

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

INTERIM FINANCIAL REPORT FOR THE SECOND QUARTER ENDED 30 JUNE 2019  
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the period ended 30 June 2019 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 30-Jun 2019 RM'000	Preceding Corresponding Quarter Ended 30-Jun 2018 RM'000	Current Period Ended 30-Jun 2019 RM'000	Preceding Corresponding Period Ended 30-Jun 2018 RM'000
Revenue	39,479	40,042	74,515	83,762
Cost of sales	(9,320)	(11,825)	(17,658)	(21,050)
Gross Profit	30,159	28,217	56,857	62,712
Other operating income	4,985	1,298	7,341	1,908
Operating expenses	(35,549)	(27,541)	(55,373)	(51,929)
Operating (loss)/profit	(405)	1,974	8,825	12,691
Finance costs	(568)	3,528	1,606	2,805
Share of results in associates	-	(135)	-	(398)
(Loss)/Profit before tax	(973)	5,367	10,431	15,098
Taxation	(3,623)	(4,034)	(6,683)	(8,412)
(Loss)/Profit from continue operations	(4,596)	1,333	3,748	6,686
Loss from discontinued operation	(23,298)	(30,339)	(40,860)	(49,886)
Loss for the period	(27,895)	(29,007)	(37,113)	(43,200)
Loss for the period attributable to:				
Owners of the parent	(21,913)	(18,062)	(27,198)	(18,570)
Non-controlling interests	(5,981)	(10,944)	(9,914)	(24,630)
	(27,895)	(29,006)	(37,113)	(43,200)
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(21.91)	(18.06)	(27.20)	(18.57)

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 SECOND QUARTER ENDED 30 JUNE 2019  
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION  
For the period ended 30 June 2019 - unaudited

	30-Jun 2019 RM'000	31-Dec 2018 RM'000 Restated
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	124,046	307,453
Port facilities	203,488	205,429
Investment properties	15,896	15,988
Inventories	22,711	22,711
Other investments	25	25
Intangible assets	23,811	24,618
Finance lease receivables	312	312
	<u>390,289</u>	<u>576,536</u>
<b>Current assets</b>		
Non current asset held for sale	179,876	-
Inventories	189,011	196,592
Finance lease receivables	59	117
Trade and other receivables	62,587	58,748
Other current assets	1,011	5,351
Other investment	112	110
Tax recoverable	784	735
Cash and bank balances	15,957	12,032
	<u>449,397</u>	<u>273,685</u>
<b>Total assets</b>	<u>839,686</u>	<u>850,221</u>
<b>Equity and liabilities</b>		
<b>Current liabilities</b>		
Borrowings	195,811	440,371
Trade and other payables	81,344	161,529
Deferred tax liabilities	16	25,207
Tax payable	13,241	11,598
Liabilities attributable to asset held for sale	418,684	-
	<u>709,096</u>	<u>638,705</u>
<b>Net current liabilities</b>	<u>(259,699)</u>	<u>(365,020)</u>

<b>Non-current liabilities</b>		
Borrowings	28,657	66,259
Trade and other payables	13,648	9,860
Deferred tax liabilities	7,912	15,412
	<u>50,217</u>	<u>91,531</u>
<b>Total liabilities</b>	<u>759,313</u>	<u>730,236</u>
<b>Net assets</b>	<u>80,373</u>	<u>119,985</u>
<b>Equity attributable to owners of the parent</b>		
Share capital	272,770	272,770
Accumulated losses/Retained earnings	(22,563)	4,635
	<u>250,207</u>	<u>277,405</u>
Non-controlling interests	(169,834)	(157,420)
<b>Total equity</b>	<u>80,373</u>	<u>119,985</u>
<b>Total equity and liabilities</b>	<u>839,686</u>	<u>850,221</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 SECOND QUARTER ENDED 30 JUNE 2019  
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the period ended 30 June 2019 - unaudited

