

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

INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 30 September 2018 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Sep 2018 RM'000	Preceding Corresponding Quarter Ended 30-Sep 2017 RM'000	Current Period Ended 30-Sep 2018 RM'000	Preceding Corresponding Period Ended 30-Sep 2017 RM'000
Revenue	50,661	40,336	142,005	122,450
Cost of sales	(13,199)	(11,132)	(36,030)	(32,302)
Gross Profit	37,463	29,204	105,975	90,148
Other operating income	7,660	2,235	12,038	9,624
Operating expenses	(127,694)	(40,532)	(216,496)	(103,955)
Operating profit	(82,572)	(9,093)	(98,483)	(4,183)
Finance costs	(13,985)	(4,443)	(32,464)	(12,692)
Share of results in associates	(879)	-	(1,277)	-
Loss before tax	(97,436)	(13,536)	(132,225)	(16,875)
Taxation	(6,914)	(3,878)	(15,325)	(11,489)
Loss for the period	(104,350)	(17,414)	(147,550)	(28,364)
Other comprehensive income:				
Net loss on available for sale financial assets	-	-	-	-
Gain on fair value	-	-	-	-
Total comprehensive income	(104,350)	(17,414)	(147,550)	(28,364)
Loss for the period attributable to:				
Owners of the parent	(57,129)	(11,692)	(86,643)	(16,905)
Non-controlling interests	(47,221)	(5,722)	(60,907)	(11,459)
	(104,350)	(17,414)	(147,550)	(28,364)
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	(57,129)	(11,692)	(86,643)	(16,905)
Non-controlling interests	(47,221)	(5,722)	(60,907)	(11,459)
	(104,350)	(17,414)	(147,550)	(28,364)
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(57.13)	(11.69)	(86.64)	(16.91)

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
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INTERIM FINANCIAL REPORT FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2018
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended 30 September 2018 - unaudited

	30-Sep 2018 RM'000	31-Dec 2017 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	341,460	364,817
Port facilities	170,346	171,451
Investment properties	4,691	4,751
Inventories	22,711	22,711
Investment in associates	2,300	3,577
Other investments	455	455
Intangible assets	24,889	42,772
Finance lease receivables	429	429
	<u>567,281</u>	<u>610,963</u>
Current assets		
Inventories	214,458	198,317
Finance lease receivables	28	110
Trade and other receivables	187,907	217,110
Other current assets	9,148	16,268
Other investment	39	418
Tax recoverable	1,019	4,869
Cash and bank balances	12,600	32,569
	<u>425,200</u>	<u>469,661</u>
Total assets	<u>992,481</u>	<u>1,080,624</u>
Equity and liabilities		
Current liabilities		
Borrowings	393,203	414,762
Trade and other payables	250,154	185,072
Deferred tax liabilities	-	23,520
Tax payable	10,522	4,779
	<u>653,879</u>	<u>628,133</u>
Net current assets	<u>(228,679)</u>	<u>(158,472)</u>
Non-current liabilities		
Borrowings	112,221	121,795
Trade and other payables	63,633	17,899
Deferred tax liabilities	12,813	12,812
	<u>188,667</u>	<u>152,506</u>
Total liabilities	<u>842,546</u>	<u>780,639</u>
Net assets	<u>149,935</u>	<u>299,985</u>

Equity attributable to owners of the parent

Share capital	272,770	272,770
Retained earnings	26,841	113,484
	<u>299,611</u>	<u>386,254</u>
Non-controlling interests	(149,676)	(86,269)
Total equity	<u>149,935</u>	<u>299,985</u>
Total equity and liabilities	<u>992,481</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 THIRD QUARTER ENDED 30 SEPTEMBER 2018
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the period ended 30 September 2018 - unaudited

