

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2015
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2015 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep 2015 RM'000	Preceding Corresponding Quarter Ended 30-Sep 2014 RM'000	Current Period Ended 30-Sep 2015 RM'000	Preceding Corresponding Period Ended 30-Sep 2014 RM'000
Revenue	27,033	81,157	111,474	139,655
Cost of sales	(8,142)	(27,418)	(32,866)	(47,555)
Gross Profit	18,891	53,739	78,608	92,100
Other operating income	1,896	1,512	81,733	4,445
Operating expenses	(15,557)	(16,998)	(41,024)	(36,661)
Operating profit	5,230	38,253	119,317	59,884
Finance costs	(775)	(34)	(2,524)	(2,484)
Share of results in associates	(1,385)	(101)	(4,593)	(283)
Profit before tax	3,070	38,118	112,200	57,117
Taxation	(2,722)	(10,235)	(12,081)	(14,852)
Profit for the period	348	27,883	100,119	42,265
Other comprehensive income:				
Net (loss)/gain on available for sale financial assets				
Gain on fair value	-	(3,787)	(34,605)	7,101
Total comprehensive income	348	24,096	65,514	49,366
Profit for the period attributable to:				
Owners of the parent	(2,941)	24,201	88,200	32,771
Non-controlling interests	3,289	3,682	11,919	9,494
	348	27,883	100,119	42,265
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	(2,941)	20,414	53,595	39,872
Non-controlling interests	3,289	3,682	11,919	9,494
	348	24,096	65,514	49,366
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(2.94)	24.20	88.20	32.77

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 2015
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended 30 September 2015 - unaudited

	30-Sep 2015 RM'000	31-Dec 2014 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	104,954	101,463
Port facilities	90,714	90,321
Investment properties	4,929	4,988
Land held for property development	23,374	24,038
Investment in associates	5,993	10,585
Other investments	35,571	155,980
Intangible assets	23,811	23,811
	<u>289,346</u>	<u>411,186</u>
Current assets		
Property development costs	154,323	137,533
Inventories	17,414	12,389
Trade and other receivables	148,373	151,483
Other current assets	447	435
Other investment	12,794	10,958
Tax recoverable	6,591	6,916
Cash and bank balances	132,553	97,075
	<u>472,496</u>	<u>416,789</u>
Total assets	<u>761,842</u>	<u>827,975</u>
Equity and liabilities		
Current liabilities		
Borrowings	10,444	83,898
Trade and other payables	45,169	64,837
Tax payable	8,502	35
	<u>64,115</u>	<u>148,770</u>
Net current assets	<u>408,381</u>	<u>268,019</u>
Non-current liabilities		
Borrowings	20,998	21,027
Trade and other payables	-	-
Deferred tax liabilities	7,292	6,755
	<u>28,290</u>	<u>27,782</u>
Total liabilities	<u>92,405</u>	<u>176,552</u>
Net assets	<u>669,437</u>	<u>651,423</u>
Equity attributable to owners of the parent		
Share capital	100,000	100,000
Share premium	172,770	172,770
Fair value adjustment reserve	-	34,605
Retained earnings	313,843	255,643
	<u>586,613</u>	<u>563,018</u>
Non-controlling interests	82,824	88,405
Total equity	<u>669,437</u>	<u>651,423</u>
Total equity and liabilities	<u>761,842</u>	<u>827,975</u>

The above condensed consolidated statements of financial position 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 2015
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 30 September 2015 - 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 2015	651,423	563,018	100,000	172,770	255,643	34,605	88,405
Total comprehensive income	65,513	53,595	-	-	88,200	(34,605)	11,918
Dividend paid by a subsidiary to a non-controlling interest	(17,499)	-	-	-	-	-	(17,499)
Transactions with owners	(30,000)	(30,000)	-	-	(30,000)	-	-
At 30 September 2015	669,437	586,613	100,000	172,770	313,843	(0)	82,824
<u>9 months ended 30 September 2014</u>							
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
Transactions with owners	(10,000)	-	-	-	-	-	(10,000)
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-	-	-
At 30 September 2014	639,078	554,152	100,000	172,770	249,618	31,764	84,926

The above condensed consolidated statements of changes in equity 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 THIRD QUARTER ENDED 30 SEPTEMBER 2015
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 30 September 2015 - unaudited