|- Attributable to Equity Holders of the

	Equity total RM'000	Equity RM'000	Share Capital RM'000	Retained Earnings RM'000	Non- Controlling Interest RM'000
<b>At 1 January 2019 restated</b>	126,371	277,405	272,770	4,635	(157,420)
Loss for the period	(37,113)	(27,198)	-	(27,198)	(9,914)
<u>Transactions with owners</u>					
Dividend paid by a subsidiary to a non-controlling interest	(2,500)	-	-	-	(2,500)
<b>At 30 June 2019</b>	<b>86,758</b>	<b>250,207</b>	<b>272,770</b>	<b>(22,563)</b>	<b>(169,834)</b>
<u>6 months ended 30 June 2018</u>					
<b>At 1 January 2018</b>	299,796	386,065	272,770	113,295	(86,269)
Prior year adjustments	(6,385)	(3,779)	-	(3,779)	(2,606)
<b>At 1 January 2018 restated</b>	<b>293,411</b>	<b>382,286</b>	<b>272,770</b>	<b>109,516</b>	<b>(88,875)</b>
Loss for the period	(43,200)	(18,570)	-	(18,570)	(24,630)
<u>Transactions with owners</u>					
Dividend paid by a subsidiary to a non-controlling interest	(2,500)	-	-	-	(2,500)
<b>At 30 June 2018</b>	<b>247,711</b>	<b>363,716</b>	<b>272,770</b>	<b>90,946</b>	<b>(116,005)</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 SECOND QUARTER ENDED 30 JUNE 2019  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the period ended 30 June 2019 - unaudited

	6 MONTHS ENDED	
	30-Jun 2019 RM'000	30-Jun 2018 RM'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Cash collection from trade/other receivables	91,251	201,548
Cash received from other income	6,168	5,567
Cash paid for other expenses	(26,841)	(64,444)
Cash paid to trade/other payables	(31,708)	(99,856)
Cash paid for tax	(5,396)	(4,260)
Net cash generated from operating activities	<u>33,474</u>	<u>38,555</u>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Interest received	41	386
Purchase of property plant & equipment	(1,583)	(5,671)
Purchase of port facilities	(2,138)	(20,527)
Development costs	(2,687)	(5,648)
Proceeds from disposal of property plant & equipment	95	-
Net cash used in investing activities	<u>(6,273)</u>	<u>(31,460)</u>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Cash repayment from amounts borrowed	(13,070)	(9,850)
Dividend paid on ordinary shares to minority shareholders	(2,500)	(2,500)
Repayment of hire purchase principal	-	(10)
Cash paid for interest costs	(5,723)	(3,742)
(Placement)/uplift of fixed deposits	(28)	1,356
(Placement)/uplift of fixed deposits pledged	4,710	-
Receipt of advances from borrowings	(1,400)	3,983
Net cash used in financing activities	<u>(18,011)</u>	<u>(10,763)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	9,190	(3,668)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(69)	22,131
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>9,121</u>	<u>18,463</u>
DISCONTINUED OPERATION	(579)	-
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>8,543</u>	<u>18,463</u>
Cash and cash equivalents comprise :		
Cash and bank balances	15,957	27,534
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(2,386)	(9,071)
Overdraft	(5,028)	-
	<u>8,543</u>	<u>18,463</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)**  
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**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**- SECOND QUARTER ENDED 30 JUNE 2019**

**A1 Basis of Preparation**

The interim financial report has been prepared in accordance with MFRS 134 Interim Financial Reporting, IAS 34 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.

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 quarter ended 31 March 2019.

The Group reported a net loss of RM27.9 million for the quarter ended 30 June 2019 and as at that date, the Group's current liabilities exceeded current assets by RM259.7 million. As at that date, a subsidiary, Animation Theme Park Sdn Bhd ("ATP") had defaulted on its interest instalment for its syndicated term loan. Whilst the facility agent has not called for a default event and has not requested for immediate repayment of the syndicated term loan, the full amount of the instalment due under this syndicated term loan has now been classified as current. As a result of the above breach, the non-current portion of the other borrowings of the Group affected due to their cross default clauses totalling RM40.6 million is now classified as current.