|- Attributable to Equity Holders of the Parent - |

	Equity total	Non-distributable Equity attributable to owners of the company	Share Capital	Share Premium	Distributable Retained Earnings	Non- Controlling Interest
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 January 2018	299,985	386,254	272,770	-	113,484	(86,269)
Total comprehensive income	(147,550)	(86,643)	-	-	(86,643)	(60,907)
<u>Transactions with owners</u>						
Dividend paid by a subsidiary to a non-controlling interest	(2,500)	-	-	-	-	(2,500)
At 30 September 2018	149,935	299,611	272,770	-	26,841	(149,676)
<u>9 months ended 30 September 2017</u>						
At 1 January 2017	670,642	549,153	100,000	172,770	288,441	81,851
Total comprehensive income	(28,365)	(16,905)	-	-	(16,905)	(11,460)
Acquisition of subsidiary	4	-	-	-	-	4
<u>Transactions with owners</u>						
Dividend paid by a subsidiary to a non-controlling interest	(2,500)	-	-	-	-	(2,500)
At 30 September 2017	639,781	532,248	100,000	172,770	271,536	67,895

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 2018
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 30 September 2018 - unaudited

	9 MONTHS ENDED	
	30-Sep 2018 RM'000	30-Sep 2017 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	135,493	131,641
Cash received from other income	8,816	24,237
Cash paid for other expenses	(92,245)	(80,913)
Cash paid to trade/other payables	(54,633)	(50,215)
Cash paid for tax	(7,609)	(11,574)
Net cash (used in)/generated from operating activities	<u>(10,178)</u>	<u>13,176</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	481	744
Purchase of property plant & equipment	(3,734)	(116,933)
Purchase of port facilities	(32,186)	(37,278)
Purchase of other investment	-	(1,900)
Development costs	(5,590)	(15,564)
Net cash used in investing activities	<u>(41,030)</u>	<u>(170,931)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(34,976)	(17,910)
Dividend paid on ordinary shares to minority shareholders	(2,500)	(2,500)
Repayment of hire purchase principal	(2)	(41)
Cash paid for interest costs	(8,135)	(6,166)
Uplift/(Placement) of fixed deposits	10,731	(12,897)
Drawdown from borrowings	3,938	60,000
Receipt of advances from borrowings	79,853	53,206
Receipt of advances from grant	-	30,670
Net cash generated from financing activities	<u>48,909</u>	<u>104,362</u>
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,299)	(53,393)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	7,528	90,157
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>5,229</u>	<u>36,764</u>
Cash and cash equivalents comprise :		
Cash and bank balances	12,600	48,116
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(7,371)	(11,352)
	<u>5,229</u>	<u>36,764</u>

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

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(Company no. 210915-U)
(Incorporated in Malaysia)

NOTES TO THE INTERIM FINANCIAL STATEMENTS
- THIRD QUARTER ENDED 30 SEPT 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		9 months ended	
	30/9/18	30/9/17	30/9/18	30/9/17
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Port & Logistics	28,575	25,322	96,308	78,560
Property development	13,026	4,516	18,616	20,341
Hospitality & tourism	9,060	10,498	27,080	19,261
Management services and others	-	-	2,500	6,788
Total revenue	50,661	40,336	144,504	124,950
Eliminations	-	-	(2,500)	(2,500)
	50,661	40,336	142,004	122,450
Segment results				
Port & Logistics	4,804	9,093	33,498	32,275
Property development	(64,608)	6,428	(57,423)	19,968
Hospitality & tourism	(104,175)	(18,965)	(156,623)	(50,485)
Management services and others	(16,908)	(10,092)	(32,230)	(16,767)
	(180,887)	(13,536)	(212,778)	(15,009)
Eliminations	84,330	-	81,830	(1,866)
Share of results in associates	(879)	-	(1,277)	-
	(97,436)	(13,536)	(132,225)	(16,875)

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 3 Qtr 2018 and 3 Qtr 2017

Group Summary

The Group revenue for the current financial quarter of RM50.6 million is 25% higher compared to RM40.3 million recorded in the corresponding period last year. The increase is mainly due to recognition of land sales in property development segment and higher port and logistics revenue as a result of higher throughput.

