repayment exercise pursuant to Section 64 of the Companies Act, 1965 ("Proposed SCR") which will result in the Non-Entitled Shareholders collectively holding the entire issued and paid-up share capital of the Company upon the completion of the Proposed SCR.

On 15 January 2014, the Board of Directors of the Company announced that, save for the interested Director, the Board had resolved to table the Proposed SCR for the consideration of the shareholders of the Company (save for the Non-Entitled Shareholders) at a forthcoming Extraordinary General Meeting ("EGM").

On 24 October 2014, the Company received a letter from PKNPk, on behalf of and together with Fast Continent, Cherry Blossom and Perak Equity, requesting PCB to withdraw the Proposed SCR, subject to the SC's consent ("**Proposed Withdrawal**") ("**Withdrawal Letter**").

The Proposed Withdrawal is premised on the letter dated 20 October 2014 from Sime Darby Property Berhad's ("**SDPB**") to Affin Hwang IB, informing that, SDPB will be voting against the Proposed SCR at the Extraordinary General Meeting ("**EGM**") of PCB to be convened in relation to the Proposed SCR.

As at 30 June 2014, SDPB directly holds 6.13% equity interest in PCB or approximately 13.00% of the voting shares held by the Entitled Shareholders.

Given SDPB's intention to vote against the Proposed SCR as mentioned above, if the Proposed SCR is to proceed and the Company is to hold the EGM to consider the Proposed SCR, PCB will not be able to satisfy the voting requirement.

On 5 November 2014, the Board had resolved to withdraw the Proposed SCR subject to the consent of the SC.

B6 Changes in Material Litigation

There were no pending material litigations as at the latest practicable date.

B7 Disclosure of nature of outstanding derivatives

There were no outstanding derivatives as at the end of the reporting period.

B8 Rationale for entering into derivatives

The Group did not enter into any derivatives during the period ended 30 September 2014 or the previous financial year ended 31 December 2013.

B9 Risks and policies of derivatives

The Group did not enter into any derivatives during the current financial period ended 30 September 2014 or the previous financial year ended 31 December 2013.

B10 Disclosure of gains/losses arising from fair value changes of financial liabilities

The Group did not have any financial liabilities measured at fair value through profit or loss as at 30 September 2014 and 31 December 2013.

B11 Realised and unrealised profit/losses

	As at 30/9/14 RM'000	As at 31/12/13 RM'000
Current financial period/year:		
Total retained profit of the Company and its subsidiaries		
-realised	258,427	199,093
-unrealised	119	1,280
	<u>258,546</u>	<u>200,373</u>
Consolidation adjustments	(8,928)	16,473
Total Group retained profits	<u>249,618</u>	<u>216,846</u>

B12 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2013 was not qualified.

B13 Dividend paid

No final dividend in respect of the financial year ended 31 December 2013 has been paid.