PKNP, as the immediate holding company has represented that financial assistance will be provided to the Group to enable it to meet its obligations and liabilities as and when they fall due on the next 12 months. In addition, PKNP has represented that it will not demand repayment of the amount owing to them over the period.

The losses incurred by the Group for the quarter ended 30 June 2019, the net current liabilities of the Group as at that date and the liability of the Group to generate positive cash flows from its on-going operations and make timely repayments for the Group's borrowings, the outcome of the negotiation with the facility agent to regularise its instalment payments and ability of its immediate holding company to continue to provide financial assistance to the Group over the next 12 months indicate the assistance of a material uncertainty that may cast significant doubt the ability of the Group to continue as a going concern, and therefore the Group may be unable to realise the assets and discharge

the liabilities in the normal course of business. In order to ensure that the Group has sufficient cash flows within the next twelve months from the reporting date to repay the existing borrowings, complete the proposed restructuring and meet working capital, the Directors will continue to undertake the following measures to manage and strengthen the Group's cash flow position:

- Monitor and manage the progress of its existing project developments
- Finalise the Group's restructuring plan with the assistance of its immediate holding company, PKNP, to regularise certain past projects undertaken by the Group with the primary objective to streamline the activities of the Group with other related entities under PKNP Group;
- Negotiate with financial institutions to restructure the repayment terms for the Group's borrowings which will be payable within the next twelve months from the reporting date;
- Identify potential buyers to monetise its existing land bank; and
- Finalise the restructuring plan with the assistance of its immediate holding company, PKNP together with its facility agent to dispose a subsidiary with the objective to enable the Group to meet its instalment payments for its borrowings in the future. The Group has reclassified and presented the subsidiary held for disposal as "Non current assets held for sale" and "Liabilities attributable to assets held for sale" under current assets and current liabilities of the Group in the statement of financial position as at 30 June 2019 accordingly.

Based on the measures taken above, the Directors, therefore, believe that it is appropriate to prepare the interim financial statements of the Group on a going concern basis.

## **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. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

MFRS 16 supersedes MFRS117 Leases ("MFRS 117") and the related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires leases to account for most leases under a single on balance sheet model.

Lessor accounting under MFRS16 is substantially unchanged from MFRS 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in MFRS 117. Therefore, MFRS 16 did not have an impact for leases where the Group is the lessor.

The Group adopted MFRS 16 using the modified method of adoption with the date of initial application of 1 January 2019. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying MFRS 117 and IFRIC 4 *Determining whether an Arrangement contains a Lease* at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases"), and lease contracts for which the underlying asset is low value ("low value assets").

There is no material impact on the financial statements of the Group following the first time adoption of MFRS16.

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.

#### Nature of the effect of adoption of MFRS16

The Group have leases contracts relating to office spaces and office equipment. These leases have an average lease period of between 1 year to 99 years. Renewal options are included in the lease contract and are negotiated on individual basis. These lease contracts also 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, these leases are 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 Non current assets held for sale and discontinued operations**

A component of the Group is classified as a "discontinued operation" when the criteria to be classified as held for sale as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated major line of business or geographical area of

operations. A component is deemed to be held for sale if its carrying amounts will be recovered principally through a sale transaction rather than through continuing use.

Upon classification as held for sale, non-current assets and disposal groups are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale shall continue to be recognised.

Asset classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities directly associated with assets held for sale are presented separately from other liabilities in the statement of financial position.

