

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the period ended 31 December 2019 - unaudited

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Quarter Ended 31-Dis 2019 RM'000	Preceding Corresponding Quarter Ended 31-Dis 2018 RM'000	Current Period Ended 31-Dis 2019 RM'000	Preceding Corresponding Period Ended 31-Dis 2018 RM'000
Revenue	45,218	49,076	162,583	189,952
Cost of sales	(17,322)	(10,564)	(50,420)	(45,464)
Gross Profit	27,896	38,512	112,163	144,488
Other operating income	(8,937)	5,077	4,283	14,766
Operating expenses	(39,433)	(41,006)	(120,216)	(270,378)
Operating (loss)/profit	(20,474)	2,583	(3,770)	(111,124)
Finance costs	12,968	(11,823)	(10,939)	(40,853)
Share of results in associates	-	625	-	(652)
(Loss)/Profit before tax	(7,506)	(8,615)	(14,709)	(152,629)
Taxation	(7,849)	(5,153)	(17,313)	(20,478)
Loss from continue operations	(15,356)	(13,768)	(32,022)	(173,107)
Profit/(Loss) from discontinued operation	(82,552)	-	(77,964)	-
Profit/(Loss) for the period	(97,908)	(13,768)	(109,986)	(173,107)
Profit/(Loss) for the period attributable to:				
Owners of the parent	(59,192)	(9,235)	(76,525)	(107,062)
Non-controlling interests	(38,715)	(4,533)	(33,461)	(66,045)
	(97,908)	(13,768)	(109,986)	(173,107)
Earnings per share attributable to equity holders of the parent:				
EPS (sen)	(59.19)	(9.24)	(76.53)	(107.06)
Earnings per share attributable to equity holders of the parent from continuing operations				
EPS (sen)	(15.36)	(13.77)	(32.02)	(173.11)
Earnings per share attributable to equity holders of the parent from discontinuing operations				
EPS (sen)	(82.55)	-	(77.96)	-

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 FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
For the period ended 31 December 2019 - unaudited

	31-Dec 2019 RM'000	31-Dec 2018 RM'000 Restated
ASSETS		
Non-current assets		
Property, plant and equipment	129,451	307,453
Port facilities	204,575	205,429
Investment properties	12,104	15,988
Inventories	22,711	22,711
Other investments	25	25
Intangible assets	23,811	24,618
Finance lease receivables	188	312
	<u>392,865</u>	<u>576,536</u>
Current assets		
Non current asset held for sale	87,750	-
Inventories	161,097	186,027
Finance lease receivables	124	117
Trade and other receivables	61,793	67,423
Other current assets	3,161	5,351
Other investment	4,175	110
Tax recoverable	17	735
Cash and bank balances	28,026	12,032
	<u>346,143</u>	<u>271,795</u>
Total assets	<u>739,008</u>	<u>848,331</u>
Equity and liabilities		
Current liabilities		
Borrowings	443,116	440,371
Trade and other payables	181,013	161,529
Deferred income	-	25,207
Tax payable	16,468	11,882
	<u>640,597</u>	<u>638,989</u>
Net current liabilities	<u>(294,454)</u>	<u>(367,194)</u>

Non-current liabilities		
Borrowings	61,532	66,259
Trade and other payables	18,050	9,860
Deferred tax liabilities	16,003	15,412
	<u>95,585</u>	<u>91,531</u>
Total liabilities	<u>736,182</u>	<u>730,520</u>
Net asset	<u>2,826</u>	<u>117,811</u>
Equity attributable to owners of the parent		
Share capital	272,770	272,770
Accumulated losses	(74,063)	2,461
	<u>198,707</u>	<u>275,231</u>
Non-controlling interests	(195,881)	(157,420)
Total equity	<u>2,826</u>	<u>117,811</u>
Total equity and liabilities	<u>739,008</u>	<u>848,331</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 FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the period ended 31 December 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
At 1 January 2019 restated	117,811	275,231	272,770	2,461	(157,420)
Loss for the period	(109,986)	(76,525)	-	(76,525)	(33,461)
<u>Transactions with owners</u>					
Dividend paid by a subsidiary to a non-controlling interest	(5,000)	-	-	-	(5,000)
At 31 December 2019	2,825	198,706	272,770	(74,064)	(195,881)
<u>12 months ended 31 December 2018</u>					
At 1 January 2018	299,796	386,065	272,770	113,295	(86,269)
Prior year adjustments	(6,378)	(3,772)	-	(3,772)	(2,606)
At 1 January 2018 restated	293,418	382,293	272,770	109,523	(88,875)
Loss for the period	(173,107)	(107,062)	-	(107,062)	(66,045)
<u>Transactions with owners</u>					
Dividend paid by a subsidiary to a non-controlling interest	(2,500)	-	-	-	(2,500)
At 31 December 2018	117,811	275,231	272,770	2,461	(157,420)