	9 MONTHS ENDED	
	30-Sep 2015 RM'000	30-Sep 2014 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	108,179	101,133
Cash received from other income	297	315
Cash paid for other expenses	(29,905)	(28,557)
Cash paid to trade/other payables	(35,328)	(48,178)
Cash paid for tax	(11,349)	(13,455)
Net cash generated from operating activities	<u>31,894</u>	<u>11,258</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	2,804	1,837
Dividend received	3,550	2,356
Purchase of property plant & equipment	(4,641)	(6,334)
Purchase of port facilities	(2,700)	(6,216)
Purchase of investment in associate	-	(5,000)
Purchase of other investment	-	-
Proceeds from disposal of property plant & equipment	10	20
Proceeds from disposal of investment	150,310	-
Development costs	(22,237)	(29,151)
Net cash generated from/(used in) investing activities	<u>127,096</u>	<u>(42,488)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(73,332)	(145)
Dividends paid on ordinary shares	(30,000)	-
Dividends paid on ordinary shares to minority shareholders	(17,500)	(10,000)
Repayment of hire purchase principal	(106)	(135)
Cash paid for interest costs	(2,228)	(1,579)
(Placement)/uplift of fixed deposits	(9,181)	21,703
Receipt of advances from borrowings	-	7,992
Net cash (used in)/generated from financing activities	<u>(132,347)</u>	<u>17,836</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	26,643	(13,394)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>81,835</u>	<u>115,681</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>108,478</u>	<u>102,287</u>
Cash and cash equivalents comprise :		
Cash and bank balances	131,749	118,744
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(23,271)	(16,457)
	<u>108,478</u>	<u>102,287</u>

The above condensed consolidated statements of cashflow 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 2015

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 2014 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 2014.

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 2014.

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 period except for :

a) On 1 July 2015, a subsidiary of the Company, Magni D'Corp Sdn Bhd ("MDCSB"), acquired the entire issued and paid up capital of Lanai Casuarina Sdn Bhd ("LCSB"), Casuarina Boathouse Sdn Bhd ("CBSB") and on 6 July 2015 the Company acquired Trident Court Sdn Bhd ("TCSB"), Paragon Corridor Sdn Bhd ("PCSB") and Autumn Nest Sdn Bhd ("ANSB") for a cash consideration of RM2.00 for each company. Upon acquisitions, LCSB, CBSB, TCSB, PCSB and ANSB become wholly-owned subsidiaries of MDCSB.

A5 Segmental Information

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30/9/15	30/9/14	30/9/15	30/9/14
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Port & logistics	21,766	20,173	71,669	58,986
Property development	1,209	57,965	24,692	70,337
Hospitality & tourism	3,892	2,660	10,304	6,725
Management services and others	166	6,620	57,192	28,885
Total revenue	27,033	87,418	163,857	164,933
Eliminations	-	(6,261)	(52,383)	(25,278)
	27,033	81,157	111,474	139,655
Segment results				
Port & logistics	9,621	9,395	34,198	26,657
Property development	(1,068)	33,610	10,038	34,528
Hospitality & tourism	(1,580)	(1,953)	(4,413)	(3,616)
Management services and others	(2,518)	(2,683)	121,967	9,981
	4,455	38,369	161,790	67,550
Eliminations	-	(150)	(44,997)	(10,150)
Share of results in associates	(1,385)	(101)	(4,593)	(283)
	3,070	38,118	112,200	57,117

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 2015 and 3Qtr 2014

Group Summary

The Group Revenue for the current financial quarter decreased to RM27.0 million or by 67% as compared with RM81.2 million recorded in the corresponding quarter last year. The decreased are mainly due to less sales of land recognised from property development segments.

Port & logistics

The infrastructure segment become the Group's main source of revenue and profit before tax for the current quarter contributing 81% (30/9/14: 25%) and 100% (30/9/14: 25%) 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 RM21.8 million (30/9/14 : RM20.2 million) increased by 8% mainly as a result of increased cargo throughput of 3% from LMT and small variance in LBT and no land sales recorded (30/9/14:RMNil million). This consequently resulted in an overall small decrease in profit before tax amounting to RM9.58 million (30/9/14: RM9.62 million).

The summary results are as follows:

Revenue	Current quarter		% change
	30/9/15 RM'000	30/9/14 RM'000	
Port Operations	21,766	20,173	8%
Industrial land	-	-	0%
Total	21,766	20,173	8%
Profit before tax			
Port Operations	9,590	9,645	-1%
Industrial land	(10)	(26)	-62%
Total	9,580	9,619	0%
			% change
Throughput	metric tonnes		
LMT	750,498	729,248	3%
LBT	2,091,515	2,088,979	0%
Industrial land sold (acres)	-	-	0%

Property development

This segment provided revenue and loss before tax of 5% (30/9/14: 71%) and -24% (30/9/14: PBT 88%) 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 decreased from RM57.9 million to RM1.2 million which was contributed by land sales : 95%, property development joint venture profit : 4% and 1% from ancillary services. The segment loss before tax amounted to RM1.9 million (30/9/14 : PBT RM33.6 million) due to pre-opening share of results in associate.