### **Assets held for sale**

Animation Theme Park Sdn Bhd ("ATP") is the developer, owner and operator Movie Animation Park Studios, an animation theme park located in Ipoh, Perak, Malaysia. As of 30 June 2019, the Group is actively seeking to dispose its 51% equity interest held in ATP

and PKNP, being its immediate holding company, have shown an interest to takeover. This subsidiary is thus classified as asset held for sale in the current financial period as the carrying amount will be recovered through a sale transaction rather than through operations. In view of this, the assets and liabilities attributable to ATP should be reclassified and shown in a separate line as "non current assets held for sale" and "liabilities attributable to assets held for sale" under current assets and current liabilities accordingly. Revenue and expenses attributable to ATP will be shown separately as "discontinued operations" in the statement of comprehensive income.

### **Financial performance and cash flow information**

The financial performance and cash flow information presented are for the three months ended 30 June 2019.

	30/06/2019
	RM'000
Revenue	3,032
Cost of sales	(1,748)
Gross profit	<u>1,284</u>
Other operating income	85
Selling and distribution expenses	(726)
Administrative expenses	(4,256)
Impairment loss	(1,021)
Assets written off	(2,132)
Other operating expenses	(4,535)
Finance costs	<u>(12,132)</u>
Loss before taxation	(23,433)
Taxation	135
Net loss from discontinued operations	<u><u>(23,298)</u></u>
Net cashflow used in operation activities	191
Net cashflow (used in)/generated from investing activities	(252)
Net cash flow generated from financing activities	-
Net (decrease)/increase in cash	<u><u>(61)</u></u>

### Assets/Liabilities Classified as Held for Sale

The composition of assets held for sale and liabilities directly associated with assets held for sale at the end of 30 June 2019 and 31 December 2018 are the following:

	30/06/2019
	RM'000
Property, plant & equipment	174,117
Intangible assets	208
Inventories	1,608
Trade and other receivables	1,481
Other current assets	1,440
Tax recoverable	365
Cash and bank balances	655
Assets held for sale	<u>179,874</u>
Trade and other payables	(102,341)
Loans and borrowings	(309,002)
Deferred tax liabilities	(7,341)
Liabilities directly associated with assets held for sale	<u>(418,684)</u>
Net liabilities held for sale	(238,810)

#### **A4 Changes in estimates**

There were no changes in estimates that have had a material effect in the current financial period results.

#### **A5 Changes in Composition of the Group**

There were no changes in the composition of the Group during the current financial period.

## A6 Segmental Information

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30/6/19	30/6/18	30/6/19	30/6/18
	RM'000	RM'000	RM'000	RM'000
<b>Segment revenue</b>				
Port & Logistics	33,012	28,981	62,753	67,734
Property development	2,320	5,415	3,932	5,589
Hospitality & tourism	4,147	8,796	11,819	18,020
Management services and others	2,500	2,500	2,500	2,500
Total revenue	41,979	45,692	81,004	93,843
Eliminations	(2,500)	(2,500)	(2,500)	(2,500)
	39,479	43,192	78,504	91,343
<b>Segment results</b>				
Port & Logistics	14,259	10,462	26,761	28,699
Property development	(9,683)	7,428	(14,399)	7,185
Hospitality & tourism	(3,491)	(31,419)	(23,046)	(52,447)
Management services and others	(11,607)	(8,808)	(14,370)	(15,328)
	(10,522)	(22,337)	(25,054)	(31,891)
Eliminations	9,548	(2,500)	17,924	(2,500)
Share of results in associates	-	(135)	-	(398)
	(974)	(24,972)	(7,130)	(34,789)

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.

The results include three results assets held for sale of a subsidiary, Animation Theme Park Sdn Bhd.

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 2 Qtr 2019 and 2 Qtr 2018**

#### **Group Summary**

The Group revenue for the current financial quarter of RM39.5 million reported an decreased by 8.5% as compared with RM43.2 million recorded in the corresponding quarter last year. The decrease in revenue is mainly contributed from decrease in 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 84% (30/6/18: 67%) and more than >100% (30/6/18: >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), operation and maintenance of Lekir Bulk Terminal, and sales and rental of LMT port related industrial land. For the quarter under review, the revenue of RM33.0 million (30/6/18: RM29.7 million) increased by 14% mainly as a result of increased cargo throughput of 19% from LMT and -4% from LBT. This consequently resulted in an overall increase in profit before tax for this segment of 4% amounting to RM14.3 million (30/6/18: RM10.5 million).