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

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

INTERIM FINANCIAL REPORT FOR THE FOURTH QUARTER ENDED 31 DECEMBER 2019
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
For the period ended 31 December 2019 - unaudited

	31-Dis 2019 RM'000	31-Dis 2018 RM'000
CASH FLOW FROM OPERATING ACTIVITIES		
Cash collection from trade/other receivables	178,457	201,346
Cash received from other income	3,455	10,823
Cash paid for other expenses	(55,499)	(116,321)
Cash paid to trade/other payables	(41,307)	(82,313)
Cash paid for tax	(11,031)	(10,102)
Net cash generated from operating activities	<u>74,075</u>	<u>3,433</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Interest received	200	479
Purchase of property plant & equipment	(2,228)	(9,708)
Purchase of port facilities	(5,359)	(34,370)
Development costs	(2,201)	(6,945)
Proceeds from disposal of property plant & equipment	185	-
Proceeds from disposal of unquoted investment	180	-
Purchase of investment in unit trust	(4,061)	-
Net cash used in investing activities	<u>(13,284)</u>	<u>(50,544)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Cash repayment from amounts borrowed	(19,339)	(36,723)
Dividend paid on ordinary shares to minority shareholders	(10,000)	(2,500)
Repayment of hire purchase principal	-	(2)
Cash paid for interest costs	(11,280)	(10,172)
(Placement)/uplift of fixed deposits	(6,022)	7,677
(Placement)/uplift of fixed deposits pledged	-	-
Drawdown from borrowings	-	3,348
Receipt of advances from borrowings	-	77,068
Net cash (used in)/ generated from financing activities	<u>(46,641)</u>	<u>38,696</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	14,150	(8,415)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	(69)	8,954
CASH AND CASH EQUIVALENTS AT END OF PERIOD	<u>14,081</u>	<u>539</u>
Cash and cash equivalents comprise :		
Cash and bank balances	28,026	11,798
Bank balances and deposits pledged for guarantees and other banking facilities granted to certain subsidiaries	(2,907)	(11,259)
Overdraft	(5,038)	-
Fixed deposits more than 3 months	(6,000)	-
	<u>14,081</u>	<u>539</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
- FOURTH QUARTER ENDED 31 DECEMBER 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 (“Listing Requirements”) 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 financial year ended 31 December 2018.

On 26 September 2019, Animation Theme Park Sdn Bhd (“ATP”), a direct 51% owned subsidiary of PCB Development Sdn Bhd (“PCBD”), which in turn is a wholly owned subsidiary of the Company, defaulted on a RM25.7 million principal repayment of its syndicated term loan of RM245.1 million. Subsequently, on 16 October 2019, Affin Hwang Investment Bank (“AHIB”), the facility agent declared an event of default had occurred and gave notice within 14 days from the day of its letter to effect payment of RM25.7 million, failing which all secured obligations due from ATP shall become immediately due and payable. Consequently, in addition to the syndicated term loan of RM245.1 million mentioned above, included in bank borrowings classified as “current” as at 31 December 2019 are borrowings totalling RM191.8 million with cross default provision under different business financing facilities undertaken by companies within the Group which are now repayable on demand.

On 4 December 2019, following ATP’s failure to meet the demand for the principal repayment of RM25.7 million for the syndicated term loan, AHIB appointed a receiver and manager over the property of ATP. The carrying amount of ATP’s charged assets totalled RM87.8 million as at 31 December 2019.

On 18 December 2019, AHIB demanded from PCBD the payment of RM244 million together with interest accrued thereon on the date of full repayment pursuant to the Corporate Guarantee dated 10 July 2014 executed by PCBD in favour of AHIB.

On 6 February 2020, Affin Islamic Bank Berhad (“AIB”) declared an event of default on the Company arising from its failure to pay the scheduled principal repayment due on 31 January 2020 for the credit facilities of RM75.9 million relating to Musharakah Mutanaqisah Term Financing -i and Tawarruq Revolving Credit -i.

Following the declaration of an event of default by AIB for the credit facilities extended to the Company, CIMB Bank Berhad (“CIMB”) has on 28 February 2020 declared an event of cross default in respect of the Revolving Credit Facilities of RM60.0 million and RM30.0 million granted to the Company and its subsidiary, PCB Taipan Sdn Bhd (“PCBT”) respectively and demand full payment of RM91.3 million together with interest within 14 days from 13 March 2020.

