

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 For the period ended 31 March 2017 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar 2017 RM'000	Preceding Corresponding Quarter Ended 31-Mar 2016 RM'000	Current Period Ended 31-Mar 2017 RM'000	Preceding Corresponding Period Ended 31-Mar 2016 RM'000
Revenue	31,112	29,718	31,112	29,718
Cost of sales	(8,197)	(7,297)	(8,197)	(7,297)
Gross Profit	22,915	22,421	22,915	22,421
Other operating income	2,468	1,472	2,468	1,472
Operating expenses	(27,604)	(17,363)	(27,604)	(17,363)
Operating profit	(2,221)	6,530	(2,221)	6,530
Finance costs	(2,133)	(305)	(2,133)	(305)
Share of results in associates	(730)	(1,700)	(730)	(1,700)
Profit before tax	(5,084)	4,525	(5,084)	4,525
Taxation	(3,033)	(2,642)	(3,033)	(2,642)
Profit/(Loss) for the period	(8,116)	1,883	(8,116)	1,883
Other comprehensive income:				
Net (loss)/gain on available for sale financial assets	-	-	-	-
Gain on fair value	-	-	-	-
Total comprehensive income	(8,116)	1,883	(8,116)	1,883
Profit/(Loss) for the period attributable to:				
Owners of the parent	(6,791)	(2,065)	(6,791)	(2,065)
Non-controlling interests	(1,325)	3,948	(1,325)	3,948
	(8,116)	1,883	(8,116)	1,883
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	(6,791)	(2,065)	(6,791)	(2,065)
Non-controlling interests	(1,325)	3,948	(1,325)	3,948
	(8,116)	1,883	(8,116)	1,883
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(6.79)	(2.07)	(6.79)	(2.07)

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 FIRST QUARTER ENDED 31 MARCH 2017
 CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 For the period ended 31 March 2017 - unaudited

	31-Mar 2017 RM'000	31-Dec 2016 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	511,745	458,981
Port facilities	100,314	94,736
Investment properties	4,810	4,830
Land held for property development	24,311	24,311
Investment in associates	2,281	3,011
Other investments	1,925	25
Intangible assets	23,866	23,866
Other receivables	146,869	150,025
	<u>816,121</u>	<u>759,785</u>
Current assets		
Property development costs	171,144	162,354
Inventories	18,272	16,651
Trade and other receivables	127,081	101,722
Other current assets	48,672	33,241
Other investment	1,102	1,183
Tax recoverable	7,747	6,289
Cash and bank balances	38,952	93,554
	<u>412,970</u>	<u>414,992</u>
Total assets	<u>1,229,091</u>	<u>1,174,778</u>
Equity and liabilities		
Current liabilities		
Borrowings	109,067	109,486
Trade and other payables	71,561	67,499
Tax payable	1,467	2,172
	<u>182,095</u>	<u>179,157</u>
Net current assets	<u>230,875</u>	<u>235,836</u>
Non-current liabilities		
Borrowings	364,914	304,908
Trade and other payables	13,199	13,714
Deferred tax liabilities	6,356	6,356
	<u>384,469</u>	<u>324,978</u>
Total liabilities	<u>566,565</u>	<u>504,135</u>
Net assets	<u>662,526</u>	<u>670,643</u>

Equity attributable to owners of the parent

Share capital	100,000	100,000
Share premium	172,770	172,770
Fair value adjustment reserve	-	-
Retained earnings	269,592	276,383
	<u>542,363</u>	<u>549,154</u>
Non-controlling interests	120,164	121,489
Total equity	<u>662,526</u>	<u>670,643</u>
Total equity and liabilities	<u>1,229,091</u>	<u>1,174,778</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 FIRST QUARTER ENDED 31 MARCH 2017
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 31 March 2017 - unaudited

	3 MONTHS ENDED	
	31-Mar 2017 RM'000	31-Mar 2016 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	119,940	34,910
Cash received from other income	4,578	106
Cash paid for other expenses	(15,887)	(12,479)
Cash paid to trade/other payables	(105,034)	(17,065)
Cash paid for tax	(4,402)	(2,704)
Net cash (used in)/generated from operating activities	<u>(805)</u>	<u>2,768</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	450	547
Dividend received	-	-
Purchase of property plant & equipment	(71,753)	(517)
Purchase of port facilities	(32,676)	(379)
Purchase of investment in associate	-	-
Purchase of other investment	(1,900)	-
Proceeds from disposal of property plant & equipment	-	1,373
Development costs	(5,135)	(1,363)
Net cash used in investing activities	<u>(111,015)</u>	<u>(339)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(518)	(592)
Dividends paid on ordinary shares	-	-
Dividends paid on ordinary shares to minority shareholders	-	-
Repayment of hire purchase principal	(23)	(5)
Cash paid for interest costs	(2,241)	(169)
(Placement)/uplift of fixed deposits	(35)	-
Receipt of advances from borrowings	60,000	-
Net cash generated from/(used in) financing activities	<u>57,183</u>	<u>(766)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(54,637)	1,663
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>90,146</u>	<u>69,630</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>35,509</u>	<u>71,293</u>
Cash and cash equivalents comprise :		
Cash and bank balances	38,952	84,510
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(3,443)	(13,217)
	<u>35,509</u>	<u>71,293</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)