The results of the current financial quarter is impacted by the additional impairment of RM36.3 million in hospitality and tourism, RM7.59 million in port & logistics, RM76.7 million in property development and RM2.1 million in management services resulting in a loss of RM97.4

million (2017: Loss RM13.5 million).

Port & Logistics

The port & logistics segment continues to be the Group's main source of revenue for the current financial quarter contributing 56% (2017: 63%). Its revenue comprises mainly of revenue from 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 (LBT).

For the period under review, the revenue (2018:RM28.5 million; 2017:RM25.3 million) increased by 13% mainly as a result of increased cargo throughput of 5% from LMT and 9% from LBT. Despite the increase in revenue, the profit of this segment dropped by 47% as a result of provision for impairment of development cost of Bagan Dato Port.

The summary results are as follows:

	Current quarter		% change
	30/9/18	30/9/17	
Revenue	RM'000	RM'000	
Port Operations	28,574	25,321	13%
Profit before tax			
Port Operations	12,399	9,105	36%
Industrial land	(2)	(11)	-82%
Bagan Dato Port	(7,593)	(1)	-100%
Total	4,804	9,093	-47%
Throughput	metric tonnes		% change
LMT	961,420	919,296	5%
LBT	3,305,975	3,045,460	9%

Property development

Revenue of this segment contributed 25% (2017: 11%) of the Group total revenue for the current financial quarter under review.

Revenue was derived mainly from sales of development land, recognition of revenue from property development joint ventures and other ancillary services. For the current financial quarter under review, the revenue tripled from RM4.5 million to RM13.0 million.

However, the results of this segment is heavily impacted by additional provision of impairment loss of RM76.7 million on amount owing from the subsidiary during the period. Loss before tax of the segment is at RM64.6 million (2017 : LBT RM6.4 million).

Hospitality & tourism

Revenue of this segment which are from hotel and rest houses operations, development and operation of theme park and rental is RM9.0 million (2017: RM10.5 million) for the current financial quarter under review. During the quarter under review, number of guests to MAPS reduced to 61,384 compared to 93,598 in the same quarter last year. Last year's higher revenue may be attributed to the excitement of "visiting a new theme park" during the opening months of the park. In addition, the ticket yield is also lower in the quarter under review at RM42.52 per guest compared to RM47.40 per guest last year as a result of lowering of ticket rates.

The segment also recorded a loss before tax of RM104.2 million (2017: LBT RM18.9 million) for the current financial quarter under review. The losses were due to impairment of property, plant and equipment, IP licences, stock and demolition costs of Dreamworks related IP amounting to RM77.0 million.

Management services and others

No revenue is recorded under this segment during the current financial quarter.

The segment posted a loss before tax of RM16.9 million for the current financial quarter under review as opposed to loss before tax of RM10.1 million same period last year. The loss during the quarter was due to an impairment amounting to RM9.8 million.

Comparison between 9 months ended 30 September 2018 and 30 September 2017

Group Summary

The Group revenue for the current financial period increased by 16% of RM142.0 million from RM122.5 million recorded in the corresponding financial period last year.

The Group results significantly deteriorated from the corresponding financial period last year due to additional provisions for impairment amounting to RM46 million.

Port & logistics

The port & logistics segment consists of port operations of LMT, LBT and development of Bagan Dato' Port. The port & logistics segment remains as the Group's main source of revenue for the current financial period, contributing 68% (2017: 64%) of the Group's total

revenue.

For the period under review, revenue increased by 22% to RM96.3 million (2017: RM78.6 million) as the cargo throughput at LMT and LBT increased by 10% and 23% respectively. Despite the increase, the port segment was also impacted by the impairment of development cost of Bagan Dato Port.

As a result the PBT of the segment only increase by 4% to RM33.5 million (2017: RM32.3 million).