After taking into consideration the Group’s current cash flow position vis-a-vis its total debt obligations payable and the available cash flow, the Directors had, on 11 February 2020, determined that the Company was unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements. As a result of this and the above defaults on the various loan repayments, the Company was declared a PN 17 company after triggering the prescribed criteria under paragraph 2.1 (f) of the PN 17. Whilst the Group is currently developing a debt restructuring scheme to manage the Group’s debts and preparing a regularisation plan, as at the date of this announcement, these are still at a preliminary stage.

The Group reported a loss after tax of RM 97.9 million for the quarter ended 31 December 2019 and as at that date, the Group’s current liabilities exceeded its current assets by RM294.4 million. As at 31 December 2019, cash and bank balances totalled RM28.0 million and borrowings due for repayment over the next 12 months totalled RM443.1 million. At the date of this announcement, events of default have been served by lenders for borrowings which totalled RM411.1 million as at 31 December 2019.

Due to the above foregoing matters, the liquidity constraints faced by the Group over the next 12 months after the reporting date and in the absence of any financial assistance from its majority shareholder, the Directors are of the view that the Group’s ability to continue its operations and business have been significantly curtailed at the date of this announcement. In view of this, the Directors have prepared the interim condensed financial statements for the quarter ended 31 December 2019 on a non-going concern basis. The effect of this is as follows:

- Assets are written down to their recoverable amounts based on conditions existing at the reporting date, taking into consideration the specific circumstances affecting the Group as disclosed above. This includes realisation of assets through forced sale transactions, where applicable;
- Assets that management has determined to be recovered principally through a sale transaction rather than through continuing use are classified as “assets held for sale” presented separately from the other assets in the statements of financial position;
- Assets are classified as current when these are expected to be recovered within twelve months from the reporting period, considering the liquidity constraints and obligations of the Group that would fall due within the next twelve months;
- Liabilities are recorded in accordance with the accounting policies. Provision for future restructuring costs are recognised only when the Group has a present obligation that is evidenced by a detailed formal plan for restructuring and has raised a valid expectation in those affected that it will carry out the restructuring; and
- Liabilities are classified as current if the liability is due to be settled within twelve months after the reporting period or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

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 MFRS 117 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 MFRS 16 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 MFRS 16.

MFRS 16 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 leases. 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 MFRS 16

The Group have leases contracts relating to office spaces, office equipment and resthouses. 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 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.

Assets 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

As of 31 December 2019, assets held for sale comprised property plant and equipment of its subsidiary, Animation Theme Park Sdn Bhd ("ATP"). ATP is the developer, owner and operator of Movie Animation Park Studios ("MAPS"), an animation theme park located in Ipoh, Perak, Malaysia.

On 4 December 2019, Datuk Duar Tuan Kiat of Messrs. Ernst & Young was appointed as Receiver and Manager ("R&M") of ATP under the terms of a debenture dated 10 July 2014 ("Debenture") given to Affin Hwang Investment Bank Berhad. As part of the receivership strategy, the R&M ceased the operations of MAPS on 28 January 2020. Thereafter, the R&M will proceed to conduct an offer for sale exercise to identify strategic investors for the sale of the charged assets of ATP.

The property, plant & equipment of ATP is thus classified as assets held for sale in the current financial year as the carrying amount will be recovered through a sale transaction rather than through operation.

Financial performance and cash flow information

	Current Quarter Ended 31-Dec 2019 RM'000	Preceding Corresponding Quarter Ended 31-Dec 2018 RM'000	Current Period Ended 31-Dec 2019 RM'000	Preceding Corresponding Period Ended 31-Dec 2018 RM'000
Revenue	4,183	12,195	14,135	24,473
Cost of sales	(2,081)	(3,906)	(7,445)	(9,050)
Gross profit	2,102	8,289	6,690	15,423
Other operating income	43	137	40,164	388
Selling and distribution expenses	(308)	(633)	(2,275)	(3,398)
Administrative expenses	(18,875)	(8,305)	(36,146)	(51,263)
Impairment loss	(52,790)	(4,420)	(53,392)	(47,295)
Assets written back/(off)	1,356	5,151	(1,275)	(27,214)
Other operating expenses	(2,168)	(2,364)	(9,302)	(9,252)
Finance costs	(11,979)	(13,411)	(45,699)	(44,099)
Loss before taxation	(82,619)	(15,556)	(101,235)	(166,710)
Taxation	67	120	269	83
Net loss from discontinued operations	(82,552)	(15,436)	(100,966)	(166,627)
Net cash flows used in operating activities	(568)	(4,219)	(25,174)	(40,951)
Net cash flows generated from investing activities	*	*	10,470	4,887
Net cash flows generated from financing activities	1,231	4,956	14,235	36,071
Net increase/(decrease) in cash	663	737	(469)	7

