

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

INTERIM FINANCIAL REPORT FOR THE FIRST QUARTER ENDED 31 MARCH 2019
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 March 2019 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Mar 2019 RM'000	Preceding Corresponding Quarter Ended 31-Mar 2018 RM'000	Current Period Ended 31-Mar 2019 RM'000	Preceding Corresponding Period Ended 31-Mar 2018 RM'000
Revenue	39,025	48,152	39,025	48,152
Cost of sales	(10,441)	(9,946)	(10,441)	(9,946)
Gross Profit	28,584	38,206	28,584	38,206
Other operating income	2,420	665	2,420	665
Operating expenses	(29,191)	(38,302)	(29,191)	(38,302)
Operating profit	1,813	569	1,813	569
Finance costs	(7,969)	(10,123)	(7,969)	(10,123)
Share of results in associates	-	(263)	-	(263)
Loss before tax	(6,157)	(9,817)	(6,157)	(9,817)
Taxation	(3,060)	(4,377)	(3,060)	(4,377)
Loss for the period	(9,217)	(14,194)	(9,217)	(14,194)
Other comprehensive income:				
Net loss on available for sale financial assets				
Gain on fair value	-	-	-	-
Total comprehensive income	(9,217)	(14,194)	(9,217)	(14,194)
Loss for the period attributable to:				
Owners of the parent	(5,284)	(11,452)	(5,284)	(11,452)
Non-controlling interests	(3,933)	(2,742)	(3,933)	(2,742)
	(9,217)	(14,194)	(9,217)	(14,194)
Total comprehensive income for the period, net of tax attributable to:				
Owners of the parent	(5,284)	(11,452)	(5,284)	(11,452)
Non-controlling interests	(3,933)	(2,742)	(3,933)	(2,742)
	(9,217)	(14,194)	(9,217)	(14,194)
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(5.28)	(11.45)	(5.28)	(11.45)

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 2019
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended 31 March 2019 - unaudited

	31-Mar 2019 RM'000	31-Dec 2018 RM'000
ASSETS		
Non-current assets		
Property, plant and equipment	313,488	315,853
Port facilities	204,465	205,429
Investment properties	4,652	4,672
Inventories	22,711	22,711
Other investments	25	25
Intangible assets	24,494	24,618
Finance lease receivables	312	312
	<u>570,148</u>	<u>573,620</u>
Current assets		
Inventories	206,635	205,892
Finance lease receivables	88	117
Trade and other receivables	61,414	58,748
Other current assets	3,850	5,351
Other investment	111	110
Tax recoverable	923	735
Cash and bank balances	18,018	12,032
	<u>291,038</u>	<u>282,985</u>
Total assets	<u>861,186</u>	<u>856,605</u>
Equity and liabilities		
Current liabilities		
Borrowings	393,466	401,188
Trade and other payables	202,013	161,527
Deferred tax liabilities	5	25,207
Tax payable	12,105	11,598
	<u>607,590</u>	<u>599,520</u>
Net current assets	<u>(316,551)</u>	<u>(316,535)</u>
Non-current liabilities		
Borrowings	106,768	105,442
Trade and other payables	13,763	9,860
Deferred tax liabilities	15,911	15,412
	<u>136,442</u>	<u>130,714</u>
Total liabilities	<u>744,032</u>	<u>730,234</u>
Net assets	<u>117,154</u>	<u>126,371</u>
Equity attributable to owners of the parent		

Share capital	272,770	272,770
Retained earnings	3,144	8,415
	<u>275,915</u>	<u>281,185</u>
Non-controlling interests	(158,761)	(154,814)
Total equity	<u>117,154</u>	<u>126,371</u>
Total equity and liabilities	<u>861,186</u>	<u>856,605</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 2019
 CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
 For the period ended 31 March 2019 - unaudited

|- Attributable to Equity Holders of the

	Equity total RM'000	Non-distributab Equity RM'000	Share Capital RM'000	Distributable Retained Earnings RM'000	Non- Controlling Interest RM'000
At 1 January 2019	126,371	281,185	272,770	8,415	(154,814)
Total comprehensive income	(9,217)	(5,284)	-	(5,284)	(3,933)
<u>Transactions with owners</u>					
Dividend paid by a subsidiary to a non-controlling interest	-	-	-	-	-
At 31 March 2019	117,154	275,901	272,770	3,131	(158,747)
<u>3 months ended 31 March 2018</u>					
At 1 January 2018	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	-	-	-	-	-
At 31 March 2018	285,769	374,794	272,770	102,024	(89,025)