The summary results are as follows:

	Current quarter		
	30/6/19	30/6/18	% change
	RM'000	RM'000	
<b>Revenue</b>			
Port Operations	33,012	28,981	14%
Total	33,012	28,981	14%
<b>Profit before tax</b>			
Port Operations	14,259	10,462	36%
Total	14,259	10,462	36%
<b>Throughput</b>			% change
	metric tonnes		
LMT	1,212,352	1,020,977	19%
LBT	3,478,889	3,614,256	-4%

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## Property development

This segment provided revenue and loss before tax of 6% (30/6/18: 13%) to the Group's total revenue.

The revenue from this segment is the 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 RM5.4 million to RM2.3 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 RM9.7 million (30/6/18: LBT RM7.4 million).

### **Hospitality & tourism**

This segment contributed revenue from hotel operations and rental income amounting to RM7.4 million (30/6/18: RM31.4 million) for the current financial quarter under review. The segment also contributed a loss before tax of RM9.7 million (30/6/18: LBT RM31.4 million) for the current financial quarter under review. For the current quarter under review, contribution from theme park was not included as it was classified to asset held for sale.

### **Management services and others**

A dividend was recorded as revenue 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 RM11.6 million for the current financial quarter under review as opposed to RM14.4 million the same quarter last year.

### **Comparison between 6 months ended 30 June 2019 and 30 June 2018**

#### **Group Summary**

The Group revenue for the current financial period has increased by 14% of RM78.5 million from RM91.3 million recorded in the corresponding period last year. The Group reported a loss before tax for the current financial period has increased from loss before tax of RM34.8 mil to RM7.0 mil due to the classification of a subsidiary, Animation Theme Park Sdn Bhd as asset held for sale in the second quarter 2019.

#### **Port & Logistics**

The port & logistics segment become the Group's main source of revenue for the current financial period with RM62.8 mil compared to RM67.7 mil in last year. The PBT of this segment is lower compared to the same period in last year.

For the period under review, revenue decreased by 7% to RM62.8 million (30/6/18: RM67.7 million) mainly as a result of 2% decrease and 5% increase cargo throughput at LMT and LBT. This consequently resulted in 7% overall decrease in profit before tax to RM26.8 million (30/6/18: RM28.7 million).

The summary results are as follows:

	<b>30/6/19</b>	<b>30/6/18</b>	
	<b>RM'000</b>	<b>RM'000</b>	<b>% change</b>
<b>Revenue</b>			
Port Operations	62,753	67,734	-7%
Total	<u>62,753</u>	<u>67,734</u>	-7%
<b>Profit before tax</b>			
Port Operations	26,765	28,699	-7%
Total	<u>26,765</u>	<u>28,699</u>	-7%
<b>Throughput</b>			
	<b>metric tonnes</b>		<b>% change</b>
LMT	2,218,200	2,180,977	2%
LBT	6,963,271	7,314,256	-5%

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### Property development

This segment provided the revenue of 5% (30/06/18: 6%) to the Group's total revenue and the PBT of this segment is lower compared to the period in 2018.

For the period under review, the revenue decreased to RM3.9 million (30/6/18: RM5.6 million). The segment loss before tax amounted to RM14.4 million (30/6/18: PBT RM7.2 million).

### Hospitality & tourism

This segment contributed revenue from hotel and rest house operation development and operation of theme park and rental income amounting to RM11.8 million (30/6/18: RM18.0 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 RM23.5 million. (30/6/18: LBT RM52.4 million -after inclusion of operating loss of the animation themepark). For the current period under review, contribution from theme park was classified to asset held for sale in the second quarter.