Assets classified as held for sale

The composition of assets held for sale at the end of the year is pertaining to Movie Animation Park Studios ("MAPS") that owned by Animation Theme Park Sdn Bhd ("ATP"), subsidiary of the Company:

	31-Dec 2019 RM'000
Property, plant & equipment	<u>87,750</u>

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		12 months ended	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Segment revenue				
Port & Logistics	26,755	30,995	119,412	127,303
Property development	8,625	-	11,800	17,487
Hospitality & tourism	8,888	18,081	30,421	45,162
Management services and others	3,450	-	5,950	2,500
Total revenue	47,718	49,076	167,583	192,452
Eliminations	(2,500)	-	(5,000)	(2,500)
	45,218	49,076	162,583	189,952
Segment results				
Port & Logistics	8,258	10,285	46,709	43,783
Property development	(254,904)	(4,869)	(281,081)	(61,497)
Hospitality & tourism	(91,341)	(21,359)	(113,178)	(177,980)
Management services and others	(11,189)	3,338	(31,692)	(28,894)
	(349,176)	(12,605)	(379,242)	(224,588)
Eliminations	259,050	(299)	286,300	82,041
Share of results in associates	-	625	-	(652)
	(90,126)	(12,279)	(92,942)	(143,199)

All inter-segment transactions have been entered into in the normal course of business and have been established on negotiated terms. The results include those from Animation Theme Park Sdn Bhd, discontinued operations.

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 4 Qtr 2019 and 4 Qtr 2018

Group Summary

The Group revenue for the current financial quarter of RM45.2 million reported an decreased by 7.9% as compared with RM49.1 million recorded in the corresponding quarter last year. The decrease in revenue is mainly contributed from decrease in hospitality tourism segments.

Port & Logistics

The port & logistics segment continues to be the Group's main source of revenue and profit before tax contributing 56% (31/12/18: 63%) and more than >100% (31/12/18: >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 RM26.7 million (31/12/18: RM30.9 million) decreased by 14% mainly as a result of decreased cargo throughput of 25% from LBT .This consequently resulted in an overall decrease in profit before tax for this segment of 20% amounting to RM8.3 million (31/12/18: RM10.3 million).

The summary results are as follows:

	Current quarter		
	31/12/19	31/12/18	%
	RM'000	RM'000	change
Revenue			
Port Operations	26,755	30,995	-14%
Total	<u>26,755</u>	<u>30,995</u>	<u>-14%</u>
Profit before tax			
Port Operations	8,258	10,285	-20%
Total	<u>8,258</u>	<u>10,285</u>	<u>-20%</u>
Throughput	metric tonnes		%
LMT	1.1	1.1	0%
LBT	2.4	3.2	-25%

Property development

This segment provided revenue of 18% (31/12/18: RMNil) to the Group's total revenue.

The revenue from this segment is the sales of development land, profits from property development projects and other ancillary services. For the current financial quarter under review, the revenue increased from Nil to RM8.6 million of which 62% is contributed by progress in the development of joint venture project, 22% from ancillary services and 4% from sales of completed property units. The segment loss before tax amounted to RM254.9 million (31/12/18: RM4.9 million) mainly due to crystallisation of finance corporate guarantee costs towards ATP by RM245.1 million and provision of impairment losses made during the quarter.

Hospitality & tourism

This segment contributed revenue from hotel operations and rental income amounting to RM8.9 million (31/12/18: RM18.1 million) for the current financial quarter under review. The segment also contributed a loss before tax of RM91.3 million (31/12/18: RM21.4 million) for the current financial quarter under review.

Management services and others

The segment recorded a revenue of RM3.45 million (31/12/18: RM Nil) in the current financial quarter under review and in the corresponding period last year. The segment also contributed a loss before tax of RM11.2 million for the current financial quarter under review as opposed to RM3.3 million profit before tax of the same quarter last year.

Comparison between 12 months ended 31 December 2019 and 31 December 2018

Group Summary

The Group revenue for the current financial period has decreased by 14.4% to RM162.6 million from RM190.0 million recorded in the corresponding period last year. The Group reported a loss before tax for the current financial period has decreased from loss before tax of RM143.2 million to loss before tax of RM92.9 million due to lower impairment losses recorded in ATP in current financial year.

