

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2018  
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
 For the period ended 31 March 2018 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar 2018 RM'000	Preceding Corresponding Quarter Ended 31-Mar 2017 RM'000	Current Period Ended 31-Mar 2018 RM'000	Preceding Corresponding Period Ended 31-Mar 2017 RM'000
Revenue	48,152	31,112	48,152	31,112
Cost of sales	(9,945)	(8,197)	(9,945)	(8,197)
Gross Profit	38,206	22,915	38,206	22,915
Other operating income	665	2,468	665	2,468
Operating expenses	(38,302)	(27,603)	(38,302)	(27,603)
Operating profit	569	(2,220)	569	(2,220)
Finance costs	(10,123)	(2,133)	(10,123)	(2,133)
Share of results in associates	(263)	(730)	(263)	(730)
Loss before tax	(9,817)	(5,083)	(9,817)	(5,083)
Taxation	(4,377)	(3,033)	(4,377)	(3,033)
Loss for the period	(14,194)	(8,116)	(14,194)	(8,116)
Other comprehensive income:				
Net loss on available for sale financial assets				
Gain on fair value	-	-	-	-
Total comprehensive income	(14,194)	(8,116)	(14,194)	(8,116)
Loss for the period attributable to:				
Owners of the parent	(11,452)	(6,791)	(11,452)	(6,791)
Non-controlling interests	(2,742)	(1,325)	(2,742)	(1,325)
	(14,194)	(8,116)	(14,194)	(8,116)
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	(11,452)	(6,791)	(11,452)	(6,791)
Non-controlling interests	(2,742)	(1,325)	(2,742)	(1,325)
	(14,194)	(8,116)	(14,194)	(8,116)
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(11.45)	(6.79)	(11.45)	(6.79)

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 2018  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
For the period ended 31 March 2018 - unaudited

	31-Mar 2018 RM'000	31-Dec 2017 RM'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	363,288	364,817
Port facilities	171,115	171,451
Investment properties	4,731	4,751
Inventories	22,711	22,711
Investment in associates	3,314	3,577
Other investments	455	455
Intangible assets	42,631	42,772
Finance lease receivables	429	429
	<u>608,674</u>	<u>610,963</u>
<b>Current assets</b>		
Inventories	211,654	198,317
Finance lease receivables	22	110
Trade and other receivables	245,191	217,110
Other current assets	17,835	16,268
Other investment	422	418
Tax recoverable	2,060	4,869
Cash and bank balances	34,928	32,569
	<u>512,112</u>	<u>469,661</u>
<b>Total assets</b>	<u>1,120,786</u>	<u>1,080,624</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Borrowings	412,886	414,762
Trade and other payables	234,220	185,072
Deferred tax liabilities	-	23,520
Tax payable	5,150	4,779
	<u>652,256</u>	<u>628,133</u>
<b>Net current assets</b>	<u>(140,144)</u>	<u>(158,472)</u>
<b>Non-current liabilities</b>		
Borrowings	118,670	121,795
Trade and other payables	51,280	17,899
Deferred tax liabilities	12,812	12,812
	<u>182,762</u>	<u>152,506</u>
<b>Total liabilities</b>	<u>835,018</u>	<u>780,639</u>
<b>Net assets</b>	<u>285,768</u>	<u>299,985</u>

**Equity attributable to owners of the parent**

Share capital	272,770	272,770
Retained earnings	102,023	113,484
	<u>374,793</u>	<u>386,254</u>
Non-controlling interests	(89,025)	(86,269)
<b>Total equity</b>	<u>285,768</u>	<u>299,985</u>
<b>Total equity and liabilities</b>	<u>1,120,786</u>	<u>1,080,624</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 2018  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the period ended 31 March 2018 - 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
<b>At 1 January 2018</b>	299,963	386,246	272,770	-	113,476	(86,283)
Total comprehensive income	(14,194)	(11,452)	-	-	(11,452)	(2,742)
<u>Transactions with owners</u>						
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-	-
<b>At 31 March 2018</b>	<b>285,768</b>	<b>374,793</b>	<b>272,770</b>	<b>-</b>	<b>102,023</b>	<b>(89,025)</b>
<u>3 months ended 31 March 2017</u>						
<b>At 1 January 2017</b>	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	-	-	-	-	-	-
<b>At 31 March 2017</b>	<b>662,526</b>	<b>542,362</b>	<b>100,000</b>	<b>172,770</b>	<b>269,592</b>	<b>120,164</b>

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 FIRST QUARTER ENDED 31 MARCH 2018  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the period ended 31 March 2018 - unaudited