### Management services and others

The segment recorded a dividend received from subsidiary of RM2.5 million in the current financial period (30/6/18: RM2.5 million). The segment recording a loss before tax of RM14.4 million decrease from RM15.3 million the same period last year.

## A7 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.

#### A8 Profit for the period

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30/6/19	30/6/18	30/6/19	30/6/18
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	3,861	917	4,456	1,538
Interest expense	(633)	(6,933)	1,541	(17,055)
Depreciation and amortisation	(5,531)	(4,857)	(11,175)	(9,707)
Impairment	(3,734)	-	(4,306)	-

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.

#### A9 Taxation

The taxation charge for the Group comprises:

	Current quarter		Cumulative quarter	
	3 months ended		6 months ended	
	30/6/19	30/6/18	30/6/19	30/6/18
	RM'000	RM'000	RM'000	RM'000
Current tax	3,623	4,034	6,683	8,412
	3,623	4,034	6,683	8,412

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.

On 28 October 2016, a subsidiary, PCB Development Sdn Bhd, received an Addition Tax Notice from Inland Revenue Board ("IRB") for the years 2011 till 2014 amounting to RM14.2 million. On 18 November 2016, the Company submit Q Form and on 18 July 2017, appealing the same

to Income Tax Special Commissioner (“Pesuruhjaya Khas Cukai Pendapatan”). On 15 June 2017, the Company received a writ of summon for late payment of the corporate tax instalments. On 12 July 2019, an agreement in principle for a settlement has been reached between the Company and IRB subject to IRB’s confirmation.

#### A10 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 3 months ended		Cumulative quarter 6 months ended	
	30/6/19	30/6/18	30/6/19	30/6/18
	RM'000	RM'000	RM'000	RM'000
Loss for the period attributable to ordinary equity holders of the parent (RM'000)	(21,914)	(18,062)	(27,198)	(18,570)
Weighted average number of ordinary shares in issue ('000)	100,000	100,000	100,000	100,000
Basic loss per share (sen) for:	(21.91)	(18.06)	(27.20)	(18.57)

#### A11 Intangible assets

There were no changes in estimates of the amounts reported on 31 December 2018 and current financial period ended 30 June 2019 except for normal amortisation made at a subsidiary, namely Animation Theme Park.

#### A12 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 30/6/19	As at 30/6/18
	RM'000	RM'000
Cash and bank balances	15,957	27,534
Less: Pledged	(2,386)	(9,071)
Less: Overdraft	(5,028)	-
Cash and cash equivalents	8,543	18,463

#### A13 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	Level 1	Level 2	Level 3
	RM'000	RM'000	RM'000	RM'000
<b>30 June 2019</b>				
<b>Available for sale financial assets</b>				
Equity shares	111	111	-	-
<b>31 December 2018</b>				
<b>Available for sale financial assets</b>				
Equity shares	110	110	-	-

#### **A14 Borrowings**

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

	<b>As at 30/6/19 RM'000</b>	<b>As at 31/12/18 RM'000 Restated</b>
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	965	837
Revolving credits	140,000	140,000
Term financing	5,720	5,720
Term loan	42,098	285,466
Overdraft	5,028	8,348
Others	2,000	-
	<u>195,811</u>	<u>440,371</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	5,917	6,045
Term financing	22,740	25,600
RCPS	-	34,614
	<u>28,657</u>	<u>66,259</u>
Total borrowings	<u>224,468</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.
- (e) All long term loans by other companies under the Group has been reclassified to current liabilities due to cross default clauses indicated in their respective loan agreement.
- (f) All borrowings by a subsidiary, Animation Theme Park Sdn Bhd ("ATP") has been reclassified to liabilities attributable to asset held for sale.

**A15 Debt and Equity securities**

There were no issuance and repayment of debt securities, share buy-backs and share cancellations in the current financial period.

**A16 Dividend paid**

No dividend was paid during the period ended 30 June 2019.