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 2019
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 31 March 2019 - unaudited

	3 MONTHS ENDED	
	31-Mar 2019 RM'000	31-Mar 2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	51,934	66,715
Cash received from other income	2,376	1,439
Cash paid for other expenses	(14,114)	(26,339)
Cash paid to trade/other payables	(15,176)	(22,946)
Cash paid for tax	(1,838)	(2,558)
Net cash generated from operating activities	<u>23,184</u>	<u>16,311</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	17	122
Purchase of property plant & equipment	(879)	(4,448)
Purchase of port facilities	(1,455)	(466)
Development costs	(67)	(947)
Proceeds from disposal of property plant & equipment	95	-
Net cash generated from investing activities	<u>(2,290)</u>	<u>(5,739)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(8,347)	(4,999)
Repayment of hire purchase principal	-	(2)
Cash paid for interest costs	(3,212)	(3,179)
(Placement)/uplift of fixed deposits	356	1,325
(Placement)/uplift of fixed deposits pledged	500	-
Net cash (used in) financing activities	<u>(10,703)</u>	<u>(6,855)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	10,191	3,717
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(69)	7,529
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>10,122</u>	<u>11,246</u>
Cash and cash equivalents comprise :		
Cash and bank balances	18,018	34,928
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(2,385)	(23,682)
Overdraft	(4,629)	-
Fixed deposits more than 3 months	(882)	-
	<u>10,122</u>	<u>11,246</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 2019

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 2018 and the accompanying explanatory notes attached to this interim financial report except that the Group has prepared the condensed consolidated statement of cash flows using the direct method. The Group 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 2018.

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 2018 except for the adoption of MFRS16 Leases ("MFRS16"). The new, revised and amended MFRS and IC Interpretations, which are effective for the financial periods beginning on or after 1 January 2019, did not have any material impact on the condensed financial results of the Group except for MFRS 16.

MFRS 16 supersedes MFRS117 Leases and the related interpretations. Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified assets for a period of time in exchange for consideration.

MFRS16 eliminates the classification of leases by the lessee as either finance lease or operating lease. MFRS 16 requires a lessee to recognise a right of use of the underlying asset and a lease liability reflecting future lease payments for most lease. The right of use asset is depreciated in accordance with the principles in MFRS 116 Property Plant and Equipment and the lease liability is accreted over time with interest expense recognised in profit or loss.

a) Impact of adopting MFRS 16

On date of initial application, the Group recognised lease liabilities in relation to leases (except for short term lease and leases of low value assets). As at the reporting date, MFRS16 did not give impact to the Group.

b) Changes in accounting policies

The group have leases offices and office equipment. These leases have an average lease period of between 1 years to 99 years with a renewal option included in the contract Lease term are negotiated on individual basis and contain a wide range of different terms and conditions.

Until 31 December 2018, leases of property, plant and equipment were classified as either finance or operating lease. Payments made under operating leases were charged to profit or loss on a straight line basis over the period of the lease.

From 1 January 2019, the lease recognised as a right of use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on straight line basis.

The total amount of cash paid is separated into principal portion and interest in the statement of cash flows.

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	
	31/3/19	31/3/18	31/3/19	31/3/18
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Port & Logistics	29,741	38,753	29,741	38,753
Property development	1,612	174	1,612	174
Hospitality & tourism	7,672	9,225	7,672	9,225
Management services and others	-	-	-	-
Total revenue	39,025	48,152	39,025	48,152
Eliminations	-	-	-	-
	39,025	48,152	39,025	48,152
Segment results				
Port & Logistics	12,502	18,237	12,502	18,237
Property development	(4,716)	(243)	(4,716)	(243)
Hospitality & tourism	(19,555)	(21,028)	(19,555)	(21,028)
Management services and others	(2,763)	(6,520)	(2,763)	(6,520)
	(14,532)	(9,554)	(14,532)	(9,554)
Eliminations	8,375	-	8,375	-
Share of results in associates	-	(263)	-	(263)
	(6,157)	(9,817)	(6,157)	(9,817)

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 2019 and 1 Qtr 2018

Group Summary

The Group revenue for the current financial period of RM39.0 million reported an decreased by 24% as compared with RM48.2 million recorded in the corresponding period last year. The decrease in revenue is mainly contributed from unrealized of sales in property development and hospitality and tourism segments.