	3 MONTHS ENDED	
	31-Mar 2018 RM'000	31-Mar 2017 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash collection from trade/other receivables	66,715	119,940
Cash received from other income	1,439	4,578
Cash paid for other expenses	(26,339)	(15,888)
Cash paid to trade/other payables	(22,946)	(105,034)
Cash paid for tax	(2,558)	(4,402)
Net cash generated/(used in) from operating activities	<u>16,311</u>	<u>(806)</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	122	450
Purchase of property plant & equipment	(4,448)	(71,753)
Purchase of port facilities	(466)	(32,676)
Purchase of other investment	-	(1,900)
Development costs	(947)	(5,135)
Net cash used in investing activities	<u>(5,739)</u>	<u>(111,014)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash repayment from amounts borrowed	(4,999)	(518)
Repayment of hire purchase principal	(2)	(23)
Cash paid for interest costs	(3,179)	(2,241)
(Placement)/uplift of fixed deposits	1,325	(35)
Receipt of advances from borrowings	-	60,000
Net cash (used in)/generated from financing activities	<u>(6,855)</u>	<u>57,183</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	3,718	(54,637)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	<u>7,528</u>	<u>90,146</u>
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>11,246</u>	<u>35,509</u>
Cash and cash equivalents comprise :		
Cash and bank balances	34,928	38,952
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(23,682)	(3,443)
	<u>11,246</u>	<u>35,509</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**  
**- FIRST QUARTER ENDED 31 MARCH 2018**

**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 2017 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 2017.

**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 2017. The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after 1 January 2018, 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	
	31/3/18	31/3/17	31/3/18	31/3/17
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
Port & Logistics	38,753	27,529	38,753	27,529
Property development	174	-	174	-
Hospitality & tourism	9,225	3,003	9,225	3,003
Management services and others	-	580	-	580
Total revenue	48,152	31,112	48,152	31,112
Eliminations	-	(99)	-	(99)
	<b>48,152</b>	<b>31,013</b>	<b>48,152</b>	<b>31,013</b>
<b>Segment results</b>				
Port & Logistics	18,237	13,206	18,237	13,206
Property development	(243)	(12,785)	(243)	(12,785)
Hospitality & tourism	(21,028)	(825)	(21,028)	(825)
Management services and others	(6,520)	(3,950)	(6,520)	(3,950)
	<b>(9,554)</b>	<b>(4,354)</b>	<b>(9,554)</b>	<b>(4,354)</b>
Eliminations	-	-	-	-
Share of results in associates	(263)	(730)	(263)	(730)
	<b>(9,817)</b>	<b>(5,084)</b>	<b>(9,817)</b>	<b>(5,084)</b>

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 2018 and 1 Qtr 2017

#### **Group Summary**

The Group revenue for the current financial period of RM48.2 million reported an increased by 54% as compared with RM31.1 million recorded in the corresponding period last year. The increase in revenue is 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 80% (31/3/17: 88%) and more than 100% (31/3/17: >100%) respectively.

Its 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 RM38.8 million (31/3/17: RM27.5 million) increased by 41% mainly as a result of increased cargo throughput of 27% from LMT and 22% from LBT and no land sales recorded (31/3/17: RMNil million). This consequently resulted in an overall increase in profit before tax of 38% amounting to RM18.2 million (31/3/17: RM13.2 million).

The summary results are as follows:

	Current quarter		% change
	31/3/18	31/3/17	
<b>Revenue</b>	<b>RM'000</b>	<b>RM'000</b>	
Port Operations	38,753	27,529	41%
Industrial land	-	-	0%
<b>Total</b>	<b>38,753</b>	<b>27,529</b>	<b>41%</b>
<b>Profit before tax</b>			
Port Operations	18,238	13,206	38%
Industrial land	-	-	0%
<b>Total</b>	<b>18,238</b>	<b>13,206</b>	<b>38%</b>
			<b>% change</b>
<b>Throughput</b>	<b>metric tonnes</b>		
LMT	1,160,000	913,193	27%
LBT	3,700,000	3,043,079	22%

#### Property development

This segment provided revenue and loss before tax of 0% (31/3/17: 0%) and 0% (31/3/17: 0%) respectively to the Group's total revenue and loss 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 period under review, the revenue increased from RMNil million to RM0.2 million of which 95% is contributed by development joint venture project and 5% from ancillary services. The segment loss before tax amounted to RM0.2 million (31/3/17: LBT RM12.8 million).



### **Hospitality & tourism**

This segment contributed revenue from hotel operation and rental income amounting to RM9.2 million (31/3/17: RM3.0 million) for the current financial period under review. The segment also contributed a loss before tax of RM21.0 million (31/3/17: LBT RM0.8 million) for the current financial period under review.