The summary results are as follows:

Revenue	9 months ended		% change
	30/9/18	30/9/17	
	RM'000	RM'000	
Port Operations	96,308	78,560	23%
Profit before tax			
Port Operations	41,099	32,289	27%
Industrial land	(2)	(10)	-80%
Bagan Dato Port	(7,599)	(4)	-100%
Total	33,498	32,275	4%
Throughput	metric tonnes		% change
LMT	3,138,358	2,851,347	10%
LBT	10,623,169	8,625,154	23%

Property development

This segment contributed 13% (2017: 16%) of the Group's total revenue during the period under review.

For the period under review, the revenue decreased to RM18.6 million (2017:RM20.3 million) which was due to lower land sales.

The segment loss before tax amounted to RM57.4 million (2017: PBT RM19.9 million) mainly due to impairment of amount owing from a subsidiary.

Hospitality & tourism

Revenue from hotel and rest house operation, development and operation of theme park and rental income amounting to RM27.1 million (2017: RM19.3 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 RM156.6 million (2017: LBT RM50.5 million) mainly due to impairment for the cost of development of water theme park and additional impairment of assets of the theme park.

In addition, the current period under review saw the full effect of 9 months operational expenses being charged to income statement by the theme park compared to only 3 months in the previous corresponding period. The theme park was opened to public on 26 June 2017.

Management services and others

This segment contributed revenue from dividend income RM2.5 million (2017: RM6.8 million) for the period under review.

The segment also contributed a loss before tax of RM32.2 million (2017: LBT RM16.8 million) for the period under review after taken into account an impairment of RM2.1 million for the development cost of golf resort.

A6 Comments about Seasonal or Cyclical Factors

The Group's operations with the exception of the theme park are not materially affected by any seasonal and cyclical factors. There is a compensating effect on its results due to the performance of the various segmental activities of the Group.

The number of guests to the theme park increased during peak periods i.e. school holidays and long weekends. Management of the park strives to fill up the park during non-peak periods with corporate and educational events together with foreign tourists groups who enjoys different holiday seasons.

A7 Profit for the period

	3 months ended		9 months ended	
	30/9/18	30/9/17	30/9/18	30/9/17
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	5,083	(392)	8,045	3,714
Interest expense	(13,985)	(4,443)	(32,464)	(12,691)
Depreciation and amortisation	(5,187)	(2,856)	(14,894)	(8,339)

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

A8 The taxation charge for the Group comprises:

	3 months ended		9 months ended	
	30/9/18	30/9/17	30/9/18	30/9/17
	RM'000	RM'000	RM'000	RM'000
Current tax	6,914	3,879	15,325	11,489
Deferred tax	-	-	-	-
	<u>6,914</u>	<u>3,879</u>	<u>15,325</u>	<u>11,489</u>

The Group effective tax rate for the current financial period was higher than the statutory tax rate of 24% (2017: 24%) principally due to losses incurred by certain subsidiaries and 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		9 months ended	
	30/9/18	30/9/17	30/9/18	30/9/17
	RM'000	RM'000	RM'000	RM'000
Profit for the period attributable to ordinary equity holders of the parent (RM'000)	<u>(57,129)</u>	<u>(11,692)</u>	<u>(86,643)</u>	<u>(16,905)</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>(57.13)</u>	<u>(11.69)</u>	<u>(86.64)</u>	<u>(16.91)</u>

A10 Intangible assets

There were no changes in estimates of the amounts reported on 30 September 2018 and current financial period ended 30 September 2017 except that an impairment amounting to RM17.9 million at a subsidiary, Animation Theme Park Sdn Bhd.