Port & Logistics

The port & logistics segment continues to be the Group's main source of revenue and

profit before tax contributing 76% (31/3/18: 80%) and more than >100% (31/3/18: >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), contractual revenue under the operation and maintenance of Lekir Bulk Terminal, and sales and rental of LMT port related industrial land. For the period under review, the revenue of RM29.7 million (31/3/18: RM38.7 million) decreased by 24% mainly as a result of decreased cargo throughput of 13% from LMT and 6% from LBT .This consequently resulted in an overall decrease in profit before tax for this segment of 38% amounting to RM12.5 million (31/3/18: RM18.2 million).

The summary results are as follows:

	Current quarter		% change
	31/3/19	31/3/18	
Revenue	RM'000	RM'000	
Port Operations	29,742	38,753	-23%
Industrial land	-	-	0%
Total	29,742	38,753	-23%
Profit before tax			
Port Operations	12,505	18,238	-31%
Industrial land	-	-	0%
Total	12,505	18,238	-31%
Throughput	metric tonnes		% change
LMT	1,005,848	1,160,000	-13%
LBT	3,484,382	3,700,000	-6%

Property development

This segment provided revenue and loss before tax of 4% (31/3/18: 0.4%) and 76% (31/3/18: 2.5%) 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 RM0.2 million to RM1.6 million of which 95% is contributed by progress in the development of joint venture project and 5% from ancillary services.

The segment loss before tax amounted to RM4.7 million (31/3/18: LBT RM0.2 million).

Hospitality & tourism

This segment contributed revenue from hotel operations and rental income amounting to RM7.6 million (31/3/18: RM9.2 million) for the current financial period under review. The segment also contributed a loss before tax of RM19.5 million (31/3/18: LBT RM21.0 million) for the current financial period under review.

Management services and others

No revenue was recorded by this segment in the current financial quarter under review and in the corresponding period last year. The segment also contributed a loss before tax of RM2.7 million for the current financial period under review as opposed to RM6.5 million the same period last year.

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

	Current quarter		Cumulative quarter	
	3 months ended		3 months ended	
	31/3/19	31/3/18	31/3/19	31/3/18
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	962	621	962	621
Interest expense	(7,969)	(10,123)	(7,969)	(10,123)
Depreciation and amortisation	(5,644)	(4,850)	(5,644)	(4,850)

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:

	3 months ended		3 months ended	
	31/3/19	31/3/18	31/3/19	31/3/18
	RM'000	RM'000	RM'000	RM'000
Current tax	3,001	4,377	3,001	4,377
Prior year tax	59	-	59	-
	<u>3,060</u>	<u>4,377</u>	<u>3,060</u>	<u>4,377</u>

The Group's effective tax rate for the current financial year was higher than the statutory tax rate of 24% (2018: 24%) principally due to losses incurred by certain subsidiaries, certain expenses being disallowed for tax purposes.

A9 Loss Per Share

Basic loss per share is calculated by dividing loss 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	3 months ended	3 months ended
	31/3/19	31/3/18	31/3/19	31/3/18
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to ordinary equity holders of the parent (RM'000)	<u>(5,284)</u>	<u>(11,452)</u>	<u>(5,284)</u>	<u>(11,452)</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 loss per share (sen) for:	<u>(5.28)</u>	<u>(11.45)</u>	<u>(5.28)</u>	<u>(11.45)</u>

A10 Intangible assets

There were no changes in estimates of the amounts reported on 31 December 2018 and current financial period ended 31 March 2019 except for normal amortisation made at a subsidiary, namely Animation Theme Park.