Hospitality & tourism

This segment contributed revenue from hotel operation and rental income amounting to RM3.7 million (30/9/14: RM2.7m) for the quarter under review. The segment also contributed a loss before tax of RM1.6 million (30/9/14: LBT RM1.9 million) for the quarter under review.

Management services and others

This segment contributed revenue from rental income only amounting to RM0.2 million (30/9/14: RM6.6 million) for the quarter under review. The segment also contributed a loss before tax of RM2.5 million for the quarter under review as opposed to loss before tax of RM2.7 million same quarter last year.

Comparison between 9 months ended 30 September 2015 and 30 September 2014**Group Summary**

The Group Revenue for the current period has decreased by 20% of RM111.5 million from RM139.6 million recorded in the corresponding period last year. Profit before tax for the current period has correspondingly increased by 96% as a result of reclassification adjustment of fair value gain on disposal of quoted investment.

Port & logistics

The port & logistics segment become the Group's main source of revenue and profit before tax for the current period by contributing 64% (30/9/14: 42%) and 30% (30/9/14: 47%) of the Group's total revenue and profit before tax respectively.

For the period under review, revenue increased by 22% to RM71.7 million (30/9/14: RM58.9 million) mainly as a result of 29% increase cargo throughput at LBT and LMT. This consequently resulted in 28% overall increase in profit before tax to RM34.2 million (30/9/14: RM26.7 million).

The summary results are as follows:

Revenue	9 months ended		
	30/9/15	30/9/14	% change
	RM'000	RM'000	
Port Operations	67,164	58,988	14%
Industrial land	4,506	(2)	>100%
Total	<u>71,670</u>	<u>58,986</u>	<u>22%</u>
Profit before tax			
Port Operations	32,187	26,821	20%
Industrial land	2,011	(162)	>100%
Total	<u>34,198</u>	<u>26,659</u>	<u>28%</u>
			% change
Throughput	metric tonnes		
LMT	2,280,820	2,299,893	-1%
LBT	7,206,608	5,526,358	30%
Industrial land sold (acres)	<u>5</u>	<u>-</u>	<u>>100%</u>

Property development

This segment provided revenue and profit before tax of 22% (30/9/14: 50%) and 8% (30/9/14: 60%) respectively of the Group's total revenue and profit before tax during the period under review.

For the period under review, the revenue decreased to RM24.7 million (30/9/14: RM70.3 million) which was due to reduction in sales as most of the projects are at early stage. The segment profit before tax amounted to RM9.2 million (30/9/14: PBT RM34.5million) as a results of higher share of pre-opening loss in associate.

Hospitality & tourism

This segment contributed revenue from hotel operation and rental income amounting to RM10.1 million (30/9/14: RM6.7 million) due to higher demand for convention and foods and beverages for the period under review. The segment also contributed a loss before tax of RM4.4 million (30/9/14: LBT RM3.6 million) for the period under review as a results of the surrounding areas of the hotel operated are still at development phase.

Management services and others

This segment contributed revenue from sale of land, dividend income and rental of RM57.2 million (30/9/14: RM28.9 million) for the period under review. The segment also contributed a profit before tax of RM121.9 million (30/9/2014: PBT RM9.9 million) for the period under review. The increased in profit before tax was due to reclassification

adjustment of fair value gain on disposal of quoted investment.

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	
	3 months ended		9 months ended	
	30/9/15	30/9/14	30/9/15	30/9/14
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	1,674	1,769	3,626	3,735
Interest expense	(775)	(746)	(2,524)	(2,484)
Depreciation and amortisation	(2,196)	(2,026)	(5,878)	(4,974)
Gain or loss on disposal of quoted investment	-	-	76,976	-
Impairment loss in receivables	-	-	-	15
Dividend income from quoted investment	-	-	3,551	2,720

Save as disclosed above, foreign exchange gain or loss is not applicable during the current quarter as well as in the preceding corresponding quarter.

A8 Taxation

The taxation charge for the Group comprises:

	Current quarter		Cumulative quarter	
	3 months ended		9 months ended	
	30/9/15	30/9/14	30/9/15	30/9/14
	RM'000	RM'000	RM'000	RM'000
Current tax	2,722	10,271	11,731	14,971
Deferred tax	-	(36)	350	(119)
	2,722	10,235	12,081	14,852

The Group effective tax rate for the current period was higher than the statutory tax rate of 25% (2014: 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	
	30/9/15	30/9/14	30/9/15	30/9/14
Profit for the period attributable to ordinary equity holders of the parent (RM'000)	(2,941)	24,201	88,200	32,771
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic earnings per share (sen) for:	(2.94)	24.20	88.20	32.77

A10 Intangible assets

There were no changes in estimates of the amounts reported on 30 September 2015 and current period ended 30 September 2014.