Port & Logistics

The port & logistics segment become the Group's main source of revenue for the current financial period with RM119.4 million compared to RM127.3 mil in last year. The PBT of this segment is higher compared to the same period in last year. Included in the port segments are port at LMT and LBT and port at Rungkup which was dormant during the financial period.

For the period under review, revenue decreased by 6% to RM119.4 million (31/12/18: RM127.3 million) mainly as a result of 9% net decrease cargo throughput at LMT and LBT.

The summary results are as follows:

	31/12/19	31/12/18	
	RM'000	RM'000	% change
Revenue			
Port Operations	119,412	127,303	-6%
Total	<u>119,412</u>	<u>127,303</u>	<u>-6%</u>
Profit before tax			
Port Operations	46,709	43,783	7%
Total	<u>46,709</u>	<u>43,783</u>	<u>7%</u>
Throughput			
	metric tonnes		% change
LMT	4.4	4.3	2%
LBT	12.3	13.8	-11%

Property development

This segment provided the revenue of 7.0% (31/12/18: 9.2%) to the Group's total revenue and the LBT of this segment is higher compared to the period in 2018.

For the period under review, the revenue decreased to RM11.8 million (31/12/18: RM17.5 million). The segment loss before tax amounted to RM281.1 million (31/12/18: RM61.5 million), a reduction of expenses by 40% mainly due to crystallisation of corporate guarantee to ATP and lower provision of impairment loss reported during the period.

Hospitality & tourism

This segment contributed revenue from hotel and rest house operation and rental income amounting to RM30.4 million (31/12/18: RM45.1 million) due to lower demand for convention and foods and beverages for the period under review. The segment also contributed a loss before tax of RM113.1 million (31/12/18: LBT RM178.0 million).

Management services and others

The segment recorded a revenue of RM6.0 million in the current financial period (31/12/18: RM2.5 million). The segment recording a higher loss before tax of RM31.7 million increase from RM28.9 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 an offsetting effect on its results due to the performance of the various segmental activities of the Group.

A8 Profit for the period

	Current quarter		Cumulative quarter	
	3 months ended		12 months ended	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Profit for the period is arrived at after crediting/(charging):				
Interest income	5,897	4,568	17,127	11,417
Interest expense	(2,512)	(11,782)	(6,996)	(40,812)
Depreciation and amortisation	(5,152)	(5,360)	(21,985)	(20,254)
Impairment of assets	(4,982)	(39,415)	(20,720)	(51,762)

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		12 months ended	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
Current tax	6,277	3,935	16,079	20,728
Deferred tax	1,572	1,218	1,234	(250)
	<u>7,849</u>	<u>5,153</u>	<u>17,313</u>	<u>20,478</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 not available to offset against profits made by other entities within the Group and certain expenses being disallowed for tax purposes.

A10 Profit/(Loss) Per Share

Basic profit/(loss) per share is calculated by dividing profit(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		12 months ended	
	31/12/19	31/12/18	31/12/19	31/12/18
	RM'000	RM'000	RM'000	RM'000
<u>Continuing operations</u>				
(Loss) for the period attributable to ordinary equity holders of the parent (RM'000)	<u>(15,356)</u>	<u>(13,768)</u>	<u>(32,022)</u>	<u>(173,107)</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>(15.36)</u>	<u>(13.77)</u>	<u>(32.02)</u>	<u>(173.11)</u>
<u>Discontinued Operations</u>				
Profit/(Loss) for the period attributable to ordinary equity holders of the parent (RM'000)	<u>(82,552)</u>	<u>-</u>	<u>(77,964)</u>	<u>-</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 profit/(loss) per share (sen) for:	<u>(82.55)</u>	<u>-</u>	<u>(77.96)</u>	<u>-</u>

No diluted loss per share calculated as the Company does not have potential convertible shares.

A11 Intangible assets

There were no changes in estimates of the amounts reported on 31 December 2018 and current financial period ended 31 December 2019 except for the write off of full amount of intellectual property rights of Animation Theme Park of RM0.8 million.