A11 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 30/9/18 RM'000	As at 30/9/17 RM'000
Cash and bank balances	12,600	48,116
Less: Pledged	(7,371)	(11,362)
Cash and cash equivalents	<u>5,229</u>	<u>36,754</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
30 September 2018				
Available for sale financial assets				
Equity shares	39	39	-	-
31 December 2017				
Available for sale financial assets				
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 30/9/18 RM'000	As at 31/12/17 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	708	860
Revolving credit	142,118	140,687
Term financing	3,938	5,720
Term loan	241,443	262,372
Overdraft	4,996	5,123
	<u>393,203</u>	<u>414,762</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	6,114	6,313
Revolving credit	41,217	50,592
Term financing	31,320	31,320
RCPS	33,570	33,570
	<u>112,221</u>	<u>121,795</u>
Total borrowings	<u>505,424</u>	<u>536,557</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 except that of a subsidiary, Animation Theme Park Sdn Bhd which is still unable to meet the financial covenants since the close of the financial year 2017.

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 30 September 2018.

A16 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 30 September 2018 are as follows:

	30/9/18	31/12/16
	RM'000	RM'000
i) Authorised but not contracted for	-	113,159
ii) Authorised and contracted for	-	<u>2,557</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) On 26 May 2016 and on 16 June 2016, a subsidiary of the Company, PCB Development Sdn Bhd ("PCBD"), has provided proportionate corporate guarantees to a financial institution for financing facilities amounting to RM14.0 million and RM14.5 million granted to associate companies of PCBD, D'Aman Residences Sdn Bhd and Cempaka Majujaya Sdn Bhd respectively. To date, the facilities have been fully utilised at D'Aman Residences Sdn Bhd and Cempaka Majujaya Sdn Bhd. On 28 March 2017, PCBD has provided an additional corporate guarantee of RM4.0 million, for D'Aman Residences Sdn Bhd's new banking facilities of RM20.0 million. As at the reporting date, Cempaka Majujaya Sdn Bhd and D'Aman Residences Sdn Bhd made repayment up to RM14.0 million and RM17.9 million, respectively.
- b) On 18 January 2016 and 11 April 2016, the Company has provided a corporate guarantee of RM26 million and RM21.7 million to a financial institution for facilities granted to Casuarina Teluk Intan Sdn Bhd and Lanai Casuarina Sdn Bhd. As at the reporting date, Casuarina Teluk Intan Sdn Bhd have utilised up to RM1.9 million and Lanai Casuarina Sdn Bhd has utilised up to RM2.58 million.
- c) On 25 January 2017, the Company has provided a corporate guarantee of RM38 million to a financial institution for facilities granted to Visi Cenderawasih Sdn Bhd, an associate company of PCB Equity Sdn Bhd. As at the reporting date, the company has utilised RM36.4 million and have made repayment of RM2.7 million.
- d) On 29 November 2016, the Company, Perak Corporation Berhad ("PCB"), has provided a corporate guarantee of RM7.1 million to a financial institution for facilities granted to Unified Million Sdn Bhd, an associate company of PCB Equity Sdn Bhd. On 11 April 2017, a supplemental letter offer reduced the said facilities to RM5.9 million.

As at the reporting date, RM4.9 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 30/9/18 RM'000	3 months ended 30/9/17 RM'000	9 months ended 30/9/18 RM'000	9 months ended 30/9/17 RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Advances receivable/(payable)	(62,614)	10,700	(31,307)	77,786
Rental payable	340	(246)	1,020	787
Fellow subsidiaries of the UHC				
Interest income	(353)	(107)	(590)	(316)
Trading	-	(1,426)	-	(4,076)
Rental income/expenses	(148)	(114)	(448)	(578)
Project expenses	-	-	-	(75)
Advances received/(paid)	1,488	(1,718)	(4,810)	(2,046)

Account balances with significant related parties of the Group at the current financial period ended 30 September 2018 and 30 September 2017 are as follows:

	As at 30/9/18 RM'000	As at 30/9/17 RM'000
<u>Account balance with UHC</u>		
Receivables	43,921	84,900
Payables	(140,047)	(77,068)
<u>Account balances with fellow subsidiaries</u>		
Receivables	92,454	88,375
Payables	(5,418)	(4,390)
<u>Account balances with related parties</u>		
Receivables	7,411	5,850

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 8 August 2018, the Company had announced the discontinuance of the License Agreement dated 1 January 2013, entered with DreamWorks Animation L.L.C for the establishment and operations of Dreamworks' attractions within the Movie Animation Park Studio ("MAPS") effective 1 August 2018. The related intellectual property rights acquired under the License Agreement which are classified under the Intangible Asset has a carrying value of RM18.9 million. As at the reporting period, an amount of RM17.9 million was impaired at Animation Theme Park Sdn Bhd.