A11 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 30/9/15 RM'000	As at 31/12/14 RM'000
Cash and bank balances	131,749	97,075
Less: Pledged	(23,271)	(15,240)
Cash and cash equivalents	108,478	81,835

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 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
30 September 2015				
Available for sale financial assets				
Equity shares	-	-	-	-
Financial liabilities				
Borrowings (non-current)	15,000	15,000	-	-
31 December 2014				
Available for sale financial assets				
Equity shares	118,898	118,898	-	-
Financial liabilities				
Borrowings (non-current)	15,000	15,000	-	-

A13 Borrowings

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

	As at 30/9/15 RM'000	As at 31/12/14 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	-	122
Revolving credits	-	12,000
Bai Bithaman Ajil Islamic Debt Securities	10,000	10,000
Term loan	444	1,776
	<u>10,444</u>	<u>23,898</u>
Unsecured :		
Revolving credits	-	60,000
	<u>10,444</u>	<u>83,898</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	78	107
Term loan	5,920	5,920
Bai Bithaman Ajil Islamic Debt Securities	15,000	15,000
	<u>20,998</u>	<u>21,027</u>
Total borrowings	<u>31,442</u>	<u>104,925</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

On 21 May 2015, the directors have declared the payment of a special interim single tier dividend in respect of the current financial period which was paid on 30 June 2015 as per below:

	RM'000
30% per share single tier on 100,000,000 ordinary shares (30 June 2014:RMNil)	<u>30,000</u>

A16 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 30 September 2015 are as follows:

	As at 30/9/15 RM'000	As at 31/12/14 RM'000
i) Authorised but not contracted for		
Property, plant and equipment	334	-
Port facilities	7,713	11,063
	<u>8,047</u>	<u>11,063</u>
ii) Authorised and contracted for		
Property, plant and equipment	601	-
Port facilities	2,700	-
	<u>3,301</u>	<u>-</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 made full repayment for 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 RM280.0 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, around RM103.0 million has been utilised.

A18 Related party transactions

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

	3 months ended 30/9/15	3 months ended 30/9/14	9 months ended 30/9/15	9 months ended 30/9/14
	RM'000	RM'000	RM'000	RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Advances received/(paid)	(5,339)	(3,558)	(9,046)	(3,436)
Disbursement	(466)	-	-	-
Management fees	-	-	-	200
Project expenditure	-	-	-	200
Rental payable	-	-	-	89
Project management income	-	-	-	(507)
Rental income	-	-	-	(2)
Repayment of advances	5,996	-	5,944	-
	<hr/>		<hr/>	
Fellow subsidiaries of the UHC				
Interest income	(14)	(24)	(154)	(179)
Advances received/(paid)	(2,269)	-	-	(1,715)
Repayment of advances	-	-	-	-
Rental expenses	-	106	-	122
	<hr/>		<hr/>	

Account balances with significant related parties of the Group at the current financial period ended 30 September 2015 and 31 December 2014 are as follows:

	As at 30/9/15	As at 31/12/14
	RM'000	RM'000
<u>Account balance with UHC</u>		
Receivables	23,577	22,808
Payables	(853)	(3,186)
 <u>Account balances with fellow subsidiaries</u>		
Receivables	<u>78,365</u>	<u>79,156</u>
 <u>Account balances with related parties</u>		
Receivables	7,686	11,861
Payables	<u>(333)</u>	<u>(333)</u>

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. The company has received a request for extension of time from PESB until 28 February 2016.

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 RM3.1 million in the current financial quarter ended 30 September 2015 as compared to a profit before taxation of RM7.2 million for the immediate preceding quarter ended 30 June 2015. The decrease in PBT is mainly due to less recognition of land sales by subsidiaries.

B3 Commentary on Prospects

The Group expects its Port & Logistics sector to improve its performance during the current year, mainly due to higher throughput at both terminals operated by the Group. However, performance of its property is expected remain subdued during the current year as most of projects under this sector are still at early implementation stage while its hospitality & tourism sector has shown growth potentials albeit it's yet to reach profitable stage.

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.

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 2015 or the previous financial year ended 31 December 2014.

B9 Risks and policies of derivatives

The Group did not enter into any derivatives during the current financial period ended 30 September 2015 or the previous financial year ended 31 December 2014.

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 2015 and 31 December 2014.

B11 Realised and unrealised profit/losses

	As at 30/9/15 RM'000	As at 31/12/14 RM'000
Current financial period/year:		
Total retained profit of the Company and its subsidiaries		
-realised	403,529	348,705
-unrealised	350	614
	<u>403,879</u>	<u>349,319</u>
Consolidation adjustments	(90,036)	(93,676)
Total Group retained profits	<u>313,843</u>	<u>255,643</u>

B12 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2014 was not qualified.