A12 Cash and cash equivalents

Cash and cash equivalents comprised the following amounts:

	As at 31/12/19 RM'000	As at 31/12/18 RM'000
Cash and bank balances	28,026	11,798
Less: Fixed deposits pledged	(2,907)	(11,259)
Less: Overdraft	(5,038)	-
Less : Fixed deposit with maturity more than 3 months	(6,000)	-
Cash and cash equivalents	<u>14,081</u>	<u>539</u>

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
31 December 2019				
Assets				
Short term investments	4,175	4,175	-	-
Unquoted shares	25	-	-	25
31 December 2018				
Assets				
Short term investments	114	114	-	-
Unquoted shares	25	-	-	25

A14 Borrowings

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

	As at 31/12/19 RM'000	As at 31/12/18 RM'000 Restated
(a) <u>Short term borrowings (current)</u>		
Secured :		
Hire purchase and lease	1,022	837
Revolving credits	140,995	140,000
Term financing	5,720	5,720
Term loan	290,341	285,466
Overdraft	5,037	8,348
	<u>443,115</u>	<u>440,371</u>
(b) <u>Long term borrowings (non-current)</u>		
Secured :		
Hire purchase and lease	5,917	6,045
Term financing	19,880	25,600
RCPS	35,735	34,614
	<u>61,532</u>	<u>66,259</u>
Total borrowings	<u>504,647</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 Animation Theme Park which has defaulted the instalment repayment of principal and interest for the syndicated term loan agreement as mentioned in Note A1. Subsequent to financial year end, the Company defaulted its term loan repayment on 31 January 2020. Please refer to Note 21 for further details.

- (e) All long term loans under the Group which have cross default clauses in their respective loan agreements have been reclassified to current liabilities.

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 31 December 2019.

A17 Capital Commitments

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

	As at 31/12/19 RM'000	As at 31/12/18 RM'000
i) Authorised but not contracted for	31,374	48,762
ii) Authorised and contracted for	<u>48,664</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 RM14.5 million and RM14.0 million granted to 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 RM23.5 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 31 December 2019, Casuarina Teluk Intan Sdn Bhd have utilised up to RM9.2 million and Lanai Casuarina Sdn Bhd has utilised up to RM19.4 million.

- c) On 25 January 2017, the Company has provided a corporate guarantee of RM38.0 million to a financial institution for a term loan granted to VC Telecoms Sdn Bhd (formerly known as Visi Cenderawasih Sdn Bhd) ("VCT"), an associate company of PCB Equity Sdn Bhd. As at the reporting date, VCT has drawdown RM37 million of the term loan and has made repayment of RM4.27 million.
- d) On 29 November 2016, the Company provided a corporate guarantee of RM7.1 million to a financial institution for credit 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, RM8.4 million has been utilised which comes from advances of RM3.0 million and RM5.4 million from the loan.
- e) 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. As at 31 December 2019, the Company has received claims of RM2.7 million from various subcontractors.

A19 Related party transactions

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

	3 months ended 31/12/19	3 months ended 31/12/18	12 months ended 31/12/19	12 months ended 31/12/18
	RM'000	RM'000	RM'000	RM'000
Transactions with:				
Ultimate Holding Corporation ("UHC")				
Advances (received)/paid	-	(8,289)	(239)	(39,596)
Rental (receivable)/payable	(279)	300	(840)	1,320
<hr/>				
Fellow subsidiaries of the UHC				
Interest (income)/expenses	-	-	-	(590)
Advances (received)/paid	-	-	(3,320)	1,038
Rental (receivable)/payable	(120)	-	(359)	(448)
<hr/>				
Related parties				
Companies in which a director of subsidiary, has substantial interests:				
Port services receivable	12,675	9,652	21,676	27,235
<hr/>				

Account balances with significant related parties of the Group at the current financial period ended 31 December 2019 and 31 December 2018 are as follows:

	As at 31/12/19	As at 31/12/18
	RM'000	RM'000
<u>Account balance with UHC</u>		
Receivables	12,494	132,584
Payables	(19,644)	(140,873)
 <u>Account balances with fellow subsidiaries</u>		
Receivables	16,028	-
Payables	(30,972)	-
 <u>Account balances with related parties</u>		
Receivables	<u>33,456</u>	<u>7,411</u>

A20 Significant events during the financial period

On 26 September 2019, Animation Theme Park Sdn Bhd (“ATP”), a direct 51% owned subsidiary of PCB Development Sdn Bhd (“PCBD”), which in turn is a wholly owned subsidiary of the Company, defaulted on a RM25.7 million principal repayment of its syndicated term loan of RM245.1 million. Subsequently, on 16 October 2019, Affin Hwang Investment Bank (“AHIB”), the facility agent declared an event of default had occurred and gave notice within 14 days from the day of its letter to effect payment of RM25.7 million, failing which all secured obligations due from ATP shall become immediately due and payable. Consequently, in addition to the syndicated term loan of RM245.1 million mentioned above, included in the bank borrowings classified as “current” as at 31 December 2019 are borrowings totalling RM191.8 million with cross default provision under different business financing facilities undertaken by companies within the Group which are now repayable on demand.