A11 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 31/3/19 RM'000	As at 31/3/18 RM'000
Cash and bank balances	18,018	34,928
Less: Pledged	(2,385)	(23,682)
Less: Overdraft	(4,629)	-
Less: FD placed more than 3 months	(882)	-
Cash and cash equivalents	<u>10,122</u>	<u>11,246</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 2019				
Available for sale financial assets				
Equity shares	111	111	-	-
31 December 2018				
Available for sale financial assets				
Equity shares	<u>110</u>	<u>110</u>	-	-

A13 Borrowings

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

	As at 31/3/19 RM'000	As at 31/12/18 RM'000
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	754	837
Revolving credits	140,000	140,000
Term financing	4,290	5,720
Term loan	241,793	246,283
Overdraft	4,629	8,348
Others	2,000	-
	<u>393,466</u>	<u>401,188</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	6,128	6,045
Term loan	40,426	39,183
Term financing	25,600	25,600
RCPS	34,614	34,614
	<u>106,768</u>	<u>105,442</u>
Total borrowings	<u>500,234</u>	<u>506,630</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 except for a subsidiary of the Company has not met a covenant clause stipulated in the syndicated term loan agreement.

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 2019.

A16 Capital Commitments

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 31 March 2019 are as follows:

	As at 31/3/19 RM'000	As at 31/12/18 RM'000
i) Authorised but not contracted for	-	48,762
ii) Authorised and contracted for	-	<u>87,998</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 made full repayment and D'Aman Residences Sdn Bhd made repayment up to RM17.9 million.
- 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 RM3.22 million and Lanai Casuarina Sdn Bhd has utilised up to RM4.05 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 RM5.73 million.
- d) On 29 November 2016, the Company, 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, RM6.3 million has been utilised which comes from advances of RM3.0 million and RM3.30 million from the loan?

A18 Related party transactions

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

	3 months ended 31/3/19 RM'000	3 months ended 31/3/18 RM'000	3 months ended 31/3/19 RM'000	3 months ended 31/3/18 RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Interest (income)/expenses	(357)	-	(357)	-
Advances (received)/paid	(280)	6,714	(280)	6,714
Rental (receivable)/payable	216	340	216	340
	<hr/>			
Fellow subsidiaries of the UHC				
Interest (income)/expenses	(446)	(150)	(446)	(150)
Advances (received)/paid	6,297	(405)	6,297	(405)
Rental (receivable)/payable	(119)	150	(119)	150
	<hr/>			

Related parties

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

Port services receivable	9,001	16,427	9,001	16,427
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Account balances with significant related parties of the Group at the current financial period ended 31 March 2019 and 31 March 2018 are as follows:

	As at 31/3/19 RM'000	As at 31/3/18 RM'000
<u>Account balance with UHC</u>		
Receivables	2,109	61,285
Payables	(17,339)	(912)
<u>Account balances with fellow subsidiaries</u>		
Receivables	12,161	83,055
Payables	(13,311)	-
<u>Account balances with related parties</u>		
Receivables	21,339	10,705
	<hr/>	

A19 Significant event

- (a) 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.

- (b) 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").

- (c) Perak Corporation Berhad has provided letters of undertaking ("LOU") in 2016 and 2017 to various subcontractors to complete the construction of a theme park. These payments were claimable from the main contractor. The creditors are finalising the construction final account before the claims be made under the LOU.

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.

On 2 May 2019, PCB Development Sdn Bhd ("PCBD") a wholly owned subsidiary of the Company, entered into a development agreement with Rapat Setia Sdn Bhd ("RSSB") for the purpose of developing a piece of land measuring 23.384 acres at Zone 9, Lot 10, Bandar Meru Raya, Mukim Hulu Kinta, Perak, into a gated and guarded house development.

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.

	Current quarter			Cumulative quarter		
	3 months ended		Changes	3 months ended		Changes
	31/3/19	31/3/18		31/3/19	31/3/18	
	RM'000	RM'000	(%)	RM'000	RM'000	(%)
Revenue	39,025	48,152	-19%	39,025	48,152	-19%
Operating profit	1,813	569		1,813	569	
Profit before tax	(6,157)	(9,817)	-37%	(6,157)	(9,817)	-37%
Profit after tax	(9,217)	(14,194)	-35%	(9,217)	(14,194)	-35%
Profit/(Loss) attributable to ordinary equity holders of the parent	(5,284)	(11,452)	-54%	(5,284)	(11,452)	-54%