#### **A17 Capital Commitments**

The amount of commitments for the purchase of property, plant and equipment and port facilities as at 30 June 2019 are as follows:

	<b>As at 30/6/19 RM'000</b>	<b>As at 31/12/18 RM'000</b>
i) Authorised but not contracted for	33,400	48,762
ii) Authorised and contracted for	<u>35,820</u>	<u>87,998</u>

#### **A18 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 RM6.09 million and Lanai Casuarina Sdn Bhd has utilised up to RM7.26 million.
- c) On 25 January 2017, the Company has provided a corporate guarantee of RM38.0 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 fully utilised and have made repayment of RM5.27 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 RM5.4 million from the loan.

#### A19 Related party transactions

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

	3 months ended 30/6/19	3 months ended 30/6/18	6 months ended 30/6/19	6 months ended 30/6/18
	RM'000	RM'000	RM'000	RM'000
<b>Transactions with:</b>				
<b>Ultimate Holding Corporation ("UHC")</b>				
Interest (income)/expenses	(357)	-	(357)	-
Advances (received)/paid	(280)	44,167	(280)	50,881
Rental (receivable)/payable	(4,418)	340	(4,418)	680
<b>Fellow subsidiaries of the UHC</b>				
Interest (income)/expenses	(78)	(87)	(78)	(237)
Advances (received)/paid	(848)	6,703	(848)	6,298
Rental (receivable)/payable	(119)	150	(119)	300

#### Related parties

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

Port services receivable	12,675	9,652	21,676	27,235
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Account balances with significant related parties of the Group at the current financial period ended 30 June 2019 and 30 June 2018 are as follows:

	As at 30/6/19	As at 30/6/18
	RM'000	RM'000
<u>Account balance with UHC</u>		
Receivables	3,235	41,488
Payables	(12,855)	(121,793)
<u>Account balances with fellow subsidiaries</u>		
Receivables	15,982	90,678
Payables	(7,422)	(7,480)
<u>Account balances with related parties</u>		
Receivables	10,947	6,038

**A20 Significant event**

- (a) 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.
  
- (b) On 15 March 2019, a subsidiary of the Company, PCB Development Sdn Bhd (PCBD”), has entered into the settlement agreement of the Development Agreement with Gelombang Prestasi Sdn Bhd. The parties have agreed for early settlement of the land owner Entitlement and other payments due by the developer to the land owner, by way of cash and in kind of one (1) unit of hotel building and one (1) unit end lot 2-storey shop house.

**A21 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 except for:

On 2 June 2019, a subsidiary of the Company, Animation Theme Park Sdn Bhd (“ATP”), received a notice from IMPS S.A to terminate the Theme Park License agreement dated 1 April 2015, as amended by an addendum dated 30 March 2017, and Merchandising License Agreement dated 1 April 2015 (collectively the “License Agreements”), that were entered into between IMPS S.A and ATP, with immediate effect. IMPS S.A has opted to terminate the License Agreement prematurely for the reason being ATP failing to settle the outstanding payments of the flat fees and royalties pursuant to the License Agreement amounting to USD248,438.61 in total. The related intangible assets, property, plant & equipment and inventories written off during this financial period ended 30 June 2019 amounting to RM2.17 million.

**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 3 months ended			Cumulative quarter 6 months ended		
	30/6/19 RM'000	30/6/18 RM'000	Changes (%)	30/6/19 RM'000	30/6/18 RM'000	Changes (%)
Revenue	39,479	43,192	-9%	74,515	91,344	-18%
Operating profit	(406)	569		9,012	(17,335)	
Loss before tax	(973)	(9,817)	-90%	10,554	(34,788)	-130%
Loss after tax	(4,597)	(29,006)	-84%	3,871	(43,200)	-109%
Discontinued operation	(23,298)	-		(40,860)	-	
Loss for the period	(27,896)	(29,006)		(36,990)	(43,200)	
Loss attributable to ordinary equity holders of the parent	(21,914)	(18,062)	21%	(27,088)	(18,570)	46%