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2017
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the period ended 31 March 2017 - unaudited

|– Attributable to Equity Holders of the Parent - |

	Equity total RM'000	Non-distributable Equity RM'000	Share Capital RM'000	Share Premium RM'000	Distributable Retained Earnings RM'000	Non- Controlling Interest RM'000
At 1 January 2017	670,642	549,153	100,000	172,770	276,383	121,489
Total comprehensive income	(8,116)	(6,791)	-	-	(6,791)	(1,325)
<u>Transactions with owners</u>						
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-	-
At 31 March 2017	662,526	542,362	100,000	172,770	269,592	120,164
<u>3 months ended 31 March 2016</u>						
At 1 January 2016	664,472	578,492	100,000	172,770	305,722	85,980
Total comprehensive income	1,883	(2,065)	-	-	(2,065)	3,948
<u>Transactions with owners</u>						
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-	-
At 31 March 2016	666,355	576,427	100,000	172,770	303,657	89,928

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)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
- FIRST QUARTER ENDED 31 MARCH 2017

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 2016 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 2016.

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 2016. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after 1 January 2017, did not have any material impact on the financial results of the Group.

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.

A5 Segmental Information

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31/3/17	31/3/16	31/3/17	31/3/16
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Port & Logistics	27,529	25,421	27,529	25,421
Property development	-	254	-	254
Hospitality & tourism	3,003	3,617	3,003	3,617
Management services and others	580	525	580	525
Total revenue	31,112	29,817	31,112	29,817
Eliminations	-	(99)	-	(99)
	31,112	29,718	31,112	29,718
Segment results				
Port & Logistics	13,206	11,002	13,206	11,002
Property development	(12,785)	(428)	(12,785)	(428)
Hospitality & tourism	(825)	(1,175)	(825)	(1,175)
Management services and others	(3,950)	(3,174)	(3,950)	(3,174)
	(4,354)	6,225	(4,354)	6,225
Eliminations	-	-	-	-
Share of results in associates	(730)	(1,700)	(730)	(1,700)
	(5,084)	4,525	(5,084)	4,525

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 financial statements.

Comparison between 1 Qtr 2017 and 1 Qtr 2016

Group Summary

The Group revenue for the current financial period of RM31.1 million reported an increased by 5% as compared with RM29.7 million recorded in the corresponding period last year. The increased are mainly contributed from port and logistic segment and hotelier segments.

Port & Logistics

The port & logistics segment become the Group's main source of revenue and profit before tax for the current financial period contributing 88% (31/3/16: 85%) and more than 100% (31/3/16: >100%) 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 period under review, the revenue of RM27.5 million (31/3/16 : RM25.4 million) increased by 20% mainly as a result of increased cargo throughput of 5% from LMT and 23% from LBT and no land sales recorded (31/3/16 : RMNil million). This consequently resulted in an overall increase in profit before tax of 20% amounting to RM13.2 million (31/3/15: RM11.0 million).

The summary results are as follows:

	Current quarter		% change
	31/3/17	31/3/16	
Revenue	RM'000	RM'000	
Port Operations	27,529	25,421	8%
Industrial land	-	-	0%
Total	27,529	25,421	8%
Profit before tax			
Port Operations	13,206	11,002	20%
Industrial land	-	-	0%
Total	13,206	11,002	20%
Throughput	metric tonnes		% change
LMT	913,193	871,501	5%
LBT	3,043,079	2,476,184	23%
Industrial land sold (acres)	-	-	0%

Property development

This segment provided revenue and loss before tax of 0% (31/3/16: 1%) and 0% (31/3/16: LBT 93%) respectively to the Group total revenue and profit before tax for the current financial period under review.

It derives mainly from sales of development land, profits from property development joint ventures and other ancillary services. For the current financial quarter under review, the revenue decreased from RM22.8 million to RM0 million of which 95% contributed by development joint venture project and 5% from ancillary services. The segment loss before tax amounted to RM12.8 million (31/3/16 : LBT RM3.2 million).

Hospitality & tourism

This segment contributed revenue from hotel operation and rental income amounting to RM3.6 million (31/3/16: RM3.6) for the current financial period under review. The segment also contributed a loss before tax of RM0.8 million (31/3/16: LBT RM1.2 million) for the current financial period under review.

Management services and others

This segment did not contribute to the revenue (31/3/16: RM0.5 million) for the current financial quarter under review. The segment also contributed a loss before tax of RM3.9 million for the current financial period under review as opposed to RM3.2 million same period last year.