B2 Comment on Material Change in Profit Before Taxation

	Current	Immediate	Changes	
	Quarter	Preceding		
	31/03/19	Quarter	RM'000	%
	RM'000	31/12/18	RM'000	
Revenue	39,025	56,091	(17,066)	-30%
Operating (loss)/profit	1,814	2,583	(769)	-30%
(Loss)/Profit before tax	(6,157)	(8,615)	2,458	-29%
(Loss)/Profit after tax	(9,217)	(13,767)	4,550	-33%
(Loss)/Profit attributable to ordinary equity holders of the parent	(5,284)	(9,235)	3,951	-43%

The Group made a loss before taxation (LBT) of RM6.2 million in the current financial quarter ended 31 March 2019 compared to a loss before taxation of RM8.6 million for the immediate preceding quarter ended 31 December 2018. The decrease in LBT is

mainly due to the decrease in finance costs during the quarter.

B3 Commentary on Prospects

The port & logistics segment is expecting growth in its cargo throughput during the year. The Group had announced the joint venture for a development of residential land in Bandar Meru Raya. Two (2) more joint venture is currently being negotiated and one (1) piece of land is currently under process of tender.

In addition, the Group is also negotiating with various other interested parties to develop another two (2) pieces of land either via joint venture or outright sale.

The immediate focus of the Group is to complete the financial and corporate restructuring plan of the Group which include Animation Theme Park Sdn Bhd.

Therefore, the Group expects its financial results for the financial year ending 31 December 2019 to remain challenging until the above strategies are completed.

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 except for:

a) On 27 March 2017, ZJ Advisory Sdn. Bhd. ("ZJ") served a winding up notice on a subsidiary of the Company, allegedly claiming RM2,756,000 being the balance of final success fee under a consultancy contract between both parties. On 19 April 2017, the subsidiary filed an injunction to stop ZJ from filing a winding notice, and had successfully obtained an injunction order from the Ipoh High Court. ZJ has filed an appeal to the Court of Appeal which is fixed for hearing on 16 April 2018. During the hearing, ZJ has withdrawn its appeal. As a result, the injunction order stays.

On 6 June 2018, ZJ has filed a writ of summons in the Ipoh High Court against Company for the amount of RM2,756,000 being claim for the balance of final success fee. The case is now fixed for trial on 18 June 2019, 12 July 2019 and 19 July 2019.

The directors are of the view that the claim from ZJ will not be successful and as such, no provision is required to be made in the financial statements.

b) On 12 September 2018, a Writ of Summon has been filed in Ipoh High Court against

the Company, by Warran Technology Sdn Bhd ("WT"). WT is a sub-contractor appointed by Daya Sejahtera Sdn. Bhd., turnkey contractor of the theme park developed by a subsidiary of the Company. WT is claiming for outstanding progressive contract price from the Company due to an Undertaking Letter issued by the Company dated 23 June 2017 to settle the payment owed to WT through the subsidiary. The Company's defence will be on the structure of the letter of undertaking which is conditional upon completion of works by WT. The case is now fixed for trial on 6 May 2019. The case is now pending the decision of the trial, fixed on 26 June 2019. The amount involved in the matter with WT is RM116,345.00.

The directors are of the view that the claim from WT will not be successful and as such no provision is required to be made in the financial statements.

c) Following the termination of the license agreement between DreamWorks Animation LLC ("DWA") and Animation Theme Parks Sdn Bhd ("ATP"), a mediation proceeding between DWA and ATP in relation to DWA's claim against ATP of USD7.0 million being the balance of the annual license fees for the remainder of the license period and ATP's claim for USD250.0 being claim for special and general damages for DWA's failure to grant its approval to open the "Dream Zone" had been held on 7 March 2019 before Hon. Judge James Ware (Retired) as the Mediator. Pursuant to the mediation proceeding, the Mediator had proposed for the parties to execute a confidential settlement agreement in which for no additional monetary consideration, the parties to mutually release each other from all claims that were or might have been brought against each other up to the date of the execution of the settlement agreement. On 13 March 2019, the Mediator confirmed that the parties have accepted the Mediator's settlement proposal. The parties are now finalizing the confidential settlement agreement.

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 2019 or the previous financial period ended 31 March 2018.

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 2019 and 31 March 2018.

B11 Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2018 was not qualified.

B12 Dividends

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

B13 Auditors' report on interim financial reporting

The external auditor, Messrs Ernst & Young has started the limited review of the Group's Quarter 1, 2019 results. However, the review was not fully completed for the purposes of the announcement.