**B2 Comment on Material Change in Profit Before Taxation**

	Current Quarter 30/06/19 RM'000	Immediate Preceding Quarter 31/03/19 RM'000	Changes	
			RM'000	%
Revenue	39,479	39,025	454	1%
Operating profit	(406)	1,813	(2,219)	-122%
Loss before tax	(973)	(6,157)	5,184	-84%
Loss after tax	(4,597)	(9,217)	4,620	-50%
Discontinued operation	(23,298)	-	(23,298)	
Loss for the period	(27,896)	(9,217)	(18,679)	203%
Loss attributable to ordinary equity holders of the parent	(21,914)	(5,284)	(16,630)	315%

The Group made a loss before taxation (LBT) of RM21.8 million in the current financial quarter ended 30 June 2019 compared to a loss before taxation of RM5.3 million for the immediate

preceding quarter ended 31 March 2019. The increase in LBT is mainly due to the loss from discontinuing operation 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 ventures are 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, 25 and 26 September 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 amount involved in the matter with WT is RM116,345.00. The claim by Warran Technology was subsequently dismissed on 3 July 2019. To date, no Appeal Notice has been received.

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. A Confidential Settlement Agreement and Mutual Release has been entered on 24 July 2019 to the satisfaction of all parties without any monetary consideration.

**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 June 2019 or the previous financial period ended 30 June 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 30 June 2019 and 30 June 2018.

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

The auditors' report on the financial statements for the year ended 31 December 2018 included a paragraph on material uncertainty related to going concern of the Group. The status of the matters related to the material uncertainty on going concern is disclosed in Note A1. The audit opinion for the financial year ended 31 December 2018 was not modified in respect of this matter.

### B12 Prior year adjustment

Prior year adjustments ("Adjustments") were made following the accounting errors identified by management in current period.

The adjustments are in respect of the following areas:

- Common costs (taken up as property development costs under Inventories) pertaining to certain property development projects completed in previous years not charged out to profit or loss
- Reclassification of assets held for rental and not for own use to investment properties
- Assets written off in previous years not charged out to profit or loss
- Reclassification of certain loans with cross default clauses from non current to current.

The impacts of the Adjustments are as follows:

The impacts of the Adjustments are as follows:

	<u>As previously reported</u>	<u>Effects of changes</u>	<u>As restated</u>
<b>At 1 January 2018</b>	RM'000	RM'000	RM'000
<u>Statement of financial position</u>			
Retained earnings	113,295	(3,779)	109,516
Non controlling interest	<u>(86,269)</u>	<u>(2,606)</u>	(88,875)
<b>At 1 January 2019</b>			
<u>Statement of financial position</u>			
Property, plant and equipment	315,853	(8,400)	307,453
Investment properties	4,672	11,316	15,988
Inventories	205,893	(9,301)	196,592
Borrowings			
- Non current portion	105,442	(39,183)	66,259
- Current portion	401,188	39,183	440,371
Retained earnings	8,414	(3,779)	4,635
Non controlling interest	<u>(154,814)</u>	<u>(2,606)</u>	<u>(157,420)</u>

**B13 Dividends**

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

**B14 Auditors' report on interim financial reporting**

Messrs Ernst & Young was the statutory auditors of the Company for the financial year ended 31 December 2018 and was engaged to perform the review of Quarter 1 interim financial information for period ended 31 March 2019. Their review report was issued to the Board of Directors of the Company.

Messrs PricewaterhouseCoopers PLT was appointed as the statutory auditors of the Company for the financial year ending 31 December 2019 at the Company's Annual General Meeting held on 19 June 2019 and was subsequently engaged to perform a review of the Quarter 2 interim financial information for the period ended 30 June 2019. Their review report to Board of Directors of the Company included a paragraph on material uncertainty related to going concern which is detailed in Note A1. The review report was not modified in respect of this matter.