### **Management services and others**

This segment did not contribute to the revenue (31/3/17: RMNil million) for the current financial quarter under review. The segment also contributed a loss before tax of RM6.5 million for the current financial period under review as opposed to RM3.9 million the 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**

	<b>Current quarter</b>		<b>Cumulative quarter</b>	
	<b>3 months ended</b>		<b>3 months ended</b>	
	<b>31/3/18</b>	<b>31/3/17</b>	<b>31/3/18</b>	<b>31/3/17</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Profit for the period is arrived at after crediting/(charging):				
Interest income	621	522	621	522
Interest expense	(10,123)	(2,133)	(10,123)	(2,133)
Depreciation and amortisation	(4,850)	(2,249)	(4,850)	(2,249)

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	
	31/3/18	31/3/17	31/3/18	31/3/17
	RM'000	RM'000	RM'000	RM'000
Current tax	4,377	3,033	4,377	3,033
	<u>4,377</u>	<u>3,033</u>	<u>4,377</u>	<u>3,033</u>

The Group's effective tax rate for the current financial year was higher than the statutory tax rate of 24% (2017: 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	
	31/3/18	31/3/17	31/3/18	31/3/17
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to ordinary equity holders of the parent (RM'000)	(11,452)	(6,791)	(11,452)	(6,791)
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>(11.45)</u>	<u>(6.79)</u>	<u>(11.45)</u>	<u>(6.79)</u>

**A10 Intangible assets**

There were no changes in estimates of the amounts reported on 31 March 2018 and current financial period ended 31 March 2017.

**A11 Cash and cash equivalents**

Cash and cash equivalents comprised the following amounts:

	<b>As at 31/3/18 RM'000</b>	<b>As at 31/3/17 RM'000</b>
Cash and bank balances	34,928	38,952
Less: Pledged	(23,682)	(3,443)
Cash and cash equivalents	<u>11,246</u>	<u>35,509</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
<b>31 March 2018</b>				
<b>Available for sale financial assets</b>				
Equity shares	422	422	-	-
<b>31 December 2017</b>				
<b>Available for sale financial assets</b>				
Equity shares	<u>418</u>	<u>418</u>	-	-

**A13 Borrowings**

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

	As at 31/3/18 RM'000	As at 31/12/17 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	858	860
Revolving credits	140,688	140,687
Term financing	4,290	5,720
Term loan	261,927	262,372
Overdraft	5,123	5,123
	<u>412,886</u>	<u>414,762</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	6,313	6,313
Revolving credits	47,467	50,592
Term financing	31,320	31,320
RCPS	33,570	33,570
	<u>118,670</u>	<u>121,795</u>
Total borrowings	<u>531,556</u>	<u>536,557</u>

**(c) Currency**

None of the Group's 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 2018.

**A16 Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 31 March 2018 are as follows:

	As at 31/3/18 RM'000	As at 31/12/17 RM'000
i) Authorised but not contracted for	-	206,791
ii) Authorised and contracted for	-	<u>47,091</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, around RM30.0 million has been utilised.
- 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 syndicate loan facilities granted to Animation Theme Park Sdn Bhd ("ATP"), a 51% owned subsidiary company of PCBD. As at 30 June 2017, the facilities have been fully utilised. As at the reporting date, ATP has made repayment up to RM15.0 million.

## A18 Related party transactions

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

	3 months ended 31/3/18 RM'000	3 months ended 31/3/17 RM'000	3 months ended 31/3/18 RM'000	3 months ended 31/3/17 RM'000
<b>Transactions with:</b>				
<b>Ultimate Holding Corporation ("UHC")</b>				
Advances received/(paid)	6,714	(3,107)	6,714	(3,107)
Rental payable	340	87	340	87
<b>Fellow subsidiaries of the UHC</b>				
Interest income	(150)	(158)	(150)	(158)
Advances received/(paid)	(405)	(3,311)	(405)	(3,311)
Rental payable	150	54	150	54

### Related parties

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

Port services receivable	16,427	12,244	16,427	12,244
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Account balances with significant related parties of the Group at the current financial period ended 31 March 2018 and 31 March 2017 are as follows:

	As at 31/3/18 RM'000	As at 31/3/17 RM'000
<u>Account balance with UHC</u>		
Receivables	61,184	61,285
Payables	(97,661)	(912)
<u>Account balances with fellow subsidiaries</u>		
Receivables	90,703	83,055
Payables	(10,384)	-
<u>Account balances with related parties</u>		
Receivables	24,002	10,705

**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 RM9.8 million in the current financial quarter ended 31 March 2018 as compared to a loss before taxation of RM319.8 million for the immediate preceding quarter ended 31 December 2017. The decrease in LBT is mainly due to the provision for impairment loss related to ATP that was made in the immediate quarter last year.

**B3 Commentary on Prospects**

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. The immediate focus of the Group is to fully operationalise and turnaround the Movie Animation Theme Park to reach above its breakeven point as well to continue creating sustainable earnings for township development segment.

Therefore, the Group expects its financial results for the financial year ending 31 December 2018 to remain challenging until the above objectives are realised.

**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 2018 or the previous financial period ended 31 March 2017.

**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 2018 and 31 March 2017.

**B11 Auditors' report on preceding annual financial statements**

The auditors' report on the financial statements for the year ended 31 December 2017 was not qualified.

**B12 Dividends**

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