On 4 December 2019, following ATP’s failure to meet the demand for the principal repayment of RM25.7 million for the syndicated term loan, AHIB appointed a receiver and manager over the property of ATP. The carrying amount of ATP’s charged assets totalled RM87.8 million as at 31 December 2019.

On 18 December 2019, AHIB demanded from PCBD the payment of RM244 million together with interest accrued thereon on the date of full repayment pursuant to the Corporate Guarantee dated 10 July 2014 executed by PCBD in favour of AHIB for the syndicated term loan provided to ATP.

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 6 February 2020, Affin Islamic Bank Berhad (“AIB”) declared an event of default on the Company arising from its failure to pay the scheduled principal repayment due on 31 January 2020 for the credit facilities of RM75.9 million relating to Musharakah Mutanaqisah Term Financing -i and Tawarruq Revolving Credit -i.

Following the declaration of an event of default by AIB for the credit facilities extended to the Company, CIMB Bank Berhad (“CIMB”) has on 28 February 2020 declared an event of cross default in respect of the Revolving Credit Facilities of RM60.0 million and RM30.0 million granted to the Company and its subsidiary, PCB Taipan Sdn Bhd (“PCBT”) respectively and demand full payment of RM91.3 million together with interest within 14 days from 13 March 2020.

After taking into consideration the Group’s current cash flows position vis-a-vis its total debt obligations payable and the available cash flows, the Directors had, on 11 February 2020, determined that the Company was unable to declare that it was solvent pursuant to paragraph 9.19A(F) of the Listing Requirements. As a result of this and the above defaults on the various loan repayments, the Company was declared a PN 17 company after triggering the prescribed criteria under paragraph 2.1 (f) of the PN 17. Whilst the Group is currently developing a debt restructuring scheme to manage the Group’s debts and preparing a regularisation plan, as at the date of this announcement, these are still at a preliminary stage.

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.

	3 months ended			12 months ended		
	31/12/19 RM'000	31/12/18 RM'000	Changes (%)	31/12/19 RM'000	31/12/18 RM'000	Changes (%)
Revenue	45,218	49,076	-8%	162,583	169,952	-4%
Operating profit	(20,475)	2,583		(3,770)	(111,124)	
Profit before tax	(7,507)	(8,615)	-13%	(14,709)	(152,629)	-90%
Profit/(Loss) after tax	(15,356)	(13,768)	12%	(109,986)	(173,107)	-36%
Discontinued operation	(82,552)	-		(77,964)	-	
Profit/(Loss) for the period	(97,908)	(13,768)		(109,986)	(173,107)	
Profit/(Loss) attributable to ordinary equity holders of the parent	(59,193)	(9,235)	541%	(76,525)	(107,062)	-29%

B2 Comment on Material Change in Profit Before Taxation

	Current	Immediate	Changes	
	Quarter	Preceding		
	31/12/19	Quarter	RM'000	%
	RM'000	30/09/19		
Revenue	45,218	33,960	11,258	33%
Operating profit/(loss)	(20,475)	7,770	(28,245)	-364%
Profit /(Loss) before tax	(7,507)	5,258	(12,765)	-243%
Profit /(Loss) after tax	(15,356)	2,503	(17,859)	-714%
Discontinued operation	(82,552)	22,447	(104,999)	
Profit/(Loss) for the period	(97,908)	24,950	(122,858)	-492%
Profit/(Loss) attributable to ordinary equity holders of the parent	(59,193)	9,782	(68,975)	-705%

The Group made a loss before taxation (LBT) of RM7.5 million in the current financial quarter ended 31 December 2019 compared to a profit before taxation of RM5.3 million for the

immediate preceding quarter ended 30 September 2019. The increase in LBT was mainly due to the impairment loss of property, plant and equipment from discontinued operations during the quarter.

B3 Commentary on Prospects

The Board anticipates that the year 2020 will be a challenging year for the Group with the Company being classified under PN17 status arising from the absence of financial assistance from its majority shareholder, insufficient cashflows to meet the repayment obligations of various lenders who subsequently called for an event of default, which resulted in borrowings totalling RM191.8 million as at 31 December 2019 to be repayable on demand. The Group is currently developing a debt restructuring scheme to manage the Group's debts and preparing a regularisation plan for submission to Bursa. These plans are still at preliminary stage at the date of this announcement.

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) ZJ Advisory Sdn. Bhd. ("ZJ")

On 27 March 2017, ZJ Advisory Sdn. Bhd. ("ZJ") served a winding up notice on ATP, 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 2,756,000 being claim for the balance of final success fee. The trial is now adjourned to 9 March 2020 and 10 March 2020.