- (c) On 23 October 2018, a 51% owned subsidiary of PCB Development Sdn Bhd which in turn is a wholly owned subsidiary of the Company, has mutually agreed to terminate the Heads of Agreement ("HOA") with Only World Group Holdings Berhad ("OWG"). The HOA was entered into on 24 January 2018 between ATP and OWG to negotiate for a potential collaboration to manage and operate the theme park, Movie Animation Park Studios ("MAPS")

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

	Current quarter 3 months ended			Cumulative quarter 9 months ended		
	30/9/18 RM'000	30/9/17 RM'000	Changes (%)	30/9/18 RM'000	30/9/17 RM'000	Changes (%)
Revenue	50,661	40,336	26%	142,005	122,450	16%
Operating profit	(82,572)	(9,093)	808%	(98,483)	(4,183)	2254%
Profit before tax	(97,436)	(13,536)	620%	(13,225)	(16,875)	-22%
Profit after tax	(104,350)	(17,414)	499%	(147,550)	(28,364)	420%
Profit/(Loss) attributable to ordinary equity holders of the parent	(57,129)	(11,692)	389%	(86,643)	(16,905)	413%

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

	Current	Immediate	Changes	
	Quarter 30/09/18 RM'000	Preceding Quarter 30/06/18 RM'000	RM'000	%
Revenue	50,661	43,192	7,469	17%
Operating (loss)/profit	(82,572)	(18,039)	(64,533)	358%
(Loss)/Profit before tax	(97,436)	(24,972)	(72,464)	290%
(Loss)/Profit after tax	(104,350)	(29,006)	(75,344)	260%
(Loss)/Profit attributable to ordinary equity holders of the parent	(57,129)	(18,062)	(39,067)	216%

The Group made a loss before taxation (LBT) of RM104.3 million in the current financial quarter ended 30 September 2018 as compared to a loss before taxation of RM18.1 million for the immediate preceding quarter ended 30 June 2018. The increase in LBT is mainly due to the impairments on assets.

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 property 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 turnaround the Movie Animation Park Studios to reach above its breakeven point as well to continue creating sustainable earnings for the development of Meru Raya. In addition, it is also focusing on resolving the liquidity issue faced by it in meeting its operational and capital requirements.

Therefore, the Group expects its financial results for the financial year ending 31 December 2018 to remain challenging.

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 2018 or the previous financial period ended 30 September 2017 except investment in redeemable convertible preference shares for the settlement of sale of land at Bandar Meru Raya.

B9 Risks and policies of derivatives

The Group did not enter into any derivatives during the current financial period ended 30 September 2018 or the previous financial period ended 30 September 2017 except for:

- a) Animation Theme Park Sdn Bhd ("ATP"), a 51% owned subsidiary company of PCBD ("PCBD"), issued a redeemable convertible preference shares ("RCPS") which has tenor of twenty years and redemption price at RM1.00 per RCPS.

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 2018 and 30 September 2017.

B11 Realised and unrealised profit/losses

	As at 30/9/18 RM'000	As at 31/12/17 RM'000
Current financial period:		
Total retained profit of the Company and its subsidiaries		
-realised	(114,618)	548,183
-unrealised	(1,277)	(780)
	<u>(115,895)</u>	<u>547,403</u>
Consolidation adjustments	142,736	(433,919)
Total Group retained profits	<u>26,841</u>	<u>113,484</u>

B12 Auditors' report on preceding annual financial statements

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

B13 Dividends

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