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		3 months ended	
	31/3/17	31/3/16	31/3/17	31/3/16
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	522	413	522	413
Interest expense	(2,133)	(305)	(2,133)	(305)
Depreciation and amortisation	(2,249)	(2,266)	(2,249)	(2,266)

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 financial period as well as in the preceding corresponding period.

A8 Taxation

The taxation charge for the Group comprises:

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31/3/17	31/3/16	31/3/17	31/3/16
	RM'000	RM'000	RM'000	RM'000
Current tax	3,033	2,642	3,033	2,642
	<u>3,033</u>	<u>2,642</u>	<u>3,033</u>	<u>2,642</u>

The Group effective tax rate for the current financial year was higher than the statutory tax rate of 24% (2016: 24%) 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 current financial period by the Company.

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31/3/17	31/3/16	31/3/17	31/3/16
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to ordinary equity holders of the parent (RM'000)	(6,791)	(2,065)	(6,791)	(2,065)
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>(6.79)</u>	<u>(2.07)</u>	<u>(6.79)</u>	<u>(2.07)</u>

A10 Intangible assets

There were no changes in estimates of the amounts reported on 31 March 2017 and current financial period ended 31 March 2016.

A11 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 31/3/17 RM'000	As at 31/3/16 RM'000
Cash and bank balances	38,952	84,510
Less: Pledged	(3,443)	(13,217)
Cash and cash equivalents	<u>35,509</u>	<u>71,293</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 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
31 March 2017				
Available for sale financial assets				
Equity shares	1,102	1,102	-	-
31 December 2016				
Available for sale financial assets				
Equity shares	<u>1,183</u>	<u>1,183</u>	<u>-</u>	<u>-</u>

A13 Borrowings

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

	As at 31/3/17 RM'000	As at 31/12/16 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	487	510
Revolving credits	90,000	90,000
Term loan	16,332	16,776
Overdraft	2,248	2,199
	<u>109,067</u>	<u>109,485</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	5,192	5,186
Revolving credits	100,000	40,000
Term loan	259,722	259,722
	<u>364,914</u>	<u>304,908</u>
Total borrowings	<u>473,981</u>	<u>414,393</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 Dividend paid

No dividend was paid during the period ended 31 March 2017.

A16 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 31 March 2017 are as follows:

		As at 31/3/17 RM'000	As at 31/12/16 RM'000
i)	Authorised but not contracted for	100,321	113,159
ii)	Authorised and contracted for	12,839	2,557

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.

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 RM257.4 million has been utilised.

A18 Related party transactions

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

	ended 31/3/17	ended 31/3/16	ended 31/3/17	ended 31/3/16
	RM'000	RM'000	RM'000	RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Advances received/(paid)	(3,107)	2,366	(3,107)	2,366
Project expenditure	-	(511)	-	(511)
Rental payable	87	262	87	262
Fellow subsidiaries of the UHC				
Interest income	(158)	(105)	(158)	(105)
Advances received/(paid)	(3,311)	(182)	(3,311)	(182)
Related parties				
Companies in which a director of subsidiary, has substantial interests:				
Port services receivable	12,244	10,263	12,244	10,263

Account balances with significant related parties of the Group at the current financial period ended 31 March 2017 and 31 March 2016 are as follows:

	As at 31/3/17	As at 31/3/16
	RM'000	RM'000
<u>Account balance with UHC</u>		
Receivables	61,285	36,172
Payables	(912)	(3,344)
<u>Account balances with fellow subsidiaries</u>		
Receivables	83,055	84,554
<u>Account balances with related parties</u>		
Receivables	10,705	14,392

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.

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 loss before taxation (LBT) of RM4.4 million in the current financial quarter ended 31 March 2017 as compared to a profit before taxation of RM15.2 million for the immediate preceding quarter ended 31 December 2016. The decrease in PBT is mainly increase in throughput performance in port & logistics segment and hotelier could not cover costs incurred from other segments due to most of the development at projects are at final stage.

B3 Commentary on Prospects

The Group may be able to achieve satisfactory results for the financial year ending 31 December 2017. The port & logistics segment is expecting growth of its cargo throughput during the year. 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.

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 31 March 2017 or the previous financial period ended 31 March 2016.

B9 Risks and policies of derivatives

The Group did not enter into any derivatives during the current financial period.

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 31 March 2017 and 31 March 2016.

B11 Realised and unrealised profit/losses

	As at 31/3/17 RM'000	As at 31/12/16 RM'000
Current financial period:		
Total retained profit of the Company and its subsidiaries		
-realised	268,997	369,782
-unrealised	-	(1,523)
	<u>268,997</u>	<u>368,259</u>
Consolidation adjustments	595	(62,537)
Total Group retained profits	<u>269,592</u>	<u>305,722</u>

B12 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2016 was not qualified.

B13 Dividends

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