As the claim of ZJ represent claim incurred during the pre-receivership period which are ranked unsecured for payment pursuant to Section 392 of the Companies Act 2016, the Receiver and Manager is in no position to settle the claims of the unsecured creditors of ATP until the claims of the secured and preferential creditors have been discharged in full from the eventual realization of the assets of ATP, all of which are presently charged to

AHIBB. In view of the foregoing, the Receiver and Manager as agent for ATP is not defending any of the claims of the unsecured creditors of ATP.

If ZJ obtained judgement against ATP, their claim will be ranked as unsecured creditors.

b) Uni-Poh Construction Works Sdn Bhd (“Uni-Poh”)

A Writ of Summons was filed in the High Court of Ipoh on 13 September 2019, by Uni-Poh Construction Works Sdn Bhd (“Uni-Poh”), a contractor hired to develop and complete the main infrastructure and other works in Bandar Meru Raya, Ipoh, Perak. PCBD received the Writ of summons on 30 September 2019.

PCBD filed a defence on 25 October 2019 and received Uni-Poh’s application for summary judgment on 20 November 2019.

Unipoh has filed an Order 14 application for a summary judgement and the matter is still on going in court.

Uni-Poh is claiming an amount of RM8,851,823.57 for the works done, an interest payment of RM2,528,490.51, and other additional interest payment, until the full settlement of the amount claimed.

The Directors are of the view that the Company has a fair chance to dismiss the claim based on the all the defenses available.

c) Chubb Insurance Malaysia Berhad

Chubb Insurance Malaysia Berhad (“Chubb”) is an insurance company, which provides insurance policies coverage to ATP. On 29 August 2019, ATP received a Writ of Summons dated 17 July 2019 by Chubb. On 28 August 2019, a Judgement in Default was granted to Chubb.

The amount claimed by Chubb is RM1,784,143.13, plus an interest of five percent (5%) per annum, until the full settlement of the amount claimed.

As the claim of Chubb represent claim incurred during the pre-receivership period which are ranked unsecured for payment pursuant to Section 392 of the Companies Act 2016, the Receiver and Manager is in no position to settle the claims of the unsecured creditors of ATP until the claims of the secured and preferential creditors have been discharged in full from the eventual realization of the assets of ATP, all of which are presently charged to AHIBB. In view of the foregoing, the Receiver and Manager as agent for ATP is not defending any of the claims of the unsecured creditors of ATP.

If Chubb obtained judgement against ATP, their claim will be ranked as unsecured creditors.

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 current financial period ended 31 December 2019 or the previous financial period ended 31 December 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 December 2019 and 31 December 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 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 financial year.

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.
- Change in revenue recognition for projects previously accounted for and recognised on 'over time' basis.

The impacts of the Adjustments are as follows:

	<u>As previously reported</u> RM'000	<u>Effect of changes</u> RM'000	<u>As restated</u> RM'000
At January 2018			
<u>Statement of financial position</u>			
Retained earnings	113,295	(3,772)	109,523
Non controlling interest	(86,269)	(2,606)	(88,875)
At 1 January 2019			
<u>Statement of financial position</u>			
Property, plant and equipment	315,853	(8,400)	307,453
Investment properties	4,672	11,316	15,988
Trade and other receivables	58,748	8,675	67,423
Inventories	205,893	(19,866)	186,027
Borrowings			
- Non current portion	(105,442)	39,183	(66,259)
- Current portion	(401,188)	(39,183)	(440,371)
Tax payable	(11,598)	(284)	(11,882)
Retained earnings	8,414	(5,953)	2,461
Non controlling interest	(154,814)	(2,606)	(157,420)

	<u>As previously reported</u> RM'000	<u>Effects of changes</u> RM'000	<u>As restated</u> RM'000
For the financial year ended 31 December 2018			
<u>Statement of Comprehensive Income</u>			
Revenue	(196,563)	8,144	(188,419)
Cost of sales	78,742	(2,794)	75,948
Interest income	(5,742)	(2,481)	(8,223)

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 PricewaterhouseCoopers PLT was appointed as the statutory auditors of the Company for the financial year ended 31 December 2019 at the Company's Annual General Meeting held on 19 June 2019 and was subsequently engaged to perform a review starting from Quarter 2 interim financial information for the period ended 30 June 2019 to Quarter 4 for the period ended 31 December 2019. Their review report to the Board of Directors of the Company for this Quarter 4 interim financial information for the period ended 31 December 2019 included an emphasis of matter paragraph highlighting that the interim condensed financial statements have been prepared on a non-going concern basis as explained in Note A1. The review report was not modified in